



Audit and Procurement Committee

Time and Date

3.00 pm on Monday, 25th February, 2019

Place

Council House

Public Business

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of Previous Meeting** (Pages 3 - 10)
To agree the minutes of the meeting held on 21st January 2019
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 11 - 18)
Report of the Deputy Chief Executive (Place)
6. **Work Programme 2018/19** (Pages 19 - 20)
Report of the Deputy Chief Executive (Place)
7. **Certification Work for Coventry City Council for Year Ended 31 March 2018 (Grant Thornton)** (Pages 21 - 22)
Report of the Deputy Chief Executive (Place)
8. **2018/19 Third Quarter Financial Monitoring Report (to December 2018)** (Pages 23 - 46)
Report of the Deputy Chief Executive (Place)
9. **Quarter Three Internal Audit Progress Report 2018-2019** (Pages 47 - 58)
Report of the Deputy Chief Executive (Place)

10. **Information Commissioner's Office - Data Protection Audit Progress Report** (Pages 59 - 74)

Report of the Deputy Chief Executive (Place)

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

Private business

12. **Procurement and Commissioning Progress Report** (Pages 75 - 90)

Report of the Deputy Chief Executive (People)

(Listing Officer: M Burn, tel: 024 7683 3757)

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

Martin Yardley, Deputy Chief Executive (Place), Council House Coventry

Friday, 15 February 2019

Note: The person to contact about the agenda and documents for this meeting is Lara Knight / Michelle Salmon, Governance Services, Tel: 024 7683 3237 / 3065, Email: lara.knight@coventry.gov.uk / michelle.salmon@coventry.gov.uk

Membership: Councillors P Akhtar, S Bains (Deputy Chair), R Brown (Chair), T Sawdon, R Singh, H Sweet and K Taylor

Please note: a hearing loop is available in the committee rooms

If you require a British Sign Language interpreter for this meeting OR if you would like this information in another format or language please contact us.

Lara Knight / Michelle Salmon

Telephone: (024) 7683 3237 / (024) 7683 3065

e-mail: lara.knight@coventry.gov.uk / michelle.salmon@coventry.gov.uk

Public Document Pack Agenda Item 3

Coventry City Council

Minutes of the Meeting of the Audit and Procurement Committee held at 3.00 pm on Monday, 21 January 2019

Present:

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

Employees (by Directorate):

People: L Deakin

Place: M Burn, B Hastie, P Jennings, D Johnston, L Knight, K Tyler

Others Present: A Sohal, Grant Thornton (External Auditors)
M Stokes, Grant Thornton (External Auditors)

Public Business

45. Declarations of Interest

There were no disclosable pecuniary interests.

46. Minutes of Previous Meeting

The minutes of the meeting held on 12th November 2018 were agreed and signed as a true record.

There were no matters arising.

47. 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 meeting, along with the anticipated date for consideration of the matter. Appendix 2 provided details of items where information had been requested outside formal meetings, along with the date when this had been completed.

RESOLVED that the Audit and Procurement Committee notes the outstanding issues report and agrees that those issues that are complete can be discharged from the report.

48. **Work Programme 2018/19**

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 2018/2019.

RESOLVED that the Audit and Procurement Committee notes the Work Programme for 2018/19.

49. **External Audit Plan Year Ending March 2019**

The Committee considered a report of the External Auditors, Grant Thornton, which provided an overview of the planned scope and timing of the statutory audit of Coventry City Council.

The National Audit Office had issued a document entitled Code of Audit Practice, which summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Respective responsibilities were also set out in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing Grant Thornton as auditor of the Council.

The scope of the audit was set in accordance with the Code and International Standards on Auditing (ISAs)(UK). Grant Thornton would be responsible for forming and expressing an opinion on the Council and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Procurement Committee), and Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in its use of resources.

The audit of the financial statements did not relieve management or the Committee of responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for.

The audit approach would be based on a thorough understanding of the Council's business and would be risk based. The Committee noted that Grant Thornton would be using a new audit methodology and tool, LEAP, for the 2018/19 audit. This would enable the Auditors to be more responsive to changes that may occur in the organisation.

In accordance with ISA (UK), the Audit Plan set out the scope and timing of the audit to be carried out by the External Auditors in relation to Coventry City Council for the year ending 31st March 2019 and included:

- Significant Risks Identified:
 - Presumed risk of fraud in revenue recognition;
 - Management override of controls;
 - Valuation of property, plant and equipment;
 - Valuation of the pension fund net liability.
- Materiality
- Value for Money arrangements

- Audit logistics
- Early Close
- Independence and non-audit services

In relation to the fees, the Committee noted that the planned audit fees were £133,564 (PY: £173,450) for the financial statements audit completed under the Code. In setting the fee, the Auditors had assumed that the scope of the audit, and the Council and its activities, do not significantly change.

RESOLVED that the Audit and Procurement Committee note the External Audit Plan for year ending 31st March 2019.

50. **2018/19 Second Quarter Financial Monitoring Report (to September 2018)**

The Committee considered a report of the Deputy Chief Executive (Place) which set out forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of September 2018.

The Committee noted that the report was also considered by the Cabinet at their meeting on 27th November 2018.

The headline revenue forecast for 2018/19 was an over spend of £0.5m. At the same point in 2017/18 there was a projected overspend of £3.1m.

This position continued to reflect overspends in several service areas that had been subject to recent budgetary pressure. Although the overall overspend position was relatively modest, the service and financial pressures in several areas continued to demand management attention. This was most pressing and significant in relation to challenges in housing and homelessness services. Notwithstanding a range of plans coming forward, it was now clear that these circumstances would be in place for some time and this was reflected in the financial proposals within the 2019/20 Pre-Budget Report.

The Council's capital spending was projected to be £222m for the year, a net decrease of £40m on the programme planned at the start of the year. At quarter 1 the Committee were made aware of the possibility of significant capital slippage later in the budgetary cycle and this risk was one that continued to be of relevance.

In considering the report, the Committee sought clarification on the level of Council Tax and Business Rate collection. They were advised of the proactive work undertaken, particularly in relation to reviews of single person discounts linked to Council Tax. The Committee requested details of the fees paid to external suppliers to undertake the proactive reviews of single person discounts and how these fees compare to other suppliers.

RESOLVED that the Audit and Procurement Committee:

1. **Note the current position and indicated that they had no comments for Cabinet at this time.**

2. Request details of the fees paid to external suppliers to undertake proactive reviews of single person discounts linked to Council Tax and how these fees compare to other suppliers.

51. Corporate Risk Register Update

The Committee considered a report of the Deputy Chief Executive (Place), which set out the current Corporate Risk Register to provide the Committee with an overview of the Council's corporate risk profile and the controls in place to address these risks.

The Committee were aware that Local Government is currently operating within an environment of substantial budget cuts and major policy changes with significant impact on service delivery and organisational structures. The pace and scale of change requires the Council to constantly assess its risk profile and implement suitable controls to manage those risks.

There is a requirement within the Council's Risk Management Policy and Strategy that the Audit and Procurement Committee receive and consider reports on the Corporate Risk Register in order to discharge their responsibilities in respect of risk management.

The report submitted covered only those risks that are viewed as the most critical for the Council and considered at the corporate level. Risk management activity continued at other levels throughout the Council, dealing with risks of a lower rating.

The Corporate Risk Register was set out at Appendix 1 of the report submitted and fell into two separate categories, operational / business as usual and specific / project risks. It provided detail of the risks and the control measures in place to address them.

The operational / business as usual risks were those that could affect the underlying and fundamental operations and structure of the Council and included:

- CR 001 – Finance
- CR 006 – Adult Social Care
- CR 007 – Safeguarding / Protecting Vulnerable Adults, Children and Families
- CR 013 – Creation of a Combined Authority for the West Midlands and agreement of a Devolution Deal
- CR 014 – Information Governance
- CR 016- Failure to comply with Health and Safety Legislation.

The specific / project risks were those that could affect specific projects or the major change initiatives to how the Council operate and included:

- CR 002 – Sky Blue Sports and Leisure
- CR 003 – ICT Infrastructure and Change
- CR 005 – Workforce Strategy
- CR 011 – Friargate Business Districts

- CR 017 – City Centre South
- CR 018 – Coventry Station Masterplan.

The Committee were advised that there had been some changes to the Risk Register from when they had last considered this matter and that CR 010 – Kickstart (Move to Friargate) and CR 015 – Historic Abuse had been removed from the register. CR 018 – Coventry Station Masterplan had been included as a new risk.

In considering the risks identified, the Members outlined their concern regarding contract management, in particular whether the Council’s existing employees have the required skill sets to undertake contract management efficiently effectively. They requested details of steps being taken to ensure that relevant staff have the required skills.

RESOLVED that the Audit and Procurement Committee:

- 1. Note the current Corporate Risk Register and indicated that they were satisfied that the Corporate Risks are being identified and managed.**
- 2. Request information on steps being taken to ensure that relevant staff have the required skill sets to undertake contract management.**

52. Half Yearly Fraud and Error Report 2018-19

The Committee considered a report of the Deputy Chief Executive (Place) which provided a summary of the Council’s anti-fraud and error activity during the financial year 2018/19 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 and error. The work of the team focussed on four main areas during 2018/19, namely council tax; National Fraud Initiative; referrals and investigations considered through the Council’s Fraud and Corruption Strategy; and proactive work.

In relation to Council Tax, work had focussed on reviewing Council Tax Exemptions and Discounts. This work had resulted in 90 exemptions being removed as the customer had failed to report a change in circumstances. Given that on an individual basis, the amounts involved were not sizeable, 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 £104,000 had been issued of which £58,000 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, 22 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, 10 concerns had been validated. Whilst the majority of these cases were linked to the payment of Council Tax / Council Tax Support, 3 cases were related to the payment of Housing Benefit where, in light of the circumstances, it was more appropriate for the Council to take action directly. In total, the 10 cases had resulted in revised bills / overpayments of around £23,000 being issued, of which £17,000 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 work in 2018/19 has been focussed on collating and submitting datasets for the next exercise. This was completed in early October 2018, with 12 datasets submitted. It was expected that matches would be released for investigation in February 2019.

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 2018/19, 15 referrals had been received to date, 5 of which had led to full investigations. It was noted that there were various reasons for referrals not leading to investigations including, for example where an initial assessment / fact finding does not find evidence to support the allegations; appropriate action has already been taken; and the nature of the event means it is impractical to pursue further.

In addition to the 5 investigations for 2018/189, a further 5 investigations were carried forward from 2017/18. Of these 10 investigations, 6 were still on going. Of the remaining four, one case the officer involved received a written warning; one case the officers left their post during the disciplinary process; one case was linked to a Council supplier and was being dealt with as a contract management issue; and one case linked to Council Tax, action was taken to correct the council tax liability on 4 accounts. This case related to a wider fraud involving two high street banks where the individuals fraudulently applied to become liable for council tax in order to provide proof of identity / address.

The Council's response to fraud also considered an element of proactive work to ensure that all key fraud risks were considered. In 2018/19 this work has included a review and update of the Council's Fraud and Corruption Strategy; a fraud awareness e-learning tool being made available to staff along with some face to face sessions planned for February 2019 with staff from Adult Social Care in relation to Direct Payments; and as part of a group of West Midlands authorities, the Council took part in a pilot data matching project run by the Cabinet Office to detect fraud and error in Business Rates. The project resulted in revised bills being issued in 9 cases, totalling £21,000. Given the value of the individual cases, these were classed as an error.

As part of the work carried out by Internal Audit linked to fraud and error, consideration was given as to whether control improvements can be made to prevent further incidents from occurring in the future. During the period April to September 2018, this has included an annual review form for Disabled Persons Relief in respect of Council Tax which has resulted in an amendment to ask for confirmation that the individual is still resident in the property; and awareness being raised with staff in Council Tax regarding attempts to obtain liability for Council Tax and the need to remain alert for this moving forward.

RESOLVED that the Audit and Procurement Committee note the anti-fraud and error activity undertaken during the first half of the financial year 2018/19.

53. Complaints to the Local Government and Social Care Ombudsman 2017/18

The Committee considered a report of the Deputy Chief Executive (Place) which set out the number, trends and outcomes of complaints to the Local Government and Social Care Ombudsman (LGSCO) relating to Coventry City Council in 2017/18.

Coventry City Council's complaints policy sets out how individual members of the public can complain to the Council, as well as how the Council handle compliments, comments and complaints. The Council informs individuals of their rights to contact the LGSCO if they are not happy with the Council's decision after they have exhausted the Council's own complaints process.

The Local Government and Social Care Ombudsman is 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 is a free service that investigates complaints in a fair and independent way; and provides a means of redress to individuals for injustice caused by unfair treatment or service failure.

Every year, the LGSCO issues an annual letter to the Leader and Chief Executive of every Council, summarising the number and trends of complaints dealt with in each Council that year. The latest letter, issued in July 2018, covered complaints to Coventry City Council between April 2017 and March 2018 (2017/18).

The report focused in particular on upheld complaints, service areas with a high number of complaints, learning from complaints, and how the City Council compares to previous years and other local authorities.

The Committee noted that whilst the number of complaints investigated during 2017/18 (26) was similar to previous years (25 in 2016/17 and 22 in 2015/16), the number of complaints upheld had increased and was the highest percentage of complaints upheld for Coventry since 2005. Officers outlined the lessons learned and actions taken where there are repeat complaints.

It was noted that the report had been considered by the Ethics Committee at their meeting on 6 November and the Cabinet Member for Policy and Leadership at his meeting on 8th November 2018.

RESOLVED that the Audit and Procurement Committee:

- 1. Note the Council's performance in relation to complaints to the Local Government and Social Care Ombudsman.**
 - 2. Note the Council's complaints process and guidance.**
 - 3. Indicate their assurance that the Council takes appropriate actions in response to complaints investigated and where the Council is found to be at fault.**
- 54. 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 business.

(Meeting closed at 4.30 pm)

Audit and Procurement Committee

25th February 2019

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

Director approving submission of the report:

Deputy Chief Executive (Place)

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 Deputy Chief Executive concerned to explain the current position on those items 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 - Information Requested Outside 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 the Director Finance and Corporate 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:

Place

Tel and email contact:

E-mail: Lara.knight@coventry.gov.uk
Tel: 024 7683 3237

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)				

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

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 Commissioner's Office – Data Protection Audit November 2017 – Update on Progress	19 th February 2018 (Minute 82/17)	October 2018	Adrian West		

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

Appendix 2

Information/Action Requested Outside Meeting

	Subject	Minute Reference and Date Originally Considered	Information Requested / Action Required	Responsible Officer	Date Completed
1.	Half Yearly Fraud Update 2017 – 2018	Minute 69/17 22 nd January 2018	A press release be prepared highlighting the work undertaken, particularly data matching through NFI, to identify attempts to commit fraud.	Karen Tyler / Nigel Hart	9 th October 2018
2.	Certification Work for Coventry City Council for Year Ended 31 st March 2017	Minute 79/17 19 th February 2018	The Committee requested information on how sampling for the certification work is undertaken.	Joan Barnett (External Auditor)	
3.	Internal Audit Annual Report 2017/2018	Minute 5/18 18 th June 2018 and Minute 13/18 16 th July 2018	The Committee requested that a timeline be prepared in respect of the Audit Team restructure.	Adrian West / Karen Tyler	10 th August 2018
4.	Internal Audit Plan 2018/2019	Minute 7/18 18 th June 2018 and Minute 13/18 16 th July 2018	The Committee requested that a timeline be prepared in respect of the telephony system and customer service review.	David Ashmore	
5.	Information Governance Annual Report 2017/2018	Minute 20/18 16 th July 2018	A letter from the Chair of the Committee relating to data protection training for Elected Members, be prepared and circulated to Members	Adrian West/ Sharon Lock	

			In addition to the completion of Data Protection Training, workshops be arranged for Elected Members to support them on the requirements of the GDPR		
6.	Procurement and Commissioning Progress Report – Future Reporting Arrangements	Minute 22/18 16 th July 2018	Further discussion be held with the Chair of the Committee to determine the most appropriate forum for the future consideration of the reports	Karen Tyler/Mick Burns	
7.	Fraud Annual Report 2017/18	Minute 29/18 10 th September 2018	The Committee requested that: <ul style="list-style-type: none"> a. Welfare checks are undertaken in respect of any whistleblowers b. Information be provided on the number of exemptions / discounts awarded by the Council in 2017/18 c. The next committee report in relation to fraud provides clearer details on 'fraud' and 'error' including distinguishing those actions taken to prevent fraud. 	Karen Tyler	
8.	2018/19 Second Quarter Financial Monitoring Report (to September 2018)	Minute 50/18 21 st January 2019	The Committee requested details of the fees paid to external suppliers to undertake proactive reviews of single person discounts linked to Council Tax and how these fees compare to other suppliers.	Karen Tyler / Council Tax Team	

	Corporate Risk Register Update	Minute 51/18 21 st January 2019	The Committee requested information on the steps being taken to ensure that relevant staff have the required skill sets to undertake contract management.	Mick Burn	
--	--------------------------------	---	---	-----------	--

Audit and Procurement Committee

Work Programme 2018-2019

18th June 2018

Internal Audit Annual Report 2017-2018
Annual Governance Statement 2017-2018
Internal Audit Plan 2018-2019
Fraud and Corruption Strategy
Revenue and Capital Out-turn 2017-2018
Draft Statement of Accounts 2017-2018

16th July 2018

Audit Findings Report 2017-2018 (Grant Thornton)
Statement of Accounts 2017-2018
Audit Committee Annual Report 2017-2018
Information Governance Annual Report 2017-2018
Procurement Progress Report (Private)

10th September 2018

Quarter One Revenue and Corporate Capital Monitoring Report 2018-2019
Fraud Annual Report 2017-2018
School Audit Recommendations
Updated Procedural Guidance: Regulation of Investigatory Powers (RIPA) Covert Surveillance and Covert Human Intelligence Sources (RIPA Procedural Guidance)

12th November 2018

Annual Audit Letter 2017-2018 (Grant Thornton)
Half Year Internal Audit Progress Report 2018-2019
Treasury Management Update
Procurement Progress Report (Private)

21st January 2019

Quarter Two Revenue and Corporate Capital Monitoring Report 2018-2019
Corporate Risk Register Update
Half Yearly Fraud Update 2018-2019
Ombudsman Complaints Annual Report 2017-2018

25th February 2019

Grant Certification Report (Grant Thornton)
Quarter Three Revenue and Corporate Capital Monitoring Report 2018-2019
Quarter Three Internal Audit Progress Report 2018-2019
ICO Update on Progress
Procurement Progress Report (Private)

25th March 2019

Annual Audit Plan (Grant Thornton)
Internal Audit Recommendation Tracking Report
Internal Audit Plan 2019-2020
Code of Corporate Governance (Adrian West)
Outside Body - Governance and Financial Arrangements for Coventry City of Culture Trust
RIPA (Regulation of Investigatory Powers Act) Annual Report 2017-2018

Date to be agreed

Outside Body - Governance and Financial Arrangements for Culture Coventry
Outside Body - Governance and Financial Arrangements for Coombe Abbey Park Limited



Grant Thornton

An instinct for growth™

Barry Hastie
Director of Finance and Corporate Resources
Coventry City Council
One Friargate
Coventry
CV1 2GN

Grant Thornton UK LLP

The Colmore Building
20 Colmore Circus
Birmingham
B4 6AT

T +44 (0)121 212 4000
F +44 (0)121 212 4014

14 January 2019

Dear Barry

Certification work for Coventry City Council for year ended 31 March 2018

We are required to certify the Housing Benefit subsidy claim 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) took 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 2017/18 relating to subsidy claimed of £116.07 million. We identified several errors from our certification work and, as a result of these, the claim was qualified, and we reported our findings to the DWP in our Qualification Letter dated 28 November 2018.

Further details of the matters we reported upon are set out in Appendix A. Those which we particularly wish to highlight for your attention are that there:

- were four error types from the extended testing that we carried out on this year's subsidy return which recurred from 2016/17, and
- three new error types were identified as a result of the testing undertaken.

The indicative fee for 2017/18 for the Council was based on the final 2015/16 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 PSAA for the Council for 2017/18 was £14,020 and we will seek no variation on this fee.

Yours sincerely

Grant Thornton

Grant Thornton UK LLP

Appendix A - Details of claims and returns certified for 2017/18

Claim or return	Value	Amended?	Amendment value	Qualified?	Comments
Housing benefits subsidy claim	£116,066,391	No	N/A	Yes	See below for summary of issues reported in the Qualification Letter to the DWP.

Findings from certification of housing benefits subsidy claim

There were four error types that were identified in both the current and prior year, which were reported in the Qualification Letter to the DWP, these were as follows;

- Testing of non-HRA rent rebates identified three errors (£119) where the claimant's earnings had been incorrectly calculated, resulting in an overpayment of benefit and four errors where this resulted in an underpayment of benefit (total extrapolated error £439).
- Testing of non-HRA rent rebates identified six errors (£775) where deductions had been incorrectly included in the benefit calculation, resulting in an overpayment of benefit (total extrapolated error £8,442).
- Testing of non-HRA rent rebates identified four errors (£3,314) where the system had been unable to calculate part week entitlement correctly resulting in an overclaim of subsidy (total extrapolated error £37,112).
- Testing of rent allowances identified one error (£74) where an overpayment had been incorrect classified as claimant error when it should have been classified as Local Authority error (total extrapolated error £33,451).

There were also three new errors identified this year, which were reported in the Qualification Letter to the DWP, these were as follows;

- Testing of non-HRA rent rebates identified two errors (£697) where an overpayment had been incorrect classified as claimant error when it should have been classified as Local Authority error (total extrapolated error £4,013).
- Testing of rent allowances identified five errors (£282) where the claimant's earnings had been incorrectly calculated, resulting in an overpayment of benefit and two errors where this resulted in an underpayment of benefit (total extrapolated error £47,050).
- Testing of rent allowances identified two errors (£1,300) where the incorrect childcare costs had been included in the benefit calculation, resulting in an overpayment of benefit and three errors where this resulted in an underpayment of benefit (total extrapolated error £33,217).

Appendix B: Fees for 2017/18 certification work

Claim or return	2015/16 fee (£)	2017/18 indicative fee (£)	2017/18 actual fee (£)	Variance (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	£13,523	£14,020	£14,020	£0	N/A



Public report Cabinet Report

Cabinet
Audit and Procurement Committee

12th February 2019
25th February 2019

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor J Mutton

Director approving submission of the report:

Deputy Chief Executive (Place)

Ward(s) affected:

City Wide

Title:

2018/19 Third Quarter Financial Monitoring Report (to December 2018)

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 2018. The headline revenue forecast for 2018/19 is an under-spend of £1.8m. At the same point in 2017/18 there was a projected overspend of £1.8m. The headline capital position reports £58.6m of expenditure rescheduled into 2019/20 reflecting the reality that some of the Council's major schemes will fall significantly short of their planned progress this year. Notwithstanding the Council is still expected to deliver its largest capital programme in the modern era.

The revenue position continues to reflect overspends in several service areas that have been subject to recent budgetary pressure which continue to demand management attention. This is most pressing and significant in relation to challenges in housing & homelessness services, the financial position for which has further worsened. Notwithstanding a range of plans that are being implemented, these circumstances will be in place for some time. This is reflected in the financial proposals within the 2019/20 Pre-Budget Report which are likely to be updated in the Council's final 2019/20 Budget Report.

The beneficial change in the overall revenue bottom line is due to several positive unbudgeted movements which include expected Coventry and Solihull Waste Disposal Company dividends and improved investment returns. These are opportune movements at a time when the Council needs to assess its financial resilience in relation to current financial risks and potential future shocks. It is likely that recommendations will be brought within June's financial outturn report regarding the need to reinforce the level of reserves to address this. Ahead of this, this report

recommends contributing £1.2m of Business Rates levy surplus, announced as part of the Government's Provisional Settlement in December, to the Council's Business Rates reserve.

The Council's capital spending is projected to be £173.7m for the year, a net decrease of £48.7m on the programme planned at quarter 2. In previous quarterly reports Cabinet was alerted to the possibility of significant capital slippage later in the budgetary cycle and this risk is one that has materialised. Significant movements have occurred in a number of schemes including Whitley South, City Centre South and the the Friargate regeneration scheme. However, the Council has now finalised the legal agreement establishing the Friargate joint venture company with Cannon Kirk which should enable progress on the Friargate scheme.

Recommendations:

Cabinet is recommended to:

1. Note the forecast revenue underspend at Quarter 3.
2. Approve contribution of the Business Rates levy surplus resources expected from Government (c£1.2m) to the Business Rates reserve.
3. Approve the revised capital estimated outturn position for the year of £173.7m incorporating: £10.0m net increase in spending relating to approved/technical changes, £58.6m net rescheduling of expenditure into 2019/20 and a 0.1m net scheme underspend.

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 2018/19
Appendix 4	Capital Programme: Analysis of Rescheduling
Appendix 5	Capital programme: Analysis of Overspends/Underspends
Appendix 6	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, 25th February 2019

Will this report go to Council?

No

Report Title:

2018/19 Third Quarter Financial Monitoring Report (to December 2018)

1. Context (or Background)

- 1.1 Cabinet approved the City Council's revenue budget of £234.8m on the 20th February 2018 and a Directorate Capital Programme of £262.5m. This is the third quarterly monitoring report for 2018/19 to the end of December 2018. 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 2018/19 revenue forecast is an underspend of £1.8m an improvement of £2.3m on the Quarter 2 overspend of £0.5m. The reported forecast at the same point in 2017/18 was an overspend of £1.8m. Capital spend is projected to be £173.7m, a decrease of £48.4m on the quarter 2 position.

2. Options considered and recommended proposal

- 2.1 **Revenue Forecast** - The forecast revenue underspend of £1.8m is analysed by service area below.

Table 1 - Forecast Variations

Service Area	Revised Net Budget £m	Forecast Spend £m	Forecast Variation £m
Public Health	2.0	0.9	(1.1)
People Directorate Management	1.4	1.5	0.1
Education & Inclusion	12.6	13.0	0.4
Children & Young People	74.0	74.3	0.3
Adult Social Care	74.7	74.7	0.0
Customer Services & Transformation	6.0	8.8	2.8
Place Directorate Management	1.3	1.3	0.1
City Centre & Major Projects	7.5	8.1	0.6
Transportation & Highways	4.2	4.2	0.0
Streetscene and Regulatory	26.7	28.7	2.0
Project Management & Property	(7.5)	(7.7)	(0.2)
Finance & Corporate Services	9.7	9.7	0.0
Contingency & Central Budgets	22.2	15.4	(6.8)
Total Spend	234.8	233.0	(1.8)

2.2 Explanation of Major Revenue Variations

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

The largest individual pressure relates to the estimated cost of supporting families and individuals in temporary and supported accommodation (£3.0m) which is a result of high numbers of homelessness cases, and cases where insufficient Housing Benefit subsidy can be claimed from the government. This pressure is in addition to the £2.7m previously approved by members as part of the 2018/19 budget setting process. The management and financial pressures of homelessness services are reported under the Director for Transformation and Customer Services. However, both its causes and the necessary solutions to it, manifest themselves in multiple different service areas across the Council. Detailed work is being undertaken to implement a programme of remedial actions and these will be delivered across this broader range of services on a corporate basis.

Continuing recruitment problems are creating budget pressure relating to agency staffing covering vacancies. A significant amount of work is underway to resolve these problems within the People Directorate. The majority of agency staffing is currently within Children's Services where in the region of 50 posts are currently covered. Within the Place Directorate, there are pressures of c£0.6m as a result of service areas that are needing to employ temporary staff. This is largely to ensure service continuity where there has been an inability to recruit or to address high levels of workload. However, these costs are entirely offset by salary budget underspends across the directorate of £0.6m.

People Directorate

In overall terms, the People Directorate continues to face significant financial challenges this year. Whilst the net position is an improvement on the quarter 2 position, the centralised salary underspend of £5.6m masks pressures of £8.2m across other areas of the services including those for Housing and Homelessness described above.

The Looked after Children (LAC) Population has risen significantly over the last year with average LAC numbers at 644 in 2017/18 compared with 699 so far this year. This pressure had been anticipated and budget resource was added as part of the last budget setting process as well as a transformation programme target to deliver a lower unit cost for LAC placements. Whilst on track to deliver the necessary changes, there are continued pressures within Supported Accommodation placements for careleavers and a small number of recent cases which are attracting significant cost. Alongside this, continuing pressures within SEN transport of £0.4m are contributing to the overall position.

Finally, whilst Adult Social Care is showing a balanced position, there is increasing pressure surrounding packages of care alongside increasing demand in Deprivation of Liberty safeguards (DOLs) which are managed in year using iBCF protecting social care resources.

Place Directorate

There are a number of variations forecast for the Directorate in 2018/19. The most significant is a forecast £0.5m waste disposal pressure relating to a reduction in a recycling rebate from BIFFA together with higher than expected disposal tonnages. Additionally, following the decision to continue with the Godiva festival annually, the increasing size of the event and the increasing cost of staging it, there is a cost pressure on the events budget of £0.4m in the current year, although ways are being considered to reduce this. Others pressures relate to a predicted income shortfall of £0.35m in bereavement services as a result of reduced activity, the cost of external advocacy lawyers of £0.25m due to an inability to recruit, and operating cost pressures in car parking of £0.25m.

Some service areas are not fully achieving budgeted income levels including Commercial Waste £0.2m, CCTV £0.1m, St Marys Guildhall £0.1m, parking enforcement £0.2m and Coombe Country Park £0.15m. These are offset however by services which are outperforming expected income levels including planning, bus gate enforcement, car parking fees and commercial rent income.

Contingency and Central

Underspends totalling £4.4m are anticipated relating to the Asset Management Revenue Account up from £2.1m at quarter 2. In addition to the higher investment returns and lower capital financing costs reported at quarter 2, the Council is now anticipating significant additional dividends from the Coventry and Warwickshire Waste Disposal Company. Remaining corporate budgets have underspent by £2.3m including favourable variations across contingency budgets, WMCA contributions, the Coventry and Warwickshire Business Rates Pool and application of the Adult Social Care Grant.

2.3 Capital Programme

The 2018/19 capital outturn position for quarter two reported a revised outturn position of £222.4m compared with the original programme reported to Cabinet in February 2018 of £262.5m. Table 2 below updates the budget at quarter 3 to take account of a £10.0m increase in the programme from approved/technical changes and £58.6 now planned to be carried forward into future years. This rescheduling is discussed further in section 5.1. In total, the revised projected level of expenditure for 2018/19 is £173.7m. Appendix 3 provides an analysis by directorate of the movement since quarter one.

The Resources Available section of Table 2 explains how the Capital Programme will be funded in 2018/19. It shows 50% of the programme is funded by external grant monies, whilst 39% is funded from borrowing. The programme also includes funding from capital receipts of £12.5m.

Table 2 – Movement in the Capital Budget

CAPITAL BUDGET 2018-19 MOVEMENT	Qtr 3 Reporting £m
Estimated Outturn Quarter 2	222.4
Approved / Technical Changes (see Appendix 2)	10.0
"Net" Underspensing (see Appendix 5)	(0.1)
"Net" Rescheduling into future years (see Appendix 4)	(58.6)
Revised Estimated Outturn 2018-19	173.7

RESOURCES AVAILABLE:	Qtr 3 Reporting £m
Prudential Borrowing (Specific & Gap Funding)	67.9
Grants and Contributions	87.7
Capital Receipts	12.5
Revenue Contributions	5.3
Leasing	0.3
Total Resources Available	173.7

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 revenue funding of the Prudential Borrowing funding set out above have been built into the Council's forward financial plans.

2.4 Treasury Management Activity in 2018/19

Interest Rates

The current Bank of England Base Rate was increased by 0.25% to 0.75% in August 2018. Central case interest rate forecasts indicate that there will be two interest rates rises of 0.25% in 2019 with the first one potentially coming in June, meaning interest rates could be 1.25% by the end of 2019. However, the Monetary Policy Committee has shown a bias towards tighter monetary policy (lower interest rates) so there is no guarantee that this will happen. The current Brexit negotiations could have an impact on interest rates also although it is not possible to predict this in a reliable way.

Long Term (Capital) Borrowing

The net long term borrowing requirement for the 2018/19 Capital Programme is £59.4m, taking into account borrowing set out in Section 2.4 above (total £67.9m), less amounts to be set aside to repay debt, including non PFI related Minimum Revenue Provision (£8.5). Although the Council's recent Capital Programmes have incorporated prudential borrowing as part of the overall resourcing package, no long term borrowing has been undertaken for several years, due in part to the level of investment balances available to the authority. However, the anticipated future high level of capital spend combined with the new lower level of investment balances available mean that the Council will need to keep this under review over the next few years. The actual pattern of these factors and the level and expected movement in interest rates will dictate when the Council next seeks to borrow.

During 2018/19 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 2018/19 to P9	Maximum 2018/19 to P9	As at the End of P9
5 year	1.83%	2.27%	1.90%
50 year	2.45%	2.99%	2.70%

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.

Regular monitoring continues to ensure identification of any opportunities to reschedule debt by early repayment of more expensive existing loans replaced with less expensive new loans. The premiums payable on early redemption usually 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 £10m short term borrowing at an average interest rate of 1%.

Returns provided by the Council's short term investments yield an average interest rate of 0.71%. 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 2017	As at 30th September 2018	As at 31st December 2018
	£m	£m	£m
Banks and Building Societies	14.4	13.0	6.0
Money Market Funds	6.7	12.0	20.6
Local Authorities	0.0	6.0	15.0
Corporate Bonds	5.4	5.0	3.3
Registered Providers	8.0	6.0	0.0
Total	34.5	42.0	44.9

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, Call Account Deposits and Equities. 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 2018 the pooled funds were valued at £30m, spread across the following funds: CCLA, Schroders, Investec, Columbia Threadneedle and M&G Investments.

Prudential Indicators and the Prudential Code

Under the CIPFA Prudential Code for Capital Finance authorities are free to borrow, subject to them being able to afford the revenue costs. The framework requires that authorities set and monitor against a number of Prudential Indicators relating to capital, treasury management and revenue issues. These indicators are designed to ensure that borrowing entered into for capital purposes was affordable, sustainable and prudent. The purpose of the indicators is to support decision making and financial management, rather than illustrate comparative performance.

The indicators, together with the relevant figures as at 31st December 2018 are included in Appendix 6. This highlights that the City Council's activities are within the amounts set as Performance Indicators for 2018/19. Specific points to note on the ratios are:

- 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 -£49.2m (minus) compared to +£89.1m 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 £215.0m compared to £445.4m within the Treasury Management Strategy, reflecting that a significant proportion of the Councils investment balance is at a fixed interest rate.

2.5 Investment Framework

The quarter 2 report referenced changes in the regulatory framework governing the Council's commercial investments. The Council's approach to this will be set out in full in a Commercial Investments Strategy that will be included within the forthcoming 2019/20 Budget Report.

3. Results of consultation undertaken

None.

4. Timetable for implementing this decision

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

5. Comments from the Director of Finance and Corporate Services

5.1 Financial Implications

Revenue

In overall terms, this report indicates that the Council is managing its financial position well. The £1.8m projected revenue underspend is an improvement on the overspend position reported at quarter 2 and that at the same period in 2017/18. There is a strong expectation of achieving a better than balanced position at year-end and potentially for the level of underspend to increase.

It is important for the Council's operational plans and services to be delivered and the Council is conscious that very large underspends are not desirable. Nevertheless, a budgetary underspend of the level being reported here is well within reasonable proportions and helps to demonstrate the Council's current financial resilience. The quarter 2 report included a warning that the Council might receive an adverse rating from the forthcoming CIPFA financial resilience index although this is still awaited. Therefore, the relatively strong financial position being reported at quarter 3 provides evidence that helps to refute potential indications of risk. Nevertheless the forthcoming period is one that contains several reasons for caution. These reasons include the medium term financial gaps facing the Council beyond 2019/20, the need to deliver existing savings plans, the coming changes to the local government finance system, the potential for an economic recession to develop over the next few years and the volatility being experienced within local Business Rates listings. For these reasons, the Section 151 Officer (the Council's Director of Finance and Corporate Services) will seek to review the overall financial position at the end of the financial year and recommend proposals to strengthen the Council's balance sheet where these are considered to be necessary and appropriate.

Ahead of this, the Government's December Provisional Settlement announced a Business Rates levy surplus to be distributed to councils of which Coventry's allocation is expected

to be £1.2m. This report recommends contributing the allocated sum to the Council's Business Rates reserve to help prepare the Council for the 2020/21 changes to local government finance and Business Rates.

This positive position reported should not deflect from some pockets of less encouraging financial performance. Cabinet will continue to be aware of the significant additional costs within homelessness and supported accommodation and the need for the Council to better align its services in this area. This has been reported through the Peer Review considered recently by Council which provided a range of conclusions and recommendations in this area which officers are considering alongside a range of actions that are in process. The speed and success with which these are implemented will dictate how quickly and robustly the Council is able to re-establish a sustainable budgetary position going forward for these services. In the meantime, the pressures on this area continue to increase as reflected in this report. The Council's forthcoming Budget proposals will reflect increased costs in this area (above those reported in the Pre-Budget Report).

Notwithstanding the relatively sound overall financial position, it remains imperative that appropriate attention is given to managing the Council's future financial position. Senior management and members have been working in earnest on plans for 2019/20 Budget Setting and these will be reported to Cabinet and Council on 19th February. Attention is also being paid already to identifying and initiating a range of actions and strategies in order to move towards a balanced medium term position and these were set out in the quarter 2 report. It is appropriate to flag up at this point that although the Council has been able to avoid some of the less palatable service cuts experienced at other Councils in very recent years, there is a strong likelihood that some difficult decisions will need to be brought before members over the next 24 months. Work has already begun at an officer level to begin scoping out some of the areas where attention will be focussed.

Capital

Capital forecasts continue to project very high levels of spend for the year at £174m although this is significantly lower than the initial budgeted position of £263m. However, only £74m of actual payments have been made by the end of September (£40m more than the second quarter position and £11m more than the equivalent point in 2017/18 in which final spend for the year was just over £100m). This continues to suggest that a massive acceleration is needed in order to achieve the level of expenditure projected currently for the 2018/19 Programme. The inevitable shortfall in projected spend compared with the start year budget shows clearly that the level of programme predicted at the start of the year was very ambitious. However, there are no specific financial penalties for not delivering the original programme on time or any loss of grant resources on externally funded schemes. Also, if previous expenditure trends are experienced involving an acceleration of payments towards the end of the financial year there remains a very strong likelihood of the Council's capital programme spend for the year being the highest ever delivered in the modern era.

The largest areas of rescheduling in the third quarter involve some of the strategic projects which will help to change the face of the city; the Friargate regeneration area, Whitley South, City Centre South and transport schemes under the UK Central and Connectivity programme. The Council will want to see these schemes and a range of other large projects make good progress for the remainder of 2018/19 and through 2019/20 to ensure that momentum is maintained on the Council's wider aspirations.

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 in 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 underspend but it remains important for the Council to ensure that strict budget management continues to the year-end. Any resources available at year-end will be managed to ensure the Council's financial resilience or used to 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.

Report author(s):

Name and job title: Paul Jennings Finance Manager Corporate Finance

Directorate: Place

Tel and email contact: 024 7683 3753 – paul.jennings@coventry.gov.uk

Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Paul Hammond	Accountant	Place	23/01/19	23/01/19
Helen Williamson	Lead Accountant	Place	23/01/19	23/01/19
Lindsey Hughes	Accountant	Place	23/01/19	23/01/19

Lara Knight	Governance Services Co-ordinator	Place	25/1/19	25/1/19
Names of approvers: (officers and members)				
Barry Hastie	Director of Finance and Corporate Services	Place	25/1/19	28/1/19
Carol Bradford	Corporate Governance Lawyer	Place	25/1/19	25/1/19
Councillor J Mutton	Cabinet Member Strategic Finance and Resources		18/1/19	18/1/19

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

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

Appendix 1 details directorates forecasted variances.

Budget variations have been analysed between those that are subject to a centralised forecast and those that are managed at service level (termed “Budget Holder Forecasts” for the purposes of this report). The 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	£m	£m
Public Health	2.0	0.9	(0.1)	(1.0)	(1.1)
People Directorate Management	1.4	1.5	0.1	0.0	0.1
Education and Inclusion	12.6	13.0	0.0	0.4	0.4
Children and Young People's Services	74.0	74.3	(4.4)	4.7	0.3
Adult Social Care	74.7	74.7	(0.9)	0.9	0.0
Customer Services & Transformation	6.0	8.8	(0.3)	3.1	2.8
Total People Directorate	170.7	173.2	(5.6)	8.1	2.5
Place Directorate Management	1.3	1.4	0.1	0.0	0.1
City Centre & Major Projects Development	7.5	8.1	0.0	0.6	0.6
Transportation & Highways	4.2	4.2	(0.2)	0.2	0.0
Streetscene & Regulatory Services	26.7	28.7	(0.1)	2.1	2.0
Project Management and Property Services	(7.5)	(7.7)	(0.1)	(0.1)	(0.2)
Finance & Corporate Services	9.7	9.7	(0.3)	0.3	0.0
Total Place Directorate	41.9	44.4	(0.6)	3.1	2.5
Contingency & Central Budgets	22.8	15.4	0.0	(6.8)	(6.8)
Total Spend	234.8	233.0	(6.2)	4.4	(1.8)
Resourcing	(234.8)	(234.8)	0.0	0.0	0.0
Total	0.0	(1.8)	(6.2)	4.4	(1.8)

Reporting Area	Explanation	£m
People Directorate	The Directorate underspend against its salary budgets and turnover target is mainly due to continuing high levels of vacancies in Childrens Social Care which accounts for the majority of the £5.6m underspend. This is partially offset by a non salary overspend as a result of agency staff in Childrens Social Care. It is expected that vacancy levels and agency costs will continue to reduce, which will reduce the centralised salary underspend and the budgetholder overspend.	(5.6)
Place Directorate	A number of vacancies exist primarily due to an inability to recruit and retain some staff together plus the holding back on recruitment to others whilst reviews take place. Managers continue to work to recruit to the key posts where recruitment difficulties have been encountered	(0.6)
Total Non-Controllable Variances		(6.2)

Service Area	Reporting Area	Explanation	£M
Public Health	Public Health - Lifestyles	Overspend relates to one off project funding, resourced from underspends across other elements of the Public Health Grant	0.1
Public Health	Public Health - Migration	This underspend relates to the holding of migration grant income centrally which is funding costs of other services across the Council	(0.5)
Public Health	CPH Inequalities	Underspend linked to reduction in expected in year contract costs through payment by results	(0.3)
Public Health	Public Health - Protection	Underspend linked to reduction in expected in year contract costs through payment by results	(0.1)
Public Health	Public Health Staffing & Overheads	The underspend relates to the early delivery of the future years grant saving	(0.1)
Public Health	Other Variances Less than 100K		(0.1)
Public Health			(1.0)
Education and Inclusion	SEND & Specialist Services	SEN Transport is forecasting a £0.4M overspend. This is based on current activity levels and the current cost of provision. Demand was re-based in September 2018 and there has been a 10% increase in the number of children and young people receiving travel assistance compared to September 2017. The immediate impact of the release of the e-auction contracts has been included in the forecast. The £0.4M pressure was originally £0.6M, however in year savings of £0.2M made against Adult Social Care Transport have been applied here. Work is underway to clarify whether this increase in cost is one-off or an on-going financial pressure. Educational Psychologists is forecasting a £0.1M overspend. The EP service offers both a statutory and traded service. At this point as a consequence of recruitment challenges, the traded element has been re-prioritised towards the delivery of the Council's statutory responsibilities. The budget is in balance when the	0.5

		centralised salary budget is offset. The service has been successful in recruiting additional capacity from September, and this is included in the forecast.	
Education and Inclusion	Adult Education	To date it has only been possible to deliver £10k of a £200k financial savings target set as part of previous budget setting processes to ensure we maximise ESFA grant funding against internal training programmes. The Coventry Interpretation and Translations Unit (CITU) is forecasting a £40k overpend due to lower than anticipated activity levels.	0.2
Education and Inclusion	Education Entitlement	Governor Services are forecasting a £0.1M overspend due to a number of factors. This includes loss of income from schools moving to other providers and subsequently a review of the operating model is underway including the pricing structure and work allocation methodology. This overspend has not increased throughout the year as staffing has reduced and 5 new schools have come on board. It is highly unlikely that the service will be in a position to deliver a balanced budget in 2019/20 as it will take time to implement robust and effective new ways of working.	0.1
Education and Inclusion	Education Improvement & Standards	This underspend relates to historic pension liabilities, and redundancy budget for maintained schools. We are not expecting any further commitments to be incurred against this area.	(0.3)
Other Variances Less than 100K			(0.1)
Education and Inclusion			0.4
Children and Young People's Services	LAC & Care Leavers	This overspend partly also relates to the costs of Agency staff as above. There is also an overspend predicted on supported accommodation of £1.2M which as a result of a higher number of former LAC in supported accommodation than budgeted for. Work is underway as part of Children's Transformation to reduce this, but this area is bearing some of the pressure of additional LAC numbers. Permanence allowance are forecasting a pressure of £0.2M. There is also a forecast pressure on the unaccompanied asylum seeker budget of £0.2M - this relates to costs of former LAC who continue to receive support, where there is not grant funding to cover costs. LAC Placements overall is forecasting a balanced budget at quarter 3. This includes the Children's Transformation trajectory of increases in internal fostering and residential placements, alongside corresponding decreases in external fostering and residential placements.	2.5
Children and Young People's Services	Help & Protection	The overspend largely relates to the costs of Agency staff covering posts across the service. This is more than offset by underspends across salary budgets. There is also a small overspend forecast as a result of supporting families with no recourse to public funds.	2.3
Children and Young People's Services	Children's Services Management Team	The service has delivered savings as a result of service changes (e.g. Youth Offending Service review). These contribute towards the delivery of the Children's Services	(0.2)

		Transformation programme, and offset against the overspend in other areas of the service.	
Other Variances Less than 100K			0.1
Children and Young People's Services			4.7
Adult Social Care	All Age Disability and Mental Health Community Purchasing	Underlying budget pressures continue to rise in part due to the continued increases in demand for complex social care support for eligible service users. Overall control mechanisms are in place to ensure expenditure is robustly managed. Approval for packages are scrutinised at panel meetings with social workers required to explain their panel submission before approval is gained. Programmes are in place to review some of the higher cost services and develop our approach to Promoting Independence which will further support the financial position. A review of internal processes and procedures is being undertaken to support management to maintain effective monitoring of costs and pressures.	0.8
Adult Social Care	Older People Community Purchasing	Underlying budget pressures have increased this quarter in part due to continuing increases in residential and nursing placements. The underlying reasons for these increases are due to the volumes of referrals into bedded facilities following discharge from hospital. Work is underway with health colleagues to reverse this trend. In addition a contributing factor to increased cost pressure is associated with social care market costs. Management actions continue to ensure demand on social care is managed in the most cost effective way to reduce overall costs. Focused efforts to manage approved packages through the panel process continue. Utilising our Promoting Independence approaches will further support management of financial pressures.	0.7
Adult Social Care	All Age Disability and Mental Health Operational	There remains significant pressures in DOLs demand leading to additional assessment costs. The All Age Disability Team has also seen increasing demand and a high turnover of staff leading to increased Agency costs which is expected to reduce as substantive posts are appointed to.	0.6

Adult Social Care	Older People Operational	Overall underspend with budget holder overspend pending recruitment to posts later in the year.	0.3
Adult Social Care	Internally Provided Services	The overspends on other pay, overtime and variable allowances are offset by underspends on centralised salary costs due to a number of vacancies .	0.2
Adult Social Care	Adult Social Care Director	Use of iBCF Protecting Social Care resources to manage Adult Social Care pressures.	(1.7)
Adult Social Care			0.9
Customer Services & Transformation	Customer and Business Services	The overspend relates to significant pressures across housing and homelessness services, with the majority linked to temporary accommodation costs net of housing benefit subsidy	3.6
Customer Services & Transformation	HR and Workforce Development Management	The overspend relates to a reduction in expected income with regard to DBS & Schools. Funding arrangements for both areas are being reviewed during the next few months.	0.2
Customer Services & Transformation	ICT & Digital	The majority of this underspend relates to one off savings within the Data & Voice team through contract consolidation and zero base budget work which has been completed as part of the restructuring of ICT services. Additional cost/overspend on mobile phones has been mitigated as a result of the mobile phone switch out and ongoing replacement of all handsets.	(0.7)
Customer Services & Transformation			3.1
Total Budget Holder Variances - People			8.1

Place Directorate	Place		
Service Area	Reporting Area	Explanation	£M
City Centre & Major Projects Development	Sports, Culture, Destination & Bus Relationships	£379k Godiva festival cost pressure and £134k St. Mary's trading deficit, banquetting and undercroft sales down on Q2 forecast.	0.5
Other Variances Less than 100K			0.1
City Centre & Major Projects Development			0.6
Transportation & Highways	Other Variances Less than 100K		0.2
Transportation & Highways			0.2

Streetscene & Regulatory Services	Planning & Regulatory Services	Primarily fee income higher than expected on both Development Management and Planning Enforcement	(0.3)
Streetscene & Regulatory Services	Streetpride & Parks	Primarily the use of agency staff covering vacancies which are currently being recruited to, and are offset salary underspend. The main pressures include £350k Bereavement Services (reduced activity), £160k on car parking income at Coombe and £60k on the Urban Forestry Maintenance Contract.	1.2
Streetscene & Regulatory Services	Waste & Fleet Services	Waste disposal pressures account for the largest element of this overspend due to increased tonnages and gate fees, together with a reduction in the rebate from the MRF contract operator. (£465k) There are pressures in commercial waste (£186k) due to under recovery of skip income offset by an increase in bulk bin income, and cost pressures in domestic refuse relating to fuel usage and higher cost of covering sickness absence. There are also pressures in PTS (net £123k) which has arisen as a result of a combination of pay award pressures (£49k), and increased costs (£172k), offset by income relating to additional routes (-£98k) .	1.1
Streetscene & Regulatory Services	Environmental Services	Under achievement of trading income within the CCTV service area is causing the largest element of this pressure, however agency and overtime staffing costs are also contributing.	0.2
Other Variances Less than 100K			(0.1)
Streetscene & Regulatory Services			2.1
Project Management and Property Services	Facilities & Property Services	Income above target for project support on small building projects and compliance work.	(0.1)
Project Management and Property Services			(0.1)
Finance & Corporate Services	Legal Services	Primarily the cost of external Counsel spend. The team has been restructured which will allow more in-house advocacy and will reduce expenditure in the future. This is to be monitored closely.	0.3
Finance & Corporate Services	Revenues and Benefits	The use of temporary resource to cover vacancies and fluctuating workloads together with additional expenditure required to enable the Council's Community Support Grant Scheme to continue supporting vulnerable residents	0.2
Finance & Corporate Services	Insurance	Loss of schools income (£205k) from 10 Catholic VA schools who have been instructed by the Diocese to place their insurance programme with an alternative provider.	0.1
Finance & Corporate Services	Financial Mgt	The majority of the underspend relates to the full year impact of a staffing restructure delivered in 2017/18. Further savings have been delivered following a review of non-staffing expenditure across the cost centre.	(0.2)
Finance & Corporate Services	Democratic Services	One-off savings within Internal Audit (new structure being implemented), and additional income from an increased number of school appeals services being requested from Governance Services	(0.1)
Finance & Corporate Services			0.3

Total Budget Holder Variances - Place			3.1
Contingency & Central Budgets			
Service Area	Reporting Area	Explanation	£M
Contingency & Central Budgets	Contingency & Central Budgets	Underspends totalling £4.4m are anticipated relating to the Asset Management Revenue Account up from £2.1m at quarter 2. In addition to the higher investment returns and lower capital financing costs reported at quarter 2, the Council is now anticipating significant additional dividends from the Coventry and Warwickshire Waste Disposal Company. Remaining corporate budgets have underspent by £2.3m which is broadly the same as quarter 2. This includes favourable variations across contingency budgets, WMCA contributions, the Adult Social Care Grant and the Coventry and Warwickshire Business Rates Pool.	(6.7)
Total Budget Holder Variances - Contingency & Central Budgets			(6.7)

Capital Programme: Analysis of Budget/Technical Changes

SCHEME	EXPLANATION	£m
PEOPLE DIRECTORATE		
Early years 30 hrs Places	Match funding for Modular Buildings	0.3
SUB TOTAL - People		0.3
PLACE DIRECTORATE		
Public Realm	Element of the £2.57m Growth Deal grant that has been awarded by CWLEP to deliver public realm works around the Waterpark, Salt Lane car park and Greyfriars Lane.	0.1
Highways Investment	£1.2m announced in Budget 2018 for Local Highways Maintenance.	0.9
Disabled Facilities Grant	Additional grant award 2018/19	0.4
Vehicle & Plant Replacement	Additional purchase of vehicles to assist in the Commercial Waste and to reduce the costs of leasing or borrowing. 2 hook loaders and 4 refuse vehicles	0.3
Binley Court Acquisitions	Council report on 4th December 2018 this is the cost of acquisition completed in December 2018	6.3
UK City of Culture 2021	Cabinet 28th August 2018 initial cashflow of 18/19 spend	0.3
ESIF Capital Programme	Update programme to reflect increase in ERDF Funding	0.2
Heatline and Kickstart	Net movement in budget as approved by Cabinet 4th October £1.2m in additional provision for additional costs	0.4
Indoor Bowls at Alan Higgs Loan	Uplifting programme to reflect full drawn down of loan facility	0.8
SUB TOTAL - Place		9.7
TOTAL APPROVED / TECHNICAL CHANGES		10.0

Appendix 3

Capital Programme: Estimated Outturn 2018/19

The table below presents the revised estimated outturn for 2018/19.

DIRECTORATE	ESTIMATED OUTTURN BUDGET SETTING £m	APPROVED / TECHNICAL CHANGES £m	OVER / UNDER SPEND NOW REPORTED £m	RESCHEDULED EXPENDITURE NOW REPORTED £m	REVISED ESTIMATED OUTTURN 18- 19 £m
PEOPLE	17.4	0.7	(0.2)	(1.8)	16.1
PLACE	205.0	9.3	0.1	(56.8)	157.6
TOTAL	222.4	10.0	(0.1)	(58.6)	173.7

Capital Programme: Analysis of Rescheduling

SCHEME	EXPLANATION	£m
PEOPLE DIRECTORATE		
Disabled Facilities Grants	The DFG grant allocation can be used for both DFG's and other Adult Social Care capital schemes. In December 2018, Government awarded an additional £419,000 to the City Council on top of the existing increased DFG resources. Officers have been reviewing the use of the allocation in order to maximise existing DFG adaptation opportunities alongside improvements to Social Care property and new investments in other eligible spend. Officers are looking at ways to streamline procurement processes to accelerate the programme.	-1.2
CLYP - Education	Rescheduling of SEND capital is due to work being undertaken on the revenue SEND budget. A SEND strategy is in progress and the SEND Commissioning Manager is reviewing the funding model for Specialist provision. This has to be done before capital projects can proceed.	-0.7
Other Changes less than £100k		0.1
SUB TOTAL - People Directorate		-1.8

PLACE DIRECTORATE		
Highways Investment: Whitefriars	The latest programme reflects that we are making good progress and ahead of programme, therefore accelerated spend that was initially scheduled for 2019-20.	0.4
Kickstart	Updated profile to reflect final costs of works at Broadgate and small element of for contingency	-0.1
Cemeteries	Appointment of Architects and surveyors has been delayed until March 19, unlikely to spend this financial year as planned	-0.3
Growing Places	Growing Places - Bermuda Connection. The project was expecting to defray the GP funding in Q3 of 18/19 and now slipping into Q2 of 19/20 as a result of delays to land acquisition. The revised profile takes into account the expectation that all transactions in regard to land acquisition and technical approval of detailed design will be completed by the start of the 19/20 financial year.	-0.3
Growth Deal - GD39	Although the program is scheduled to be completed on time, the project has experienced delays and complications during its early phase. This has resulted in a slower than forecast spend profile for Qtr2 & Qtr3, however considerable progress has been made on the build and project is on track to deliver as expected.	-0.3
Multi Storey Car Parks	Cash flow forecast amended to allow for the extension of time due to archaeology works.	-1.0
Growth Deal - GD14	Delays to the project caused by issues with awarding the contract for works.	-1.5
Coventry Station Masterplan (Inc NUCKLE 1.2)	The tenders for NUCKLE 1.2 and phase 2 (the station building, MSCP and bus interchange) were delayed due to design delays, the tenders have been	-1.5

	returned and evaluated. The contract award of phase 2 is imminent with an award letter due to be issued by mid Jan 2019	
Alan Higgs Centre - 50m Swimming Pool	The rescheduling is due to an agreed 3 month delay in the commencement of construction to allow community access to the indoor football through to 31 st March 2018. Galliford Try have now been appointed as the preferred contractor for the scheme and have provided an actual cash flow rather than the estimate that provided by the project management team previously.	-1.6
Vehicle & Plant Replacement	BSD are currently reviewing their service and the decision has not been finalised on specification and required number of vehicles Streetpride - Decisions on specifications not finalised so order has been delayed Waste vehicles not yet on order so will not be delivered in time for year end. Leasing - some leases have been extended into next year so decisions on replacements has been delayed	-1.8
UK Central & Connectivity: Very Light Rail	Due to the complexities of the track work stream, the procurement of the partners to develop the novel track form has been delayed and therefore track spend will occur in 2019/2020. The delivery of the retaining wall at DMBC has also been delayed due to issues with the appointed contractor. Spend will now occur in 19/20 financial year.	-2.7
UK Central & Connectivity: City Centre First	A change request is required to enable the initial £11.6m grant funding that was earmarked for Ring Road Junction improvements to be utilised on Public Realm improvements as part of the City of Culture 2021 programme. The change request is to be presented at West Midlands Combined Authority Investment Board in mid-January 2019.	-3.4
UK Central & Connectivity: Coventry South Package	This is predominantly due to rescheduling on the A46 Link Road Phase 1 scheme. Initially it was programmed to issue the Full Business Case application to DfT at the end of November 2018, with an expected response during February 2019, however having received objections to the Side Roads and Slip Roads order we have been notified by the DfT of the need to hold a Public Inquiry. This significantly impacts the programme for submission of the FBC application and therefore the expected start on site. .	-6.8
City Centre South	Acquisitions are dependent on definite opportunities coming forward within the financial year and there has been little opportunity this year	-7.3
Whitley South	The construction programme has slipped significantly from that envisaged due to continuing delays to the discharge of planning conditions. This factor has meant that the main contract has not yet been signed and no works can commence on the highway. Work continues to work with Highways England to resolve all issues. Contract documentation has been drafted in readiness	-12.7
Friargate	We are in the final stages of finalising the Joint Venture between CCC and Friargate, therefore we have assumed that there will be some spend in quarter four, however we don't expect significant spend until next financial year. Full cashflow profile will be address in budget setting process	-15.7
Other Changes less than £100k		-0.1
SUB TOTAL - Place Directorate		-56.8

TOTAL RESCHEDULING	-58.6
---------------------------	--------------

Capital Programme: Analysis of Overspends/Underspends

SCHEME	EXPLANATION	£m
PEOPLE DIRECTORATE		
Pathways to Care	Reduced level of take up	-0.2
SUB TOTAL - People		-0.2
PLACE DIRECTORATE		
Kickstart	Kick-start is under budget due to project costs coming in under budget and management contingency not being required. It is planned to vire some of this towards the Heatline project below	-0.6
Heatline	Heat line is over budget to variations required through the project such as the insistence of highways that works must be undertaken overnight, project overruns and additional works required	0.6
SUB TOTAL - Place Directorate		0.1
TOTAL Overspend		-0.1

Appendix 6

Prudential Indicators

Indicator	per Treasury Management Strategy	As at 31 st December 2018
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).	13.83%	12.63%
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 £551.9m	£344.3m 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.	£513.2m	£344.3m 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.	£493.2m	£344.3m 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.	£445.4m	£215.0m
Upper Limit on Variable Rate Interest Rate Exposures (Indicator 10) , as above highlighting interest rate exposure risk.	£89.1m	-£49.2m
Maturity Structure Limits (Indicator 11) , highlighting the risk arising from the requirement to refinance debt as loans mature: < 12 months 12 months – 24 months 24 months – 5 years 5 years – 10 years 10 years +	0% to 40% 0% to 20% 0% to 30% 0% to 30% 40% to 100%	12% 10% 6% 6% 66%
Investments Longer than 364 Days (Indicator 12) , highlighting the risk that the authority faces from having investments tied up for this duration.	£18m	£0.0m



Coventry City Council

Public report

Report to

Audit and Procurement Committee

25th February 2019

Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Councillor G Duggins

Director approving submission of the report:

Deputy Chief Executive (Place)

Ward(s) affected:

City Wide

Title:

Quarter Three Internal Audit Progress Report 2018-19

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 2018, against the Internal Audit Plan for 2018-19.

Recommendations:

Audit and Procurement Committee is recommended to:

1. Note the performance as at quarter three against the Internal Audit Plan for 2018-19.
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 2018

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 2018-19

1. Context (or background)

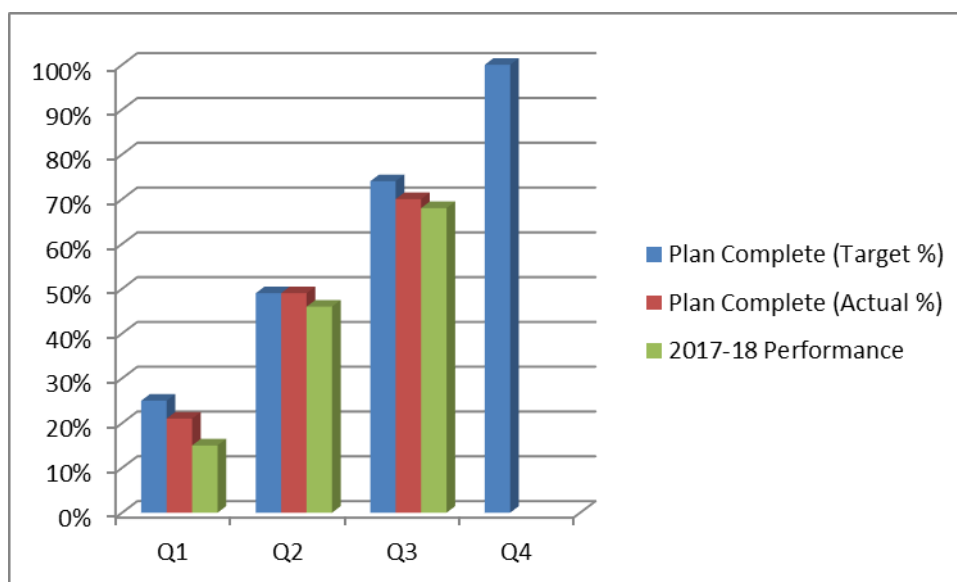
1.1 This report is the second monitoring report for 2018-19, which is presented in order for the Audit and Procurement Committee to discharge its responsibility 'to consider summaries of specific internal audit reports as requested' and 'to consider reports dealing with the management and performance of internal audit'.

2. Options considered and recommended proposal

2.1 Delivering the Audit Plan

2.1.1 The key target facing the Internal Audit Service is to complete 90% of its work plan by the 31st March 2019. The chart below provides analysis of progress against planned work for the period April to December 2018.

Chart One: Progress against delivery of Internal Audit Plan 2018-19



As at the end of December 2018, the Service has completed 70% of the Audit Plan against a planned target of 74% (which is based on delivering 100% of the plan) and is on track to meet its key target by the end of 2018-19.

2.1.2 During quarter three, the Service's ability to complete the original Audit Plan of 550 days has been impacted by an unplanned absence within the Team. As a result, the Plan has been amended to 480 days (which reflects the available resources for the remainder of the financial year). Consequently, the progress reported in 2.1.1 above is based on this revised Audit Plan. This reduction has been accommodated through:

- A small number of audits have been postponed until 2019/2020.
- Changes in operational requirements for audit involvement.

In the view of the Acting Chief Internal Auditor, these changes will not, in any significant respects, impact on the ability to deliver the annual internal audit opinion.

2.2 Other Key Performance Indicators (KPIs)

In addition to the delivery of the Audit Plan, the Internal Audit Service has a number of other KPI's which underpin its delivery. The table below shows a summary of the performance for 2018-19 to date against these five KPIs, with comparative figures for the financial year 2017-18. There are two indicators (i.e. final report to deadline and audit delivered within budget days) where the Service's current performance is below expectations. As highlighted in previous reports to Audit and Procurement Committee, targeted actions remain on-going to make improvements and deliver sustainable performance.

Table One: Internal Audit Key Performance Indicators 2018-19

Performance Measure	Target	Performance Q3 2018-19	Performance 2017-18
Planned Days Delivered (Pro rota against agreed* plan) *revised plan for 2018-19	100%	71%	93%
% of work time spent on audit work	90%	91%	91%
Draft Report to Deadline (Draft issued in line with date agreed)	80%	85%	82%
Final Report to Deadline (Final issued within 4 weeks of draft)	80%	79%	100%
Audit Delivered within Budget Days	80%	73%	75%

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 2018, along with the level of assurance provided.

Table two: Audits completed October to December 2018

Audit Area	Audit Title	Assurance
Corporate Risk	Children's Services (Section 17 monies) Financial Culture	N/A – fact finding
Finance	Accounts Receivable	Significant
Regularity	Troubled Families Programme 3	N/A - Verification

	School direct grant	N/A Verification
	Risk Management	Moderate
	UK Autodrive Grant	N/A Verification
	Frederick Bird Primary School	Limited
	Sowe Valley Primary School	Moderate
	The Corley Centre	Moderate
	Spon Gate Primary School	Significant
Directorate issues	Permanence Payments	Moderate
	Learning Disability Providers – contract management	Moderate
	Car Park Passes	N/A Verification

The following audits are currently in progress:

- **Audits at Draft Report Stage** – none (all draft reports were finalised as at the end of December 2018.)
- **Audits On-going** – ICT Strategy, Policies, Procedures and Procurement, Sharepoint / legacy storage, Homelessness (prevention and relief), Accounts Payable.

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 Director of Finance and Corporate Services

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 plan?

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 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 any 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

Report author(s):

Name and job title:

Karen Tyler – Acting Chief Internal Auditor

Directorate:

Place

Tel and email contact:

024 7683 4035– Karen.tyler@coventry.gov.uk

Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Lara Knight	Governance Services Co-ordinator	Place	5/2/18	13/2/18
Paul Jennings	Finance Manager Corporate Finance	Place	5/2/18	5/2/18
Names of approvers: (officers and members)				
Barry Hastie	Director of Finance and Corporate Services	Place	5/2/18	5/2/18
Adrian West	Members & Elections Team Manager	Place	5/2/18	13/2/18

This report is published on the council's website:

www.coventry.gov.uk/meetings

Appendix One – Summary Findings from Key Audit Reports Completed between October and December 2018

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<p>Controls over accessing system data</p> <p>June 2019</p> <p>Members & Elections Team Manager</p>	<p>Overall Objective: To ensure that the Council has appropriate arrangements in place to govern employees' use of ICT systems holding personal / sensitive data. This includes both employees accessing systems as part of their professional service responsibilities and employees in support services such as finance and ICT.</p> <p>Key controls assessed:</p> <ul style="list-style-type: none"> - Appropriate processes are in place to ensure employees are made aware of and understand the expected standards in relation to accessing information held on ICT systems and their responsibility to meet these standards. Arrangements are in place to ensure that requirements are reinforced. - The Council maximises the use of functionality within systems to restrict access to data where a potential conflict of interest exists. - Effective use is made of system audit trails to identify and take action on inappropriate access to information. <p>Opinion: Moderate Assurance</p> <p>Actions Agreed - risk level high (H) or medium (M):</p> <ul style="list-style-type: none"> • Take action to introduce a new data access standard for all key ICT systems which hold personal / sensitive information, which reflects the Data Protection Act 2018 and which all users of the system are required to sign / agree to before they are given access to the system. (H) • Ensure that where an employee has signed / agreed the new data access standard, a copy of this is retained on the employee's HR file. (H) • Arrange for existing users of these systems to be made aware of / accept the new data access standard. (H) • Determine where responsibility should sit within the Council for reinforcing expected standards in relation to accessing information. Following this, establish an appropriate mechanism for gaining assurance that this is done. (M) • In-conjunction with system owners, establish arrangements for an annual review of system access to be undertaken for all key ICT systems to confirm with managers that users' access is still relevant / needed. (M) • Ensure that the risk that users inappropriately view personal / sensitive information held on ICT systems is recorded in the Information Risk Register (and is dealt with in accordance with the Council's Risk Management Framework. (M)

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<p>Permanence Payments</p> <p>July 2019</p> <p>Strategic Lead – Looked After Children / Customer Services Manager</p>	<p>Overall Objective: To ensure the Council has effective and efficient processes in place to support the assessment, payment and review of permanence payments.</p> <p>Key controls assessed:</p> <ul style="list-style-type: none"> - Permanence payments are made for children where applicable to do so and are underpinned by robust arrangements to support the assessment and approval of payments. - Processes to support the payment of permanence allowances are efficient and ensure payments are made accurately and on a timely basis. - Permanence payments are subject to effective monitoring and review. <p>Opinion: Moderate Assurance</p> <p>Actions Agreed - risk level high (H) or medium (M):</p> <ul style="list-style-type: none"> • Ensure that the responsibility for undertaking financial assessments is agreed / formally defined by management. (M) • Introduce a single method for administering and undertaking financial assessments which supports the accurate calculation of the payment required. (M) • Take action to produce detailed guidance on how financial assessments should be undertaken and introduce appropriate checks on completed assessments / reviews (H) • Ensure that new payments / changes to payments input to the LCS system are checked by another officer prior to the input being submitted. (M) • Ensure that the spreadsheet error is corrected and that a considered decision is taken on whether to seek recovery of overpayments or not. (M) • Take appropriate action to ensure that all permanence payments are subject to an annual review, which is undertaken on a timely basis. (M) • Request a system report to be written to provide a schedule of when reviews are due. (M)

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<p>Frederick Bird Primary School</p> <p>January 2019</p> <p>School Business Manager</p>	<p>Overall Objective: To provide assurance that robust systems and controls exist to support the effective management of the School's resources.</p> <p>Key controls assessed:</p> <ul style="list-style-type: none"> - Effective systems are in place to manage the school's finances. - All expenditure is committed in line with documented procedures, is appropriately authorised and accounted for. - All income due to the school is collected, accounted for and banked in full. - Effective systems exist over the school's banking arrangements. - All school assets are securely held minimising the risk of theft and losses. <p>Opinion: Limited Assurance</p> <p>Agreed Actions - risk level high (H) or medium (M):</p> <ul style="list-style-type: none"> • Ensure that in respect of all purchases, the School complies with procurement rules / legislation. Where exceptions to this are required, these should be dealt with in accordance with established rules and approval sought in advance from governors. (H) • Ensure that the final Bacs run is printed / approved at the time the Bacs run is completed. (M) • Ensure that cash collection sheets are fully completed and retained for all cash transactions. (M) • Ensure that all purchasing card transaction logs are subject to appropriate oversight / approval by an independent officer and receipts (or equivalent) are retained for all purchases. (M) • Ensure that HMRC requirements in respect of IR35 are complied with. (H) • Ensure that sundry income invoices contain sufficient details of when the service was provided. (M) • Ensure that an independent review of the income process is completed on a regular basis and an appropriate audit trail is retained as evidence of the review. (M) • Take action to update the lettings policy and ensure that letting agreement forms are completed by hirers. (M) • Ensure that the debtor's policy is updated and take action to ensure that debts are chased in accordance with the policy. (M) • Ensure that virements are authorised and reported in accordance with the provisions of the Fair Funding Scheme of Delegation. (H)

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<p>Children’s Services (Section 17 monies) Financial Culture</p> <p>December 2019</p> <p>Strategic Lead (Help and Protection) in-conjunction with Finance</p>	<p>Overall Objective: To understand the key influences and beliefs around providing support to families through Section 17 monies and to consider how Children’s Services identify and pay attention to the financial culture to take positive action to promote and deliver service improvements.</p> <p>Key messages: Within Children’s Services, we found a number of ways in which the values articulated by management have been embedded within the Service, including a strong level of awareness by staff at all levels of the financial challenges faced, considering budget implications when making funding decisions and taking action to identify areas where expenditure can be reduced by doing things differently. Alongside this, the funding request process is well controlled with appropriate challenge being given to ensure that other mechanisms of support have been considered. However, the review highlighted a number of key areas where further action could be taken to promote and embed the culture that senior management are looking for in the use of Section 17 monies.</p> <p>Actions Agreed -</p> <ul style="list-style-type: none"> • Provide more detailed information on the financial position to make this more meaningful to staff and making this a regular agenda item at team meetings. • Undertake further work to build mutual trust and empathy between staff and management, with staff better understanding the difficult decisions that have to be made by senior managers. • Further develop the knowledge, skills and confidence of Operational Leads around financial management. • Grow knowledge of support organisations and local suppliers and skills to negotiate the cheapest deals when goods and services are being purchased, including providing a central reference point of information / support organisations which staff can readily access to assist them. • Raise awareness of the Section 17 policy within Area Teams and ensure the policy is reviewed annually. • Review the structure of Area Teams budgets to enable Section 17 spend to be easily identified, including consistent coding. • Support Area Teams to obtain financial reports on a more regular basis and carry out appropriate analysis of spend. • Facilitate the flow of information upwards and across Area Teams.

This page is intentionally left blank



Public report Audit and Procurement Committee

Audit and Procurement Committee

25 February 2019

Name of Cabinet Member:

Cabinet Member Policy and Leadership, Councillor Duggins

Director Approving Submission of the report:

Director of Finance and Corporate Services

Ward(s) affected:

None

Title:

Information Commissioner's Office – Data Protection Audit Progress Report

Is this a key decision?

No

Executive Summary:

In November 2017, the Information Commissioner's Office (ICO) carried out a data protection audit into the City Council's governance arrangements, training and awareness and data sharing arrangements. The ICO issued its final report in February 2018 which included a range of recommendations. The outcome of the audit and the Council's action plan were reported to the Audit and Procurement Committee later that month and this report sets out progress over the last year against the agreed actions.

Recommendations:

Audit and Procurement Committee is recommended to:

- 1) Note the progress made in response to the recommendations arising from the audit
- 2) Make any recommendations to the Cabinet Member for Policy and Leadership who is the portfolio holder for information management and governance

List of Appendices included:

Appendix 1: Progress against action plan

Background papers:

None

Other useful documents

Briefing note to Audit and Procurement Committee Information Commissioner's Office – Data Protection Audit November 2017, 19 February 2018.

Has it been or will it be considered by Scrutiny?

No

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

No

Will this report go to Council?

No

Report title: Information Commissioner's Office – Data Protection Audit Progress Report

1. Context (or background)

1.1 In October 2015, the Information Commissioner's Office (ICO) carried out a data protection audit into the City Council's governance arrangements, training and awareness and data sharing arrangements. In addition to meeting with officers responsible for corporate arrangements, it spoke to staff in Children's Social Care and the Revenues and Benefits service. The audit concluded that there was "very limited assurance that processes and procedures are in place and deliver data protection compliance." It made recommendations for the Council to strengthen its arrangements which the City Council implemented as part of a significant programme of work to strengthen its approach to information governance. The Audit and Procurement Committee has received regular reports on progress against the ICO's recommendations since then.

1.2 In November 2017 the ICO revisited the authority to carry out a further data protection audit. It followed the same scope, looking at governance arrangements, training and awareness and data sharing arrangements corporately and in Children's Social Care and the Revenues and Benefits service. As previously, the audit provided a snapshot of assurance levels at a moment in time rather than specifically looking at the direction of travel or progress since the previous audit.

1.3 In commenting on the progress made by the City Council, the ICO's Lead Auditor, who was a member of the ICO team for both audits wrote that "*in our view, comparison between the assurance ratings strongly reflects on the work undertaken at CCC since our original audit. ... This demonstrates a clear improvement and progress at an individual, as well as an overall, level*".

1.4 The ICO report made 141 detailed recommendations for the Council to consider, some of which were duplicated. Of these recommendations:

- 18 recommendations were rejected as arrangements were already in place to address the issues raised;
- 32 had already been completed as they proposed only very minor amendments to processes or documents;
- 91 fell into three main areas where the Council had further work to do. Many of them supported existing planned action, particularly work being undertaken to ensure the City Council was ready for the introduction of the General Data Protection Regulation in May 2018.

1.5 The outcomes of the audit and the Council's consolidated action plan in response to the ICO's recommendations were reported to Audit and Procurement Committee in February 2018 and progress against the action plan is set out in Appendix 1. The main areas of focus of the three areas covered in the audit and action plan, together with a summary of progress are set out below.

1.6 Data Protection Governance:

1.6.1 Summary of position at February 2018: Since the initial audit, the City Council had made significant progress in the development of policies, roles and responsibilities to ensure data protection governance arrangements were clear and consistent. This was set out in the Information Governance Handbook which is the single source of information on Information Governance arrangements and is regularly reviewed and updated. The Council had also developed its approach to information risk management and put in place policies, procedures and oversight to ensure that risks to information are managed

effectively. Information governance was highlighted on the corporate risk register, appropriate roles and responsibilities had been designated and risk management had improved. However, work was still required to populate and review information risk registers.

1.6.2 Summary of progress at February 2019: This was the area where the most recommendations were made and the majority have been completed. Policies, roles and responsibilities continue to be reviewed and updated. A number of actions remain in progress and the most significant area outstanding relates to information asset and risk management. Information Asset Owners and Managers have received training on identifying information assets, the requirement to have these assets documented and assess risk on an annual basis as a minimum but this needs ongoing support from the Information Governance Team to assist the Information Asset Owners in ensuring the completion and accuracy of the registers. The update of the information asset register and completion of information risk registers is a priority.

1.7 Training and Awareness:

1.7.1 Summary of position at February 2018: The ICO audit recognised the considerable work that had gone into strengthening data protection training and awareness raising across the Council since the previous audit and this was reflected in the reasonable assurance rating given to this area. This included the work undertaken by the Information Management Strategy Group to ensure that appropriate training, including the mandatory training for all staff, was carried out which was highlighted as good practice. However, the audit report recommended the introduction of a comprehensive training strategy to address the Council's approach to general and specialist training. This was accepted and was in preparation at the time of the report.

1.7.2 Summary of progress at February 2019: The actions identified under this heading have been completed and a comprehensive Training Strategy was approved by Information Management Strategy Group in April 2018. Over the next few months the Strategy will be reviewed and updated to reflect developments nationally, elsewhere in local government and learning from the first year of its implementation.

1.8 Data Sharing:

1.8.1 Summary of position at February 2018: The Council's data sharing arrangements had improved significantly since the time of the initial audit and this part of the report included the fewest number of recommendations. The recommendations that were made focussed on improving the consistency and robustness of arrangements and these were accepted.

1.8.2 Summary of progress at February 2019: The majority of the actions identified under this heading have been completed. The Information Governance Team has continued to work with service areas to improve data sharing awareness and activity. Much of this activity was carried out through the development of Records of Processing Activities and/or the review and preparation of Privacy Notices carried out to support the implementation of GDPR.

2. Options considered and recommended proposal

2.1 Audit and Procurement Committee is recommended to note the progress made in response to the recommendations arising from the audit as set out in Appendix 1 and make any recommendations to the Cabinet Member for Policy and Leadership who is the portfolio holder for information management and governance

3. Results of consultation undertaken

3.1 Not applicable.

4. Timetable for implementing this decision

4.1 Timescales are set out in the action plan and commentary.

5. Comments from Director of Finance and Corporate Services

5.1 Financial implications

There are no specific financial implications arising from this report.

5.2 Legal implications

There are no specific legal implications arising from this report.

6. Other implications

6.1 How will this contribute to the Council Plan (www.coventry.gov.uk/councilplan/)?

Ensuring effective arrangements are in place for data protection contributes to high standards of information governance and contribute to the openness and transparency of the Council's decision making and commitment to continuous service improvement and equality.

6.2 How is risk being managed?

Information risk management is a key part of data protection governance and is linked to the Council's overall risk management process.

6.3 What is the impact on the organisation?

As set out in paragraph 6.1.

6.4 Equalities / EIA

As set out in paragraph 6.1.

6.5 Implications for (or impact on) the environment

None

6.6 Implications for partner organisations?

None

Report author(s):

Name and job title:

Adrian West
Members and Elections Team Manager

Directorate:

Place

Tel and email contact:

Tel: 024 7697 1007

Email: adrian.west@coventry.gov.uk

Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Sharon Lock	Head of Information Governance	Place	11 February 2019	13 February 2019
Lara Knight	Governance Services Officer	Place	11 February 2019	13 February 2019
Names of approvers for submission: (officers and members)				
Finance: Paul Jennings	Finance Manager (Corporate Finance)	Place	11 February 2019	12 February 2019
Legal: Sarah Harriott	Corporate Governance Lawyer, Legal Services	Place	11 February 2019	12 February 2019
Director: Barry Hastie	Director of Finance and Corporate Services	Place	11 February 2019	15 February 2019
Members: Cllr Duggins	Cabinet Member for Policy and Leadership	Place	11 February 2019	11 February 2019

This report is published on the council's website:

www.coventry.gov.uk/councilmeetings

Progress against action plan

Data Protection Governance

Action No	ICO ref. no	Agreed Action	Implementation Date	Owner	Progress
1	A9, A11	Review Job descriptions in the Information Governance Team as part of the planned restructure following recent staff and organisational changes. We have in the meantime clearly allocated line management responsibility.	May-18	Members and Elections Team Manager	Complete. Job descriptions reviewed as part of a restructure of the Information Governance Team which has been implemented. All posts filled from January 2019.
2	A26a, A28a, A90, A91, A94	Make available templates for policies, procedures and guidance ensuring document control is included. Create a policy index to signpost to the single version of each policy as prescribed by the Information Governance handbook and incorporate date of review to ensure clarity and regular review.	Apr-18	Records Manager	In progress – Document control has been introduced within Information Governance and associated policies. The rollout of document control, development of a policy index and annual review of policies across the Council will form part of the Records Management activities in the Information Governance Team's workplan.
3	A27, A34a, A36	Fully implement the Information Risk Management Process, including the completion of the Information Risk Registers by Information Asset Owners, regular review of the Information Asset Register and the process for providing formal assurance to the Senior Information Risk Owner on relevant information assets. The duties responsibilities for risk escalation are already detailed within the Council's Risk Management Policy, Strategy and Framework. The Information Asset Register and Information Risk Register will then be subject to annual review.	Jul-18	Head of Information Governance	In progress - Information Risk Management guidance is available to all on the Information Governance Handbook. The risk register is incorporated into the Information Asset Register. The annual review is not complete and the Information Governance Team will work with Information Asset Owners and Managers to ensure completion by end of April 2019 and provide annual assurance to the Senior Information Risk Officer.

Action No	ICO ref. no	Agreed Action	Implementation Date	Owner	Progress
4	A28b	Update the risk management framework to cross-reference to the Information Risk Policy and Registers. The Risk Management Policy and Strategy will be updated during the next review cycle.	Mar-18	Insurance Manager	In progress. This will be considered during the next review cycle.
5	A31	The Senior Information Risk Owner is to nominate an alternative Officer to act as Information Asset Owner for his services	Jul-18	Senior Information Risk Owner	Complete.
6	A37	Implement and raise awareness of a formal and documented Information Security Incident Management Policy (building on the existing draft procedures), which outlines objectives, key roles and responsibilities, a process flowchart and detailed guidance as to the various stages of the incident management process	Mar-18	Head of Information Governance	Complete. Data Breach Incident response plan is published on the Information Governance Handbook and links to the Data Handling Policy, Data Protection Policy and Data Breach Incident Response Process Map.
7	A52, A68	Consider the best method of linking the Corporate Risk Register and the Information Risk Register/Information Asset Register to ensure that information risks can be escalated appropriately and consistently as required.	Jul-18	Head of Information Governance / Insurance Manager	Complete. The Risk Management framework is designed to allow identification and escalation of risks as appropriate. Reports to senior management, follow up with specific service areas and other communications ensure issues escalated to the appropriate level.
8	A54, A55a, A55b, A56, A58	Ensure that the contract template and live contracts consistently incorporate the requirement for data processors to act only on their instruction. This will be completed as part of our preparations for GDPR	May-18	Information Governance Lawyer/IGT	Complete. Contract templates have been reviewed based on the Central Government Policy Procurement Practice Note to ensure that any new contracts going forward incorporate the new terms required by GDPR, namely that processors act under instruction from the City Council as data controller and provide written assurances that they have the

Action No	ICO ref. no	Agreed Action	Implementation Date	Owner	Progress
					technical and organisational measures to keep information safe. A generic variation clause incorporating GDPR into existing contracts has been sent in respect of existing contracts by Procurement.
9	A59, A63	Draft, implement and raise awareness of a formal and documented Privacy Impact Assessment Policy, which outlines objectives, key roles and responsibilities, a process flowchart and detailed guidance as to the various stages of the PIA process. Ensure that this policy is cross-referenced within other associated data protection policies.	May-18	Head of Information Governance	In progress. Draft Policy complete and scheduled for approval at the next Information Strategy Group. The Information Governance Team already applies the policy, including when supporting internal customers with Privacy Impact Assessments.
10	A66	Ensure that the Privacy Impact Assessment register includes hyperlinks to copies of the individual Privacy Impact Assessments where possible.	Aug-18	Head of Information Governance	Complete.
11	A74	Consider aligning the Council to external standards to improve the effectiveness of data handling controls, for example by consistently benchmarking data protection policies against these.	May-18	Information Management Strategy Group	Complete. Information Governance/ Data Protection policies are devised in accordance with ICO guidance and/or templates and appropriately tailored to City Council.
12	A76	Establish a comprehensive range of formal documented data protection Key Performance Indicators, report against these on an ongoing basis and ensure that the audience for this reporting includes the Corporate Leadership Team and Information Management Strategy Group, in order to facilitate a high-level view of organisational performance.	Jun-18	Information Management Strategy Group	Complete. These are standing agenda items on Information Management Strategy Group meeting agendas.

Action No	ICO ref. no	Agreed Action	Implementation Date	Owner	Progress
13	A81, A82, A87, A88, A92, A93, A100	Undertake an annual review of all Information Governance Policies within the Information Governance Handbook and ensure consistent branding. This will need to also consider changes for May 2018 and the introduction of GDPR.	May-18	Records Manager	Complete. This is part of annual review and was carried out in readiness for GDPR.
14	A83	Amend the Information Security Management Policy to outline the responsibilities of individuals and teams and / or groups with core information security roles and provide an overview of key aspects of information security such as incident management and physical security. Amend the Data Handling Policy to provide content in regard to corporate data handling requirements.	Apr-18	Head of Information Governance	Complete. These are available in the Information Governance Handbook.
15	A96, A106	Consider the best method of ensuring that communications are received, read and understood by using GovDelivery or similar tools to provide data and evidence of users accessing material that is shared.	Dec-18	Head of Communications	In progress. The GovDelivery system provides the facility to evidence the number of employees accessing emails, links and policies but this has not been utilised by Information Governance. This will be built into the communications plan and performance review process for the coming year.

Action No	ICO ref. no	Agreed Action	Implementation Date	Owner	Progress
16	A99	Develop a more in-depth series of checks in respect of the main themes of data protection compliance such as information security and records management, either within the same or dedicated checklists, and periodically rotate between conducting such checks. For example, checks in regard to information security could include physical access to and within Council buildings, access to manual records storage in open office areas, adherence to clear desk and screen, and the disposal of electronic hardware and manual records.	Aug-18	Head of Information Governance	In progress. A new spot check annual programme is in place for the Information Governance Team to carry out during the coming year. Work is being undertaken with Internal Audit to ensure activity aligns with the Internal Audit programme and information is captured effectively.

Training and Awareness

Action No	ICO ref. no	Agreed Action	Implementation Date	Owner	Progress
1	A7, A61, A78, B2, B10, B14, B18, B22, B30, B35, B40, B41, B42, B43, B50, B53, B72	Compile a training strategy to formally document the approach taken to training. The strategy will contain: - Training objectives - Training methods - Available courses and the mix of mandatory, specialist and non-mandatory training. - Alternative training methods for non-networked, agency and 3rd party staff - How training will be evaluated - How take up is monitored - Roles and responsibilities in ensuring compliance	31st March 2018	Programme Manager (Transformation)	Complete.
2	B2, B4, B5, B74, B78	Update the Information Governance Handbook, and suite of Data Protection policies to include the roles and responsibilities of the Senior Information Risk Owner, Data Protection Officer and Information Management Strategy Group in relation to training	31st March 2018	Programme Manager (Transformation)	Complete.
3	B21	Utilise functionality in the recently implemented online learning system (Me-Learning), to enable feedback to be provided by trainees on course material and to use that feedback to inform future training provision.	31st March 2018	Programme Manager (Transformation)	Complete.
4	B26	Include further detail on Subject Access Requests and Cyber-Security into the mandatory training.	31st March 2018	Programme Manager (Transformation)	Complete. Cyber security has been incorporated into the mandatory training for all staff. Staff involved in dealing with SARs are required to

Action No	ICO ref. no	Agreed Action	Implementation Date	Owner	Progress
					carry out a specific training module. Consideration will be given in next review of training strategy to widening this to others.
5	A103, A104, B32, B36	Ensure that induction checklists consistently document the requirement for mandatory training to be completed, with links to the policies and training. This is to be extended to all staff including temporary and agency staff.	31st March 2018	Programme Manager (Transformation)	Complete. Induction Checklist for Agency Worker includes Data Protection but approach will be reviewed as part of next review of the Training Strategy.
6	B34	Ensure that agency staff have clear instructions on how to access the newly implemented online learning platform (Me-Learning)	31st March 2018	Programme Manager (Transformation)	Complete.
7	B54	Finalise a communications plan which covers the requirements for training to be completed, together with periodic communications covering Data Protection awareness themes.	31st March 2018	Programme Manager (Transformation)	Complete. Communications plan underpinned effective rollout and update of revised training ahead of the implementation of GDPR. Review of training plan and associated communications plan scheduled for the next meeting of the Information Management Strategy Group.

Data Sharing

Action No	ICO ref. no	Agreed Action	Implementation Date	Owner	Progress
1	c2, a26a, a92	Create and enforce use of a Policy Template, ensure it states that policies are subject to annual review and contains the appropriate document control.	May-18	Records Manager	In progress. Complete for Information Management and will be embedded across the Council as part of the planned Records Management project.
2	c8	Enforce the process that requires staff that are involved in one-off data sharing undertake the relevant training	Mar-18	Information Governance Team/Senior Management	In progress. Training for staff dealing with Subject Access Reviews is due for review and the Information Governance Team will explore the most effective method of delivery.
3	c10	Consider merging the Privacy Policy and the Corporate Privacy Statement, make available from the website homepage and that it provides links to the Current Data Sharing agreements	May-18	Information Governance Team/Information Management Strategy Group	Complete. Corporate Privacy Notice revised and available on website.
4	c12	Implement a formal sign-off process for and register of, Privacy Notices, to ensure corporate oversight for the fair processing information provided	Jun-18	Senior Information Governance Officer	Complete.
5	c14,	Review the Data Sharing training and incorporate new requirements under GDPR.	May-18	Senior Information Governance Officer	Complete.
6	c19	Carry out a review of the Privacy Impact Assessment template; ensure template specifies which Data Protection Act condition for processing or exemption applies.	Jun-18	Senior Information Governance Officer/ Information Governance Team	Complete.

Action No	ICO ref. no	Agreed Action	Implementation Date	Owner	Progress
7	c22, c30, c31, c32, c33, c34, c37, c13	<p>Ensure that all Data Sharing Agreements:</p> <ul style="list-style-type: none"> - Include statements of compliance signed by senior management of each participating Data Controller. - Consistently detail whether information to be shared is fact or opinion. - Consistently outline a requirement for the sender of the information to inform recipients when data has been amended or updated. - Implement processes to ensure the information received and being shared as part of a DSA is accurate and up to date. - Amend DSA template to facilitate compliance to the fifth principle of the Data Protection Act. - Contain consistent requirements for the secure disposal of information in line with Retention & Disposal Schedule. - Include a requirement for 3rd parties to notify the Council when information is deleted. - Include a clause stating how a Data Breach should be reported and a specific timeframe given. - Consistently provide details of how fair processing information will be given to individuals 	May-18	Senior Information Governance Officer	Complete.
8	c23	Approve the MASH Partnership Agreement as soon as possible.	Feb-18	Senior Information Governance Officer	Complete.
9	c26	Review all Council contract templates in preparation for GDPR to ensure their compliance with the Regulation. Undertake a review of existing contracts.	May-18	Information Governance Lawyer/Contracts Manager	Complete. Contract templates have been reviewed based on the Central Government Policy Procurement Practice Note to ensure that any new contracts going forward incorporate the new terms required by GDPR,

Action No	ICO ref. no	Agreed Action	Implementation Date	Owner	Progress
					namely that processors act under instruction from the City Council as data controller and provide written assurances that they have the technical and organisational measures to keep information safe.
10	c42	Ensure that the Information Management Strategy Group have access to central log for one-off disclosures.	May-18	Information Governance Team/ Information Management Strategy Group	No progress. Central log in place and managed by Information Governance Team as part of the Subject Access Request Register. It is not appropriate for the wider Group to have access to this and options to strengthen corporate oversight will be considered by the Group by April 2019.

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank