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## Coventry City Council

### Minutes of the Meeting of the Audit and Procurement Committee held at 3.00 pm on Monday, 19 December 2016

Present:

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

Employees (by Directorate):

Chief Executives: M Reeves (Chief Executive)

Place: S Lam

Resources: M Burn, B Hastie, P Jennings, D Johnson, L Knight, H Lynch,  
K Tyler

Apologies: Councillor H Sweet

#### **Public Business**

##### **41. Declarations of Interest**

Councillor Lepoidevin declared an interest in the matter referred to in Minute 54 below headed "Consideration of Early Retirement Voluntary Redundancy Application". She withdrew from the meeting during consideration of this matter.

##### **42. Minutes of Previous Meeting**

The minutes of the meeting held on 24<sup>th</sup> October 2016 were agreed and signed as a true record.

There were no matters arising.

##### **43. Exclusion of Press and Public**

**RESOLVED** to exclude the press and public under Section 100(A)(4) of the Local Government Act 1972 relating to the following private reports on the grounds that the reports involve the likely disclosure of information defined in the Paragraphs of Schedule 12A of the Act as indicated, and that, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information:

<b>Minute No.</b>	<b>Title</b>	<b>Paragraph No(s).</b>
<b>52.</b>	<b>Complaints to the Local Government Ombudsman 2015/16</b>	<b>3</b>

<b>53.</b>	<b>Procurement and Commissioning Progress Report</b>	<b>3</b>
<b>54.</b>	<b>Consideration of Early Retirement Voluntary Redundancy Application</b>	<b>1, 2 and 3</b>

**44. Half Yearly Fraud Report 2016-17**

The Committee considered a report of the Executive Director of Resources, which provided a summary of the Council's anti-fraud activity during the financial year 2016-17 to date.

Fraud in the public sector has had a national focus through the publication of 'Fighting Fraud and Corruption Locally – The Local Government Counter Fraud and Corruption Strategy'. Whilst the national strategy stated that the level of fraud in the public sector was significant, the current trends in fraud activity included areas which Coventry City Council did not have responsibility for and the levels of identified / reported fraud against the Council were at relatively low levels, in terms of both numbers and value.

The Internal Audit Service was responsible for leading on the Council's response to the risk of fraud. The work of the team had focussed on four main areas during 2016/17, namely Council Tax; National Fraud Initiative; Referrals and Investigations considered through the Council's Fraud and Corruption Strategy; and Proactive work. The report provided a summary of the work undertaken in each of these areas.

In relation to Council Tax, the main area of focus to date had been reviewing Council Tax exemptions. This reflected the view of an inherent risk of fraud / error in this area as the Council was reliant on the customer to report any changes in circumstances. As a result of the work, 101 exemptions were removed from customers' accounts. Revised bills were issued amounting to approximately £148,000 and £64,000 of this money had been repaid to the Council to date. The Committee noted that the outstanding balances were being recovered through agreed payment instalment arrangements or were subject to the Council's standard recovery arrangements.

The National Fraud Initiative 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. Work had been focussed on collating and submitting the datasets required for the next exercise. It was anticipated that matches would be released for investigation in February 2017.

With regard to Referrals and Investigations, the Committee noted that 7 referrals had been made to date, 1 coming from a Whistle blower and 6 from managers. Of the 7 referrals received, 5 led to full investigations. There were various reasons for referrals not leading to an investigation. In addition to the 5 investigations, a further 5 investigations had been carried forward from 2015/16. 4 of the 10 investigations were continuing and of the other 6 in 2 cases the officers had left their post during the disciplinary process; one received a final / written warning; and one the allegation was found to not be substantiated. 2 of the cases were

linked to the award of Small Business Rates Relief where the customer had failed to report other businesses interests which affected their entitlement and, in both cases, revised bills were issued totalling £10,200.

The Committee noted that the Council's response to fraud also included an element of proactive work. Whilst this had been limited during the first half of the year, it had included a review of the Council's fraud and corruption strategy linked to the publication of the updated national strategy. This work was nearing completion and would be reported to the Committee at a future meeting. Members requested that they be provided with a summary of the updated national strategy. In addition, following a previous request by the Committee, arrangements had been made for an article on the rolling programme of Council Tax reviews to be published in the December edition of the Council's Citivision magazine.

**RESOLVED that the Audit and Procurement Committee note the anti-fraud activity undertaken during the first half of the financial year 2016/17.**

**45. 2016/17 Second Quarter Financial Monitoring Report (to September 2016)**

The Committee considered a report of the Executive Director of Resources, which set out the Council's forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of September 2016 (Quarter 2).

It was noted that the report had been considered by the Cabinet at their meeting on 29<sup>th</sup> November 2016, and that the comments from the Audit and Procurement Committee's consideration of the Quarter 1 report on 26<sup>th</sup> September 2016 were brought to the Cabinet's attention.

The headline revenue forecast for 2016/17 was an overspend of £7.1m. This had worsened since the Quarter 1 position where it had stood at £6.4m. At the same point in 2015/16 there was a projected overspend of £4.7m. The level of overspend was unprecedented and the worsening of an already challenging financial position signified the need for management to take decisive action to pull this back to balance or near balance position by year-end. The Council's Strategic Management Board had begun immediate implementation of a series of actions which were set out within the report.

Capital spending was projected to be £88.9m for the year, a net decrease of £10.9m on the Quarter 1 position. This decrease in the Capital Programme included £13m of expenditure that had been rescheduled to future years.

The Committee sought clarification on a number of issues and in relation to Appendix 4 of the report, requested that further information be provided in respect of delays in the provision of primary school places identified as 'basic need' and the indication that additional primary school places were not required for the start of 2016/17 academic year under 'emergency basic need', as members were led to believe that there continued to be pressure for primary school places.

In addition, the Committee indicated that they would like to understand the level of officer time allocated to work for the West Midlands Combined Authority and

requested that they be provided with a list of which officers are involved with work for the Combined Authority.

**RESOLVED that the Audit and Procurement Committee:-**

- 1. Note the financial position at Quarter 2**
- 2. Request that further information be provided in relation to Appendix 4 and the provision of primary school places identified within 'Basic Need' and 'Emergency Basic Need'.**
- 3. Request that a list be provided of those officers that are working with the West Midlands Combined Authority.**

**46. Update on 2015-16 External Audit Findings Report**

The Committee considered a briefing note of the Executive Director of Resources, which provided an update on the implementation of recommendations from the 2015/16 External Audit Findings report.

The Council's External Auditors, Grant Thornton, were required to issue a Value for Money assessment as part of their audit of the City Council's accounts. For the 2015/16 audit, the auditors issued an opinion that they were satisfied that in all significant respects the Authority had put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the year. In addition to their overall assessment the auditors typically issue an action plan that provides any recommendations for improvement. For 2015/16 auditors issued an action plan containing 5 such recommendations. This was considered by the Committee on 26<sup>th</sup> September 2016 and an update on the implementation of the recommendations was requested.

The Committee noted that recommendations 1, 3 and 5 had been implemented or were progressing in line with the recommended timescale. Recommendations 2 and 4 related to different aspects of the segregation of duties for the Agresso financial system. The recommended way forward was proving difficult to deliver within the constraints of existing structures and the practicalities of administering monitoring procedures. Further work was under way, seeking guidance from Internal and External Audit and best practice intelligence from other local authorities. Officers indicated that they would ensure that External Audit were involved closely in developing the final proposed control solutions. The Committee requested a further update at their meeting scheduled for 3<sup>rd</sup> April 2017.

**RESOLVED that the Audit and Procurement Committee note the progress today in implementing recommendations and requested a further update at their meeting scheduled for 3<sup>rd</sup> April 2017.**

**47. Corporate Risk Register**

The Committee considered a report of the Executive Director of Resources, which set out the current Corporate Risk Register as an overview of the Council's corporate risk profile and the controls in place to address these.

The report indicated that Local Government was 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 required the Council to constantly access its risk profile and implement suitable controls to manage those risks.

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

The Corporate Risks, listed in Appendix 1 of the report, could be considered as falling into two separate categories of Operational / Business as Usual (those risks that could affect the underlying and fundamental operations and structure of the Council); and Specific / Project (those risks that could affect specific projects or the major change initiatives to how the Council operates).

The Committee noted that there were some changes to the Risk Register since the matter was last considered by them on 11<sup>th</sup> April 2016. Customer Journey had been removed from the register as the operational and infrastructure changes were well advanced and the risk was no longer monitored at Directorate level. Information Governance and Historic Abuse had been added to the register.

The Committee were advised that the Risk Management Strategy in its current form had been in place since 2012 and that the Council's practice was the subject of a full review in respect of Policy, Strategy and Operational Framework. The outcome of this review would be reported to the Committee at a future meeting.

In considering the report, the Committee indicated that they would benefit from a training session to help them understand the way in which risks were assessed to identify the appropriate level and the required mitigation and requested that a training programme be developed.

**RESOLVED that the Audit and Procurement Committee:-**

- 1. Note the current Corporate Risk Register having satisfied themselves that the Corporate risks are being identified and managed.**
- 2. That a training programme on the Corporate Risk Register be developed for members of the Committee.**

**48. Freedom Of Information / Data Protection Act Annual Report 2015/16**

The Committee considered a report of the Executive Director of Resources, which provided an overview of the number of requests for information received under the Freedom of Information Act 2000 (FOIA), the Environmental Information Regulations 2004 (EIR) and the Data Protection Act 1998 (DPA).

Under the FOIA, the Council is required to respond to requests for information it holds from members of the public subject to any exemptions that may apply. Section 39 of the FOIA required the Council to process requests for environmental information under the EIR. The EIR process, whilst similar to FOIA, promotes

'proactive dissemination' of information and provides fewer grounds for the Council to withhold information. Both FOIA and EIR permit personal data, as defined by the DPA, to be withheld where the applicant is not the subject of the data. The DPA requires the authority to process personal data in accordance with the principles of the Act, which includes providing access to information the Council processes about them, subject to any exemptions.

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

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

The Council is obliged to respond to information requests under FOIA/EIR within 20 working days, subject to any relevant exemptions. The Code of Practice, issued by the Secretary of State for Constitutional Affairs under S45 of FOIA, requires public authorities to have a procedure in place to deal with complaints in regard to how their requests were handled. This process is handled by the Information Governance Team as an FOI/EIR review. After a review has been completed an applicant has a right to complain to the ICO for an independent ruling on the outcome of the review. Based on the findings of their investigations, the ICO may issue a Decision Notice. The ICO also monitors public authorities who do not respond to at least 85% of FOI/EIR requests they receive within 20 working days.

The Council had continued to manage FOI requests within the SharePoint system, since May 2015. During 2015/16, 1,328 FOI/EIR requests were received by the Council, an increase from the 1307 received during the previous year. The Council responded to 60% of FOIA/EIR requests within 20 working days in 2015/16 compared to 79% for the previous year. The Committee noted that the Council did not record the reasons why requests exceeded the statutory timescales and were advised that this could be due to delays in locating information held and / or internal deliberations around the application of any valid exemptions.

The Council received 18 requests for FOIA / EIR internal reviews. 10 were not upheld and the exemptions applied were maintained and no further information provided; 4 were partially upheld with further information provided; and 4 upheld with information provided. Three complaints were referred to the ICO. The reasons for these were set out in the report.

The DPA provides individuals with the right to ask for information that the Council holds about them. These are also known as Subject Access Requests (SARs). The Council should be satisfied about the individual's identity, have sufficient information about the request and receive the statutory £10 fee before it can respond. SARs have to be completed within 40 calendar days. The Council received 268 DPA requests during the course of 2015/16, of which 93 were valid

requests. Of these 49 (53%) were completed within 40 calendar days. Whilst the Council does not record the reasons why requests exceeded the statutory timescale, the majority of the requests that exceeded the statutory timescale of 40 calendar days were social care requests. The reason for this (though not recorded) was considered to be mainly due to the complexity and volume of information held coupled with the staffing issues, which were referred to in the report.

The Council received two requests for internal reviews for SARs in the course of the year. Both were partially upheld and additional information was disclosed. In addition, there were two complaints referred to the ICO regarding SARs during 2015/16.

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

The Commission concluded that FOIA is generally working well but that they would like to see a reduction in delays in responding to requests. They made a series of recommendations which include changes to how extensions of time are dealt with, imposition of statutory time limits for dealing with internal reviews and the publication of performance statistics. The Commission were not persuaded that there were any convincing arguments to impose fees for some / all requests for information.

In considering the report, the Committee sought information on how many of the FOIA requests were submitted from journalists and requested that this information be provided.

**RESOLVED that the Audit and Procurement Committee:**

- 1. Note the Council's performance for responding to accesses to information requests, the number and outcome of internal reviews and the outcomes of complaints made to the Information Commissioners Office.**
- 2. Request that information on the number of Freedom of Information Act 2000 applications submitted by journalists be forwarded to them.**

**49. Complaints to the Local Government Ombudsman 2015/16**

The Committee considered a report of the Director of Public Health, which set out the number and trends of complaints to the Local Government Ombudsman relating to Coventry City Council in 2015/16, the corresponding outcomes, as well as comparisons to trends in 2014/15.

A corresponding private report detailing confidential aspects of the complaints was also submitted to the meeting for consideration.

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

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

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

Nationally, the LGO received 19,702 complaints and enquiries in 2015/16, similar to 2014/15. Of these, 51% of detailed investigations were upheld (up from 46%). The area most complained about was education & children's services, an area which had seen a 13% increase in complaints in 2015/16 compared to the previous year, the biggest increase of any category.

In 2015/16, the LGO recorded 109 complaints and enquiries relating to Coventry City Council. This was similar to the number recorded in 2014/15 (110 complaints). The report set out the number of complaints per category.

When dealing with an enquiry, the LGO could choose to investigate cases where it saw merit in doing so. Following an investigation, they could decide if a complaint was upheld (where the authority has been at fault and this fault may or may not have caused an injustice to the complainant; or where an authority has accepted it needs to remedy the complaint before we make a finding on fault) or not upheld (where, following investigation, the LGO decides that a council has not acted with fault).

Of the 109 complaints about Coventry City Council in 2015/16, 22 complaints were investigated, an 18% reduction from 27 complaints in 2014/15. 11 of the 22 complaints were upheld (50% upheld). This was an increase from nine complaints upheld out of 27 complaints (33%) in 2014/15. The percentage upheld in Coventry compared favourably to a nearest neighbour average of 54% of complaints upheld and a national average of 51% complaints upheld.

Of the 11 upheld complaints, the LGO recommended a remedy for eight complaints; found that the fault did not cause an injustice in two complaints; and in one complaint, the LGO was satisfied with the Council's remedy. Six cases resulted in a monetary settlement, totalling £7,862. The Ombudsman did not issue formal reports of maladministration for any of the 11 complaints upheld during 2015/16.

**RESOLVED that the Audit and Procurement Committee:**

- 1. Note the Council's performance in relation to complaints to the LGO.**



2. **Were assured that the Council takes appropriate actions in response to complaints investigated and where the Council is found to be at fault.**

50. **Work Programme 2016/17**

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

**RESOLVED that the work programme be noted.**

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

There were no other items of public business.

52. **Complaints to the Local Government Ombudsman 2015/16**

Further to Minute 49 above, the Committee considered a report of the Director of Public Health, which set out the confidential aspects of the number and trends of complaints to the Local Government Ombudsman relating to Coventry City Council in 2015/16, the corresponding outcomes, as well as comparisons to trends in 2014/15.

**RESOLVED that the Audit and Procurement Committee:**

1. **Note the Council's performance in relation to complaints to the LGO.**
2. **Were assured that the Council takes appropriate actions in response to complaints investigated and where the Council is found to be at fault.**

53. **Procurement and Commissioning Progress Report**

The Committee considered a report of the Executive Director of Resources which provided an update on the procurement and commissioning undertaken by the Council since the last report submitted to the meeting on 24th October, 2016. Details of the latest positions in relation to individual matters were set out in an appendix to the report.

**RESOLVED that:**

1. **The current position in relation to the Commissioning and Procurement Services be noted.**
2. **No recommendations be made to either the Cabinet Member for Strategic Finance and Resources, Cabinet or Council on any of the matters reported.**
3. **No changes are required to the format of the report at this time.**

**54. Consideration of Early Retirement Voluntary Redundancy Application**

The Committee considered a report of the Executive Director of Resources, which set out confidential aspects of proposals for the consideration of early retirement / voluntary redundancy for the Executive Director of Resources.

**RESOLVED that the Audit and Procurement Committee:-**

- 1. Determines the severance payment to the Executive Director of Resources upon his redundancy and early retirement as calculated in accordance with the Council's Security of Employment Policy.**
- 2. Receive proposals for the restructure of the Resources Directorate senior management team at a meeting to be arranged in January 2017.**

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

There were no other items of private business.

(Meeting closed at 5.30 pm)