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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 February 2018

Present:

Members: Councillor S Bains (Chair)
Councillor L Harvard
Councillor T Sawdon
Councillor P Seaman (substitute for Councillor Brown)
Councillor R Singh
Councillor H Sweet
Councillor K Taylor

Employees (by Directorate):

People: D Ashmore, A Bellingeri, M Burn, L Draycott, J Sansom
Place: S Harriott, A Harwood, B Hastie, P Jennings, L Knight,
S Lock, K Tyler, A West

Apologies: Councillor R Brown

Public Business

74. Declarations of Interest

There were no disclosable pecuniary interests.

75. Minutes of Previous Meeting

The minutes of the meeting held on 22nd January 2018 were agreed and signed as a true record. There were no matters arising.

76. Exclusion of Press and Public

RESOLVED to exclude the press and public under Section 100(A)(4) of the Local Government Act 1972 relating to the private report in Minute 86 below headed 'Procurement and Commissioning Progress Report', on the grounds that the report involves the likely disclosure of information defined in Paragraph 3 of Schedule 12A of the Act, as it contains information relating to the financial and business affairs of a particular person (including the authority holding that information) and that, in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

77. Work Programme 2017/18

The Audit and Procurement Committee considered a report of the Deputy Chief Executive (Place) which set out the Work Programme of scheduled issues for consideration by the Committee for the year 2017/18.

RESOLVED that the Audit and Procurement Committee note the work programme for 2017/18.

78. Outstanding Issues Report

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

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

Following publication of the agenda, as requested, additional information was circulated to Members of the Committee in relation to the following items on Appendix 2 and it was agreed that these matters could now be considered completed:-

- Item 3 Information Governance Annual Report 2016/17 – arrangements for annual mandatory training for all Members on Data Protection
- Item 4 2017/18 Second Quarter Financial Monitoring Report (to September 2017) – Details of the grant funding provided and costs to the Council in supporting Unaccompanied Asylum Seeking Children National Transfer Scheme
- Item 5 Procurement and Commissioning Progress Report – a breakdown of costs for window cleaning services for council buildings.

Following further discussions in relation to the Unaccompanied Asylum Seeking Children National Transfer Scheme, the Committee requested a further briefing note in light of the costs of accommodating children being in excess of the grant allocated.

RESOLVED that the Audit and Procurement Committee:-

- 1. Note the outstanding issues report.**
- 2. Note the update provided by officers in relation to matters on Appendix 2 of the report and agree that these matters can now be considered as completed.**
- 3. That a briefing note be submitted in relation to supporting Unaccompanied Asylum Seeking Children under the National Transfer Scheme.**

79. **Certification Work for Coventry City Council for Year Ended 31st March 2017**

The Audit and Procurement Committee considered a report of the External Auditors (Grant Thornton), which set out the certification work undertaken during year ending 31st March 2017.

The External Auditors were required to certify the Housing Benefit subsidy claim submitted by the Council. This certification work typically took place six to nine months after the claim period and represented a final but important part of the process to confirm the Council's entitlement to funding.

The report indicated that during the 2016/17 financial year the Housing Benefit subsidy claim had been certified relating to expenditure of £122.7m and further details were provided in Appendix A to the report. Two issues were identified from the certification work which related to the use of incorrect rent to calculate benefit entitlement and the misclassification of rent allowance overpayments.

In relation to the incorrect rent used to calculate benefit entitlement, one case was identified to a value of £1,266 from a sample of 60 cases. This resulted in an extrapolated error of £607,106. The Council provided the External Auditor with a letter to the DWP setting out why they believed this error was not representative of the full population of relevant rent allowance cases.

With regard to the misclassification of rent allowance overpayments, one case was identified to a value of £632 from a sample of 60 cases, where the overpayment had been misclassified as being eligible when it arose from local authority error. This resulted in an extrapolated error of £86,471.

The Committee were advised that, in both instances, the External Auditor would be required to perform specific testing in respect of the issues as part of their certification work for 2017/18. In addition, they had recommended that the Council, as part of its internal quality assurance process, increase its focus on level of testing in respect of the areas where errors had been identified.

The report provided further information on the indicative fee for 2016/17, which was based on the final 2014/15 certification fee and reflected the amount of work required by the auditor to certify the Housing Benefit subsidy claim in that year. The indicative scale fee set by the Public Sector Audit Appointments for the Council for 2016/17 was £15,698 and further information was provided at Appendix B.

Having considered the information provided, the Committee requested that a briefing note be provided on how the sampling for the certification work is undertaken.

RESOLVED that:

- 1. The certification work for the City Council for year ending 31st March 2016 be approved.**

2. A briefing note be provided on how the sampling for the certification work is undertaken.

80. 2017/18 Third Quarter Financial Monitoring Report (to December 2017)

The Audit and Procurement Committee considered a report of the Deputy Chief Executive (Place), which set out the forecast outturn position for revenue and capital expenditure and of the Council's treasury management activity as at the end of December 2017.

The Committee noted that the report had also been considered by the Cabinet at their meeting held on 13th February 2018.

The headline revenue forecast for 2017/18 was an overspend of £1.8m. This had decreased since the Quarter 2 position, when it stood at £3.1m. At the same point in 2016/17, there was a projected overspend of £4.8m. Notwithstanding the relative improvement since Quarter 2, and the equivalent position last year, the reasons for the overspend represented some concerning trends for the Council. At a time of continued tightening of local authority resources, the current position still represented one that demanded a strong focus on addressing the underlying issues. However, it was still anticipated that tight budgetary control and utilisation of any one-off areas of flexibility would reduce the projected overspend and achieve a near balanced position by year-end.

The current position continued to reflect areas of budgetary overspend reported previously, including services for looked after children and the costs of homelessness. In addition, a shortfall existed in delivering savings targets set in previous budgets. Where relevant, the likely anticipated cost of these pressures would be incorporated into the forthcoming 2018/19 budget report.

The report indicated that it was proposed to allocate a 2017/18 windfall Coventry and Solihull Waste Disposal Company dividend of £1.8m to Council reserves to part meet the Council's commitment to fund UK City of Culture 2021 costs.

The Committee were advised that the Council's Capital spending was projected to be £121.0m for the year, a net increase of £1.1m on the position reported at Quarter 2. Appendix 3 of the report submitted provided an analysis by directorate of the movement since Quarter 2.

The report also set out the current position in relation to treasury management activity in 2017/18, including interest rates; long term (capital) borrowing; short term (temporary) borrowing; external investments and the prudential indicators and prudential code.

In considering the report, the Committee expressed concern at the level of funds spent on agency staffing and requested that a briefing note be prepared in relation to this matter, to include a rationale on the decision not to pursue the establishment of an arms-length agency, the cost difference had staff been permanently employed and the number of vacancies being held.

RESOLVED that the Audit and Procurement Committee note the 2017/18 third quarter financial monitoring report (to December 2017) and request that a briefing note be prepared in relation to agency staffing as indicated above.

81. Quarter Three Internal Audit Progress Report 2017-2018

The Committee considered a report of the Deputy Chief Executive (Place), which provided an update on the internal audit activity for the period April to December 2017 against the Internal Audit Plan for 2017/18.

The report indicated that the key target facing the Internal Audit Service was to complete 90% of its work plan by the 31st March 2018. At the end of December 2016, the Service had completed 68% of the Audit Plan against a planned target of 70%. Whilst the annual target was to complete 90% of the work plan, the quarterly targets set for quarters one, two and three were based on completing 100% of the Plan, however 100% was generally unfeasible in light of customers requesting a change in the timing of their reviews or the focus of a review being super-ceded by other events. The Committee noted that whilst the Service was slightly behind the quarter three target, it remained broadly on track to achieve the formal annual target of 90% by the end of 2017/18.

Table one in the report provided a summary of the performance of Internal Audit for 2017/18 to date against five key performance indicators (KPIs) with comparative figures for the previous year. Performance against one indicator was currently below expectations (audit delivered within budget days) and targeted actions to make improvements were ongoing.

Table two provided a list of the audits finalised between October and December 2017, along with the level of assurance provided. The audits currently in progress were highlighted in the report. Appended to the report was a summary of findings from key audit reports completed and, in all cases, relevant managers had agreed to address the issues raised in line with the timescales stated. These reviews would be followed up in due course and the outcomes reported to the Committee.

RESOLVED that, the Audit and Procurement Committee, having considered the summary findings of the key audit reviews set out at Appendix One, note the performance as at quarter three against the Internal Audit Plan for 2017-18.

82. Information Commissioner's Office - Data Protection Audit November 2017

The Committee considered a Briefing Note from the Members and Elections Team Manager which provided an update on the findings of the Information Commissioner's Office following a re-audit of the Council's governance arrangements in November 2017.

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 were in place and delivered data protection compliance.” It made 77 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 had received regular reports on progress against the ICO’s recommendations since then.

In November 2017, the ICO revisited the authority to carry out a further data protection audit. It followed exactly 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.

The outcome of the November 2017 audit was that the ICO had raised their overall opinion level to “limited assurance”. This reflected progress in both the overall rating and the three areas reviewed by the ICO.

The ICO report made 141 detailed recommendations for the Council to consider, some of which were duplicated. Of these recommendations, 18 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; and 91 fell into three main areas where the Council had further work to do. Many of them support 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.

The Committee noted that the Council had developed its own action plan in response to the recommendations by the ICO and this was set out at Appendix 1. In addition, the Executive Summary of the ICO audit report was provided at Appendix 2.

Having considered the matters detailed and the recommendations of the ICO, the Committee requested that a further update report be submitted during the 2018/19 municipal year.

RESOLVED that, the Audit and Procurement Committee:-

- 1. Note the outcome of the ICO audit.**
- 2. Note the actions taken and planned in response to the audit.**
- 3. Request feedback on progress against actions arising from the audit.**
- 4. Agreed that there were no specific recommendations to the Cabinet Member for Policy and Leadership who is the portfolio holder for information management and governance.**

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

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

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

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

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

The Committee noted that on the 1st September 2017, the Office of Surveillance Commissioners (OSC) and the Interception of Communications Commissioners (ICCO) were abolished by the Investigatory Powers Act 2016. The Investigatory Powers Commissioner's Office (IPCO) was now responsible for the judicial oversight of the use of covert surveillance by public authorities throughout the United Kingdom.

The Committee further noted that the Assistant Surveillance Commissioner, Sir David Clarke inspected the Council's RIPA arrangements in respect of directed surveillance on 8th December, 2016. He found that the Council's arrangements were 'generally in good order' and 'the use by the Council of its statutory powers is appropriate' and that the 'quality of authorisations is good'. One of the recommendations he made was that Coventry City Council's Policy and Guidance be further revised. A revised policy was being finalised and would go to a future Information Management Strategy Group and then to the Audit and Procurement Committee.

The report indicated that for the period 1 April 2016 to 31 March 2017, as reported to the Office of Surveillance Commissioners (OSC), three direct surveillance applications were granted and three authorisations were granted by the Magistrates. For the period 1st April 2017 to 31st December, 2017 one direct surveillance applications was granted and one authorisations was granted by

Magistrates. There were no reported instances of the Council having misused its powers under the Act.

The Committee noted that no applications for the disclosure of communications data had been made during 2017.

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

RESOLVED that, the Audit and Procurement Committee note the Council's use and compliance with RIPA.

84. **Customer Services Update**

The Committee considered a briefing note of the Director of Customer Services and Transformation, which provided an update on Customer Services, including performance and customer satisfaction.

In 2015 the Customer Journey programme brought together initial customer contact into one service area and achieved target savings of £500k. The programme implemented a number of changes to improve the customer experience when contacting the Council, including:

- The creation of a My Account area on the Council's website, enabling customers to request service 24/7.
- The introduction of a new phone system to help manage calls more effectively.
- The delivery of the Customer Service Centre in Broadgate House, bringing together all the city centre reception points into one place.

The Committee were advised that Customer Services now dealt with initial customer enquiries relating to services across the Council such as Council Tax, Housing and Homelessness, Housing Benefits, Parking Services, Highways, Electoral Services, Waste Services, Adult Services, Blue Badges, Register Office, Pest Control and Street Scene.

In July 2016 Business Services (the administrative support for the organisation) joined Customer Services under one Head of Service. The service had a target saving of £1.75m. To date £1.12m had been delivered (£1.2m full year effect). There was an ongoing programme of transformation to continue to drive the changes necessary to both achieve the remaining savings and deliver an improved service.

In terms of performance, the note indicated that, following the creation of My Account and increased availability of self-service options for customers, there had been a change in how customers contacted the Council. In 2013 less than 1% of all customer contact was self-service, compared to 31% in 2017.

In Customer Services during 2017/18 to date, approximately 25,100 more calls had been answered than were answered during the previous financial year with the call answer rate increasing from 59% to 72%. Approximately 260,000 calls had been answered from April 2017 to January 2018 and the answer rate had increased by 13%. The average wait time to answer had fallen from 06:49 to 05:40 – an improvement of 1 minute 19 seconds.

Customer Services General Enquiries (formerly Coventry Direct), had answered over 22,300 more calls than the previous year, and the current answer rate of 70% was an improvement of 18% over the same period last year. So far during 2017/18, 113,682 calls had been answered, whereas just over 91,300 calls were answered by this time last year. Wait times had dropped by over 2 minutes. The average wait time so far during the year was 04:48, which was much improved over last January when the average wait time was 06:50.

Council Tax had also shown significant improvement, and call answer rates had increased from 48% at this time in 2016/17 to 63% for 2017/18. Approximately 7,000 more calls had been answered since the start of the financial year. From April 2017 to January 2018, approximately 54,000 were answered, which marked a 15% increase over the 47,000 that were answered by this time last year. Wait time to answer had fallen by more than 3 minutes, from 13:24 last year to 10:15 so far this financial year.

The Committee acknowledged that the Council recognised the importance of using performance measures in conjunction with customer feedback to identify the things it was doing well, and to highlight the areas where development was required. As such, various forms of customer feedback had been collected over the past few years to inform the improvement programme. The note set out the various customer surveys that had been undertaken since the Customer Service Centre opened. The last survey was undertaken in August 2017 with face to face and telephone service customers. Satisfaction levels were higher than at the one-year anniversary survey, with an overall satisfaction score of 4.68 and an overall positive response of 97%.

The future programme of change would include more online services available to customers over the coming months; a focus on refining processes to save organisational effort and improve customers' experience when dealing with the council; and monitoring feedback about online services and identify where these could be improved for customers.

There remained a commitment to improve performance based on feedback received from customers and, at the same time, maintaining a focus of evolving the service offer to allow the Council to exploit technology and achieve efficiency.

In considering the information provided, the Committee expressed their concern that the call waiting times were still significantly longer than they felt it was reasonable for customers to wait. They were advised that the Finance and Corporate Services Scrutiny Board (1) had been looking at the work of the Customer Service Centre and the Committee recommended that the Board continue to monitor this service area.

RESOLVED that the Audit and Procurement Committee:-

- 1. Note the content of the briefing note.**
- 2. Recommend that the Finance and Corporate Services Scrutiny Board (1) continue to monitor the work of the Customer Service Centre.**

85. 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.

86. Procurement and Commissioning Progress Report

The Audit and Procurement Committee considered a report of the Deputy Chief Executive (People), which provided an update on the procurement and commissioning undertaken by the Council since the last report submitted to the meeting on 22nd January 2018 (Minute 72/17 refers). Details of the latest positions in relation to individual matters were set out in the Appendix to the report.

RESOLVED that the Audit and Procurement Committee:-

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

87. 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 5.05 pm)