

## AUDIT COMMITTEE

MONDAY 28 NOVEMBER 2022  
6.00 PM

Council Chamber - Town Hall

**THE CHAIRMAN WILL ASSUME THAT MEMBERS HAVE READ THEIR PAPERS PRIOR TO THE MEETING TO AVOID UNNECESSARY INTRODUCTIONS TO REPORTS. IF ANY QUESTIONS ARE APPARENT FROM THE REPORTS THEY SHOULD BE PASSED TO THE REPORT AUTHOR PRIOR TO THE MEETING**

### AGENDA

Page No

1. **Apologies for Absence**
2. **Declarations of Interest**

At this point Members must declare whether they have a disclosable pecuniary interest, or other interest, in any of the items on the agenda, unless it is already entered in the register of members' interests or is a "pending notification" that has been disclosed to the Head of Legal Services.

- |    |  |                  |
|----|--|------------------|
| 3. | <b>Minutes of the Meeting Held on 17 October 2022</b>            | <b>3 - 10</b>    |
| 4. | <b>Actions and Matters Arising</b>                               | <b>11 - 24</b>   |
| 5. | <b>Use of Regulation of Investigatory Powers Act 2000 (RIPA)</b> | <b>25 - 82</b>   |
| 6. | <b>Annual Report of Corporate Complaints 2021/22</b>             | <b>83 - 108</b>  |
| 7. | <b>Internal Audit: Mid Year Progress Report 2022/23</b>          | <b>109 - 140</b> |
| 8. | <b>Treasury Management Mid-Year Update</b>                       | <b>141 - 152</b> |
| 9. | <b>Audit Committee Start Time 2023/24</b>                        | <b>153 - 156</b> |

### INFORMATION AND OTHER ITEMS

10. **Approved Write-Offs Exceeding £10,000**

To note there have been no approved write-offs since the last meeting on 17 October 2022.

11. **Decisions made by the Shareholder Cabinet Committee** **157 - 160**

**EXEMPT ITEMS****13. Exclusion of the Public and Press**

To resolve that the press and public be excluded from the meeting on Item 14 reports on the grounds that the item contains exempt information under Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972, as amended, because it contains "information relating to the financial or Business affairs of any particular person (including the authority holding that information)" and that it would not be in the public interest for this information to be disclosed

**14. FRC's Report and Verbal Update from External Auditors EY****187 - 200**

There is an induction hearing loop system available in all meeting rooms. Some of the systems are infra-red operated, if you wish to use this system then please contact Daniel Kalley on 01733 296334 as soon as possible.

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**Committee Members:**

Councillors: I Ali (Vice Chairman), Haseeb, J Allen, N Sandford, S Nawaz, Rangzeb and Perkins

Independent Co-opted Members: Chris Brooks (Chair), Mike Langhorn, Stuart Green

Substitutes: Councillors: Burbage, Jones and Hogg

Further information about this meeting can be obtained from Daniel Kalley on telephone 01733 296334 or by email – [daniel.kalley@peterborough.gov.uk](mailto:daniel.kalley@peterborough.gov.uk)

**MINUTES OF THE AUDIT COMMITTEE MEETING  
HELD AT 6PM, ON  
17 OCTOBER 2022  
COUNCIL CHAMBER, TOWN HALL, PETERBOROUGH**

**Committee Members Present:** Councillors Imtiaz Ali (Vice-Chair), Haseeb, Perkins, Rangzeb and Sandford

Co-Opted Members: Chris Brooks (Chair), Mike Langhorn and Stuart Green

**Officers Present:** Cecilie Booth, Executive Director Corporate Services – S151 Officer  
Mark Sandhu, Operations Director, Contracted Services  
Richard McCarthy, Procurement Operations Manager  
Emma Riding, Budget Planning and Reporting Manager  
Steve Crabtree, Chief Internal Auditor  
Dan Kalley, Senior Democratic Services Officer  
Fiona McMillan, Director of Law and Governance and Monitoring Officer

**Also Present:** Councillor Andy Coles, Cabinet Member for Finance and Corporate Governance.

**29. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Jackie Allen and Shaz Nawaz.

**30. DECLARATIONS OF INTEREST**

There were no declarations of interest received.

**31. MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 25 JULY 2022 AND 31 AUGUST 2022**

The minutes of the meeting held on 25 July 2022 and 31 August 2022 were agreed as a true and accurate record.

**32. ACTIONS AND MATTERS ARISING**

The Executive Director Corporate Services confirmed that the advert for the position of Risk Manager had now gone live and it was hope someone would be in post in the New Year.

There was an outstanding action with regards S106 monies, this was due to go to committee members before the meeting, however there was work that needed to be done. This was to be circulated in due course.

The action log was to be updated to show completed items at the bottom, this would allow members to see the actions that were still to be completed at the top of the list.

The Executive Director Corporate Services updated members on the progress of signing off the statement of accounts for 2020/21. The LGA (Local Government Association) were confident that CIPFA (Chartered Institute of Public Finance and Accountancy) would formulate a solution to infrastructure assets with a statutory override. It was hoped that this would be resolved by the end of the year.

Members were informed that the gap in the budget had grown from £9.5 million to £21.5 million, this was as a result of inflation rising, the pay award for staff being higher than what had been earmarked and increased costs around social care. Work was now being done with directorates to work on cash limits and savings plans to ensure that spending was under control. There were areas that would still receive investment, these were around regeneration and economic growth to help promote Peterborough and increase external investment in the city. As it stood there had been £11 million in savings realised within the current fiscal year.

The Corporate Strategy had gone through consultations, there were time pressures that Council needed to work towards and this was a large piece of work that had taken up a lot of officer time.

#### ACTIONS:

1. Officers to re-arrange the action log and move completed items to the bottom of the list – Dan Kalley by 28 November
2. Officers to highlight any actions that have run past the anticipated completion date – Dan Kalley by 28 November

### **33. PROCUREMENT ACTIVITY 2022**

The Audit Committee received a report in relation to procurement and contract activity.

The purpose of the report was how procurement supported the Council's corporate priorities through enabling officers to purchase goods, services and worked in a way which was not just legally compliant, but which also secured value for money and considered opportunities to secure social value. This report provides an overview of the legislative environment and governance of the procurement function.

The report was introduced by the Operations Director, the report was split out into four areas, the first being the legislative framework the Council works within, this was the same across all local authorities, the report also outlined some of the changes around the Procurement Bill that was due to come into effect. The second part was around how procurement was delivered in Peterborough, along with the delivery methods that were in place. The third area was around the exemptions and the appendices attached to the report outlined this in more detail. The fourth area covered in the report was around enhancements. There were system enhancements that were coming into effect over the coming months. Procurement was a specialist area and was a challenging field, this was particularly the case when trying to deliver savings. This was the first report to be presented to the committee and it was anticipated further reports would be brought back.

The Procurement Operations Manager stated that there was an opportunity to re-think how procurement was organised and presented, this would help match contracts to spend more easily than what was currently done.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- There needed to be more information around the controls in place to manage contracts, there was a gap of around £60 million that could not be identified as being on the systems.
- Members questioned how far procurement was supporting the Council's vision to be net zero carbon. This was part of the corporate priorities and was mentioned in the corporate strategy.
- Officers confirmed that there were questions around social value as part of the procurement process, however more work could be done to make this a mainstream focus. The important aspect was how this was articulated to try and encourage as many businesses and organisations to procure with the Council. There were examples from other local authorities, such as Suffolk County Council, where this had been made more attractive for the market and could be used as a base at Peterborough City Council.
- The tendering process was not uniform and this was an area for improvement that officers were looking at.
- There were several retrospective cases when it came to procurement, there was little that could be done in those circumstances. One of the issues was around the computer system that was used, this was being looked at so that all systems could be joined together and trigger potential issues before they arose.
- Officers were in the process of having tighter controls around budget holder having to sign off contracts. There needed to be a process by which officers were held accountable if the rules had not been followed.
- The procurement function had been outsourced to SERCO for a number of years and agreement had recently been reached between SERCO and PCC to bring the service back in house. This should raise the profile and importance of the procurement service and ensure requests and compliance are taken more seriously moving forward. The limit for contracts that were allowed to be signed off before Director sign-off was now £25k and under which would allow officers to spend more time looking at contracts that were of larger value.
- Some members could not see what the consequences were for those officers who had not followed procedure. The Audit Committee could take on the role of requesting officers or services attend meetings to explain why they had not followed the rules.
- There were legal issues if officers denied a retrospective award of contract. It was important for the Council to become more proactive rather than reactive, this would provide a trigger for when contracts were due for renewal. There used to be an annual report which could be re-introduced. It was possible to introduce a forward plan that could be used as a trigger going forward.
- There were two groups of exemptions one around child placements with considerable needs, this system covered being able to meet the needs of children with regards to transport. This was of use when there was no other alternative available. The other area was in relation to domiciliary care, which was difficult to manage, there were only certain providers who could provide the complex care needed. There was work being done around commissioning that would look at different strategies.
- More work needed to be done to find out why officers were not following the correct processes and procedures. In other organisations there were often sanctions which were imposed on those who had repeatedly not followed procedure.
- Internal Audit were commissioned to identify contracts to look at to see if processes had been followed. The team looked at what was being spent and captured this data. Members were informed that the team was currently slightly down on capacity, however when the team was back to full capacity procurement was an area that the team could investigate further.

- One possibility was to append to future reports areas that were given exceptions to be outside the procurement framework and to see who was signing these decisions off.
- It was important that officers and teams were held accountable if they had not followed procedure and the Audit Committee could be the right forum to understand why these processes had not been followed.
- It was agreed that a further report would be brought back to the committee at a later date. There was further work around people and communities that needed to be presented so that the committee could better understand what the directorates needs were and allow the committee to hold people to account if they had not followed the correct procurement procedures.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the current legislation and arrangements for delivery of procurement across Peterborough and the current performance and to receive further reports and updates as procurement processes evolved.

#### **ACTIONS:**

1. Officers to bring further report on procurement activity to future meeting of the Committee. - Mark Sandhu/Richard McCarthy by March 2023
2. Procurement team to identify teams/officers who have not gone through the correct procurement processes and invite to meetings of the Audit Committee to explain reasons for failing to comply. - Mark Sandhu/Richard McCarthy/Cecilie Booth by January/March 2023

### **34. CORPORATE RISK REGISTER**

The Audit Committee received a report on the Corporate Risk Register across the Council.

The purpose of the report was to inform the Audit Committee of details of the current risks being managed across the Council as set out within the risk registers. It enables Audit Committee to monitor the effective development and operation of risk management together with considering compliance with the agreed framework

The Chief Internal Auditor introduced the report and stated that current risk register was based on the previous structure. There was an advert out to recruit for a risk management. At the current time this was being managed by the Assistant Director IT. The report outlined the high-level risks across the Council and allowed committee members the opportunity to comment on whether the risk appetite for the Council was appropriate.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- The attached matrix was difficult to understand and members of the public looking at this would struggle to understand what the risks were to the Council. Members were informed that this report and the attached graphs had been presented to the Council Corporate Leadership Team. Further work was needed on the graphs and in the future, this would show what the score was for each of the risks and what was being done to address the risk. In addition, there would be some more information on the costs that would be associated with mitigating the risks.
- The core focus that was now needed was around clarity on the risks and for the committee to be able to see how the risks were quantified. Some of the risks would not be as impactful for others, for example risks around phishing attacks might not be as serious as cost pressures on the Council or services failing to meet demands. There needed to be a clearer articulation of what the risks were and outlining what

the Councils appetite was around those risks. The next iteration of the report needed to set out these more clearly.

- Officers explained that it was imperative to wait for the new person in post to have an opportunity to review the risk register before it was presented to the committee.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the report and information provided and for the committee to be presented with further reports once new risk management officer in place.

#### **ACTIONS:**

1. Risk Management Framework to be presented to committee once new lead officer had been appointed and had time to develop the framework – Steve Crabtree/Sam Smith (to pass to new officer) by March 2023.
2. New Risk Management Framework needed clearer articulation around risks and what the Council's appetite around those top risks were. - Steve Crabtree/Sam Smith (to pass to new officers) by March 2023

### **35. COUNCIL RESERVES POLICY**

The Audit Committee received a report in relation to the Councils reserves policy.

The purpose of the report was to provide an overview to members of the Councils Reserves Strategy and Policy

The report was introduced by the Executive Director Corporate Services and set out the Councils Reserve Policy. The Council recognised there was a need for reserves policy, the focus at the current time was to get to financial sustainability, which would enable the Council to strengthen its reserves. There were reserves in place for transformational areas as well as for inflationary pressures.

There were a number of other unitary authorities that were struggling to balance their budgets. There was no additional funding for the public sector from central government and most had now depleted their reserves. Officers were happy with the reserves policy, but this needed to be reviewed as the financial position changed. Members were informed that the reserves policy would form part of the budget presented to Council in February.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- The reserves policy needed to do more than just set out a figure the Council were aiming towards. There needed to be a qualification over what the level of reserves needed to be. This would enable the Council to articulate better how they planned to use reserves for and what level was needed. If the Council was to save reserves for investments, then the policy needed to articulate how this was to be paid back and what premiums would need to be made.
- Officers would work on the policy to better articulate and quantify risks. It was important to get the balance right between the investment portfolio and capital financing and to ensure returns on investments were put into reserves. There was still a lot of work for the Council to do in setting a balanced budget and the economic markets had changed quickly over the course of the past few months.
- There were numerous local authorities issuing S114 notices and lots more in a perilous position where this was now an option. There was a large demand on services that did not have the required funding from central government. Members were informed that if several S114 notices were issued there were only a small number of commissioners who would be available to assist local authorities.

- The only departmental reserves related to City College and Peterborough Limited, some were also for grants and projects that were taking place.
- It was important to ensure the policy moving forward was dynamic and kept on top of the reserves that the Council needed to be able to weather any unforeseen events.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the Councils Reserves Strategy and Policy provided in Appendix A to the report and to receive further updates as the policy was developed.

## **ACTIONS**

1. Next version of the Council Reserve Policy needed to be articulate the risks around the reserves balance. - Emma Riding/Cecilie Booth by January 2023.

## **36. INDEPENDENT IMPROVEMENT AND ASSURANCE PANEL REPORT**

The Audit Committee received a report in relation to the work of the Independent Improvement and Assurance Panel Report.

The purpose of the report was to provide the Panel's first six monthly review of the work of the Council against the previously agreed Improvement Plan and the recommendations of the independent reports commissioned by the Department of Levelling Up, Housing and Communities.

The report was introduced by the Executive Director Corporate Services. The report set out the Council response to the first report of the Improvement and Assurance Panel. This panel was made up of ex chief executives and finance directors. The panel had been supportive of the work of officers and had been happy with the progress made in terms of delivering savings. The Corporate Strategy had been updated as the previous version was not up to date. This now set out the key themes for the financial sustainability of the Council going forward. There was still work to do around the governance of some of the Councils wholly owned companies and Joint Ventures.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- It was good to see the Council had made progress on the recommendations of the Improvement Panel. The feedback from the panel was supportive and the Council had taken on board the feedback given.
- The panel had not yet had a chance to feedback on the vote to dismiss going to all-out elections, however it was important that the Council continued to make progress on setting a balanced budget.
- The panel had been sent the MTFs (Medium Term Financial Strategy) Q2 and were reassured with the progress the Council was making, they were also fully aware of the challenges facing the Council.
- Both officers and members were aware of the processes around the Corporate Strategy. This had been circulated to all group leaders and a briefing session with members had been held. Some members had felt that the Corporate Strategy had not been through the correct channels and this needed to be looked at going forward.
- The Improvement Plan made clear the need to strengthen the role of the Audit Committee as there was a lack of challenge. It was important going forward that the Audit Committee had the opportunity to monitor the timetable around reducing the budget gap. This would enable the committee to see if the Council was moving in the right direction.

- Officers agreed that the budget setting process was important in making sure the recommendations of the Improvement Panel were adhered to.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to review the first report of the Independent Improvement and Assurance Panel and agreed with the actions and progress being made with the delivery of the Improvement Plan.

#### **ACTIONS:**

1. Officers to work on reporting structure to the Audit Committee so members can have oversight of Council moving in the right direction with regards to its budget gap. - Cecillie Booth/Emma Riding by end of Financial Year (March 2023).

### **37. BUDGET SETTING PROCESS OVERVIEW**

The Audit Committee received a report in relation to the Councils budget setting process.

The purpose of the report was to inform Audit Committee members an overview of the Councils current approach to setting the budget.

The report was introduced by the Executive Director Corporate Services and set out the timescales for setting a balanced budget. Members were reminded that the budget was set at Full Council in March last year, however there were difficulty in getting this passed within legal timelines. The budget setting meeting for Full Council had now been set for 22 February, this allowed more time for any amendment to be made. The Asset Disposal programme was to be a part of the budget this year. Members were informed that the Council would not be able to borrow as this would be unaffordable.

The Audit Committee debated the report and in summary, key points raised and responses to questions included:

- Officers were working on scenarios and sensitivities that could influence setting a balanced budget. The budget would be transparent in showing how the impact of those could alter how the budget was developed.
- Members were informed that officers were managing financial pressures around predicted overspends. Sensitivity analysis had taken place and this used a middle ground on so members and officers could see a range of scenarios. It was agreed that the Medium Term Financial Strategy (MTFS) Q1 and MTFS Q2 reports that had circulated to cabinet could be shared with committee members.
- There were some scenarios and situations that needed to be built into the budget setting, this included looking at the interest rates as well as the inflation rates. It was also important that the budget looked ahead to the next three years so that the Council could better plan the budget setting process.
- There was to be no fire sale of Council assets, there was a report on rural asset disposal going to Cabinet in November, this would also form part of the final budget in February. The Council at this stage were only looking at selling assets that were surplus to requirements and where there was no possibility of maximising profits.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to consider and note the Councils approach to budget setting provided in the report

#### **ACTIONS**

1. Officers to circulate MTFS Q1 and MTFS Q2 reports to show projections on budget gap and the difference between Q1 and Q2. -Emma Riding by end of w/c 17 October 2022

**38. USE OF REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)**

The Audit Committee resolved to note that there was no RIPA update.

**39. APPROVED WRITE-OFFS EXCEEDING £10,000**

The Audit Committee resolved to note that there was no debt write-off exceeding £10,000.

**40. WORK PROGRAMME**

The Audit Committee received the report with the committee's work programme for the year 2022/23.

The purpose of the report was to allow the committee to add/remove any items from the work programme for the year ahead.

The report was introduced by the Senior Democratic Services Officer. The work programme had been updated to reflect a rolling programme of work.

The Audit Committee considered the report and **RESOLVED** (Unanimous) to note the work programme.

Chair  
6pm – 8pm

<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 4</b>
<b>28 NOVEMBER 2022</b>	<b>PUBLIC REPORT</b>

Report of:	Chair of the Audit Committee	
Cabinet Member(s) responsible:	Councillor Coles, Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Dan Kalley, Senior Democratic Services Officer	Tel. 296334

## **ACTIONS AND MATTER ARISING**

<b>RECOMMENDATIONS</b>	
<b>FROM:</b> <i>Chair of Audit Committee</i>	<b>Deadline date: 28 November 2022</b>
It is recommended that the Audit Committee notes the actions and matters arising from previous meetings and progress made to date.	

### **1. ORIGIN OF REPORT**

- 1.1 This report is submitted to the Audit Committee following a request made by the members of the committee to be able to see the progress of actions undertaken by officers.

### **2. PURPOSE AND REASON FOR REPORT**

- 2.1 The purpose of this report is to provide an update on the actions and matters arising from the previous meetings of the Audit Committee.
- 2.2 This report is for the Audit Committee to consider under its Terms of Reference No. 2.2.2.14 To review any issue referred to it by the Chief Executive or a Director, or any Council body.

### **3. TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	
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### **4. BACKGROUND AND KEY ISSUES**

- 4.1 At its meeting in July 2022 the Audit Committee agreed to include a standing item to review and note the actions and matters arising from previous meetings of the committee.
- 4.2 Attached to this report is a list of the actions that have been noted in previous meetings (Attached at Appendix A).
- 4.3 Members are asked to note the update on actions so far and have the opportunity to ask for an update from the relevant officer at the meeting should they wish to do so.

4.4 Attached at Appendix B is an update from the Chair which outlines the work of the committee so far, its achievements and work still to be done going forward. This has been shared and presented to the Improvement Panel on 17<sup>th</sup> November 2022.

## **5. CORPORATE PRIORITIES**

5.1 The report links to the following Corporate Priorities:

1. Sustainable Future City Council:

- The report updates the actions that have been requested by the Audit Committee to ensure the Council continues its journey to a financial sustainable future.

## **6. IMPLICATIONS**

### **Financial Implications**

6.1 There are none.

### **Legal Implications**

6.2 There are none.

### **Equalities Implications**

6.3 There are none.

## **7. APPENDICES**

7.1 Appendix A – Action Log  
Appendix B – Chairs update on Audit Committee work.

Key



– Action past due date

## APPENDIX A

## AUDIT COMMITTEE: RECORD OF ACTION TAKEN

MUNICIPAL YEAR: MAY 2022 - APRIL 2023

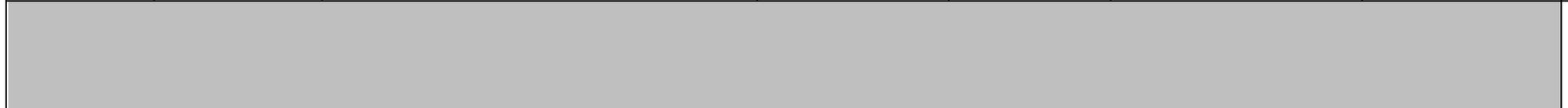
DATE OF MEETING	AGENDA ITEM	AGREED ACTION	OFFICER RESPONSIBLE	DUE DATE	CURRENT STATUS/ACTION UPDATE	DATE COMPLETED
25 July 2022  13	Item 5.  Annual Report Fraud and Investigations	Any future reports needed to include figures so that the committee could see the hard facts and evidence and advise accordingly.	Steve Crabtree	July 2023	Ongoing – will be completed next time item reported on.	
		Issue around Councillor's making a complaint on behalf of residents to be investigated further	Fiona McMillan/Steve Crabtree	17 October 2022	Ongoing – 1. Email sent to member to request information August 2022 and follow up November 2022.	
	Item 6.  Internal Audit: Annual Audit Opinion	Head of Internal Audit to review the approach to incorporating assurance from other sources as well as internal audit work when arriving at the Annual Audit Opinion including reflecting in his overall opinion known issues and other challenges to the adequacy of the council's governance, risk management and internal control framework.	Steve Crabtree	July 2023	Ongoing	

		Officers were working on the risk management dashboard and this was to be presented as part of the Risk Management Framework.	Steve Crabtree/Sam Smith	January/March 2023	Update - Risk management has been passported to ICT. The new post of Risk Manager has been evaluated and is with that section to advert and recruit to.	
	Item 8. Risk Management Framework	Comprehensive review and update of the Risk Management Framework.	TBC once risk management officer identified/Sam Smith	January/March 2023	Update - Risk management has been passported to ICT. The new post of Risk Manager has been evaluated and is with that section to advert and recruit to	
		The Chair of the Audit Committee to take on responsibility for the approach to the Annual Review of the Effectiveness of Internal Audit going beyond the checklist in the CIPFA "Toolkit for Local Authority Audit Committees"	Audit Committee Chair/Steve Crabtree	July 2023	Chair and Internal Audit will be meeting before Christmas to go through the various details with the checklist	
	Item 9. Review of the Effectiveness of the Audit Committee	Update the Terms of Reference for the Audit Committee to reflect the latest (draft) CIPFA Guidance and implement the necessary changes to the work programme to reflect the updated TOR	Audit Committee Chair/Steve Crabtree/Fiona McMillan	July 2023	The Terms of Reference will need to be updated and sent to Constitution and Ethics Committee and Council for approval prior to adoption by Audit Committee.	
		Officers to work at regularising the preparation and timings of signing off the statement of accounts going forward	Cecilie Booth/Kirsty Nutton/Sian Warren	TBC	Ongoing	

		Officers to work at regularising the preparation and timings of signing off the statement of accounts going forward	Cecilie Booth/Kirsty Nutton/Sian Warren	TBC	Ongoing	
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DATE OF MEETING	AGENDA ITEM	AGREED ACTION	OFFICER RESPONSIBLE	DUE DATE	CURRENT STATUS/ACTION UPDATE	DATE COMPLETED
31 August 2022 (Extraordinary) 15	Item 3.	Ensure that if any changes were made to the report that the Audit Committee members be notified of these changes –	Chair/Cecilie Booth	March 2023 (if any changes are made)	Ongoing	
		Officers to liaise with EY to remove information held in Appendix H from the final report	Sian Warren/Cecilie Booth	March 2023 (when final report ready)	Ongoing	
		Audit Committee to review commercial activities and risks going forward. Item to be added to work programme for a later date.	Chair/Dan Kalley	Potential for July 2023	Ongoing	



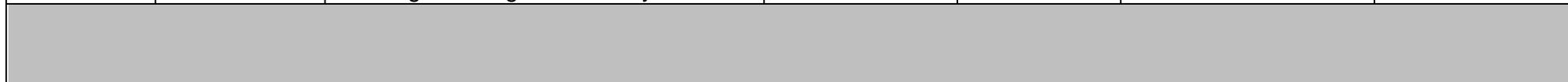
DATE OF MEETING	AGENDA ITEM	AGREED ACTION	OFFICER RESPONSIBLE	DUE DATE	CURRENT STATUS/ACTION UPDATE	DATE COMPLETED
17 October 2022	Item 4. Procurement Activity	Procurement team to identify teams/officers who have not gone through the correct procurement processes and invite to meetings of the Audit Committee to explain reasons for failing to comply. This will be an ongoing item as concerns arise.	Mark Sandhu/Richard McCarthy/Cecilie Booth	Starting from January 2023	Ongoing	
		Officers to bring further report on procurement activity to future meeting of the Committee.	Mark Sandhu/Richard McCarthy	March 2023	Ongoing	
		Risk Management Framework to be presented to committee once new lead officer had been appointed and had time to develop the framework – Steve Crabtree/Sam Smith (to pass to new officer) by March 2023.	Sam Smith/Steve Crabtree (until new person in post)	March 2023	Update - Risk management has been passported to ICT. The new post of Risk Manager has been evaluated and is with that section to advert and recruit to	
	Item 5. Corporate Risk Register	New Risk Management Framework needed clearer articulation around risks and what the Council's appetite around those top risks were.	Sam Smith/Steve Crabtree (until new person in post)	March 2023	Update - Risk management has been passported to ICT. The new post of Risk Manager has been evaluated and is with that section to advert and recruit to	

	Item 6. Council Reserves Policy	Next version of the Council Reserve Policy needed to be articulate the risks around the reserves balance.	Emma Riding/Cecilie Booth	January 2023	Ongoing	
	Item 7. Independent Improvement Panel update	Officers to work on reporting structure to the Audit Committee so members can have oversight of Council moving in the right direction with regards to its budget gap.	Cecilie Booth/Emma Riding	March 2023	Ongoing	

## Completed Actions

DATE OF MEETING	AGENDA ITEM	AGREED ACTION	OFFICER RESPONSIBLE	DUE DATE	CURRENT STATUS/ACTION UPDATE	DATE COMPLETED	
18	20 June 2022	Update from EY	Breakdown in £118 million difference in valuation of assets	Cecilie Booth/Kirsty Nutton/Emma Riding	Before Committee 25 July 2022	Completed and sent to Committee 22 July 2022.	22 July
	Budget Monitoring Report Outturn 2021/22	Officers to include an item on the work programme looking at the Council's reserve policy	Dan Kalley – to include on work programme  Cecilie Booth – To draw up reserves policy and present to committee	1. 25 July 2022	1. Completed and added to work programme for September	25 July 2022	
				2. 17 October 2022	2. To be presented to committee at meeting in October	17 October 2022	
		Officers to investigate if there are any unspent S106 monies being held on account and report back	Cecilie Booth/Kirsty Nutton/Emma Riding	17 October 2022	Briefing note to be circulated once signed off by Executive Director Corporate Services	18 November 2022	
	Work Programme	To include items on the following:  1. Activity of Procurement single supplier procurement over £10,000 and services procured / approved retrospectively.	Dan Kalley	25 July 2022	Completed and items listed on work programme	25 July 2022	

		<p>2. Assets Dashboard over £5 million – if possible</p> <p>3. Material arrangements and working with joint ventures/partners</p> <p>4. Financial Plan and Improvement Panel report</p> <p>5. Risk Management – ensuring controls in place</p> <p>6. Budget Setting and Scrutiny Process</p>				
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<b>DATE OF MEETING</b>	<b>AGENDA ITEM</b>	<b>AGREED ACTION</b>	<b>OFFICER RESPONSIBLE</b>	<b>DUE DATE</b>	<b>CURRENT STATUS/ACTION UPDATE</b>	<b>DATE COMPLETED</b>
25 July 2022	Item 3. Minutes of the previous meeting	A separate agenda item for actions arising from the previous meetings was to be created.	Dan Kalley	17 October 2022	On agenda for October meeting	17 October 2022
	Item 4. Annual Report on Insurance	The reporting line for the Insurance team to be reviewed in the light of the changes to the responsibility for Risk Management	Steve Crabtree/Cecilie Booth	28 November 2022	Reporting lines have been looked at and it is considered to be the best fit for Insurance to remain as is.	28 November 2022
	Item 6. Internal Audit: Annual Audit Opinion	Officers to investigate potential to add in more qualitative data into the annual governance statement to form a more rounded conclusion on the Council's financial position.	Steve Crabtree	30 January 2023	Chief Internal Auditor has obtained examples from a number of Councils to build up potential data	28 November 2022

20					that could be provided in future. Will be incorporated into 2022/23 out turn reports	
	Item 12. Draft Annual Statement of Accounts 2021/22	Political composition within the draft statement of accounts needed to be updated before being published.	Cecilie Booth/Kirsty Nutton/Sian Warren/Carole Coe/Emma Riding	Friday 29 July 2022	Done and is now up to date	29 July 2022
		Website needed to explain the delay in signing off the accounts and the delay in starting the audit of the accounts until January 2023.	As above	Friday 29 July 2022	Completed website update	29 July 2022
		Local Authority Trading Companies (LATCO's) needed to be included in the report on procurement that was going to be presented to committee in September.	Cecilie Booth/Mark Sandhu/George Wallace	17 October 2022		17 October 2022 meeting
		Extraordinary meeting in August for signing off the accounts 2020/21	External Audit/Sian Warren/Kirsty Nutton	31 August 2022	Date agreed for the signing off of accounts	Done 31 August 2022



DATE OF MEETING	AGENDA ITEM	AGREED ACTION	OFFICER RESPONSIBLE	DUE DATE	CURRENT STATUS/ACTION UPDATE	DATE COMPLETED
17 October 2022	Item 4. Actions and Matter Arising	Officers to re-arrange the action log and move completed items to the bottom of the list	Dan Kalley	By 28 November	Done	28 November

		Officers to highlight any actions that have run past the anticipated completion date	Dan Kalley	By 28 November	Done	28 November
	Item 8. Budget Setting Process	Officers to circulate MTFS Q1 and MTFS Q2 reports to show projections on budget gap and the difference between Q1 and Q2. -Emma Riding by end of week.	Dan Kalley/Emma Riding	By end of w/c 17 October	Done	Complete 18 October 2022

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## Audit Committee Chairman – update on Audit Committee work

### **Background**

The Audit Committee comprises an independent co-opted non-voting Chair, 7 voting councillors representing the parties within the council and 2 independent co-opted non-voting members. The independent members have been in place since February 2022 and are here to provide insight, knowledge and challenge to this committee from their varied and extensive experience. This committee is apolitical.

### **Activity over the past 8 months**

The Audit Committee has met 5 times (in March, June, July, August, and October) and discussed a varied and busy agenda.

### **Main areas of discussion**

Finalising the 2020/21 accounts – working with the external auditors E&Y to make use of the expected statutory instrument to enable PCC to have an unqualified set of accounts, working around a national issue on accounting for infrastructure assets affecting many councils.

Strategic risk management and the processes around the refreshing and management of those risks

Fraud including the annual report by Internal Audit and the National Fraud initiative

Budget monitoring and the tracking of the financial outturn

Council reserves policy – examining the logic and process by which reserves are made, accepting the challenging financial position of the council.

The process and scope of Procurement

### **Main areas of comfort**

The external audits have progressed well and any issues raised addressed by management. The Financial Statements have been produced on time and to a good quality. The Finance team have been excellent in supporting the process.

The quality of the audit work of E&Y for the financial year 2019/20 has been independently checked by the AQR inspectors of the FRC and was found to require improvement in a couple of small areas which were addressed for subsequent audits.

Internal audit has a comprehensive program of work and have made progress although they have had resource challenges which if not addressed could reduce the levels of future assurance.

### **Areas of concern**

The governance and tracking of the realisation of the required savings for the Council to achieve its financial plans of a balanced budget will continue to be challenging and the committee is keen to keep abreast of the situation and any further risks that may emerge.

The ongoing identification and management of strategic risks in these times of economic uncertainty which could produce a range of outcomes is an area that requires transparency and continuous review to navigate these difficult times. The range of possible outcomes should be discussed as well as the most probable outcome, such that the breadth of that range is understood.

The risks and governance around Procurement, including the scope of the Procurement department, their systems and the exceptions that flow through those systems, was the subject of a recent paper to the committee. PCC expenditure flows through different routes and the Audit Committee is concerned that the governance around all of those routes needs to be improved and as effective as possible for good control and value for money. This risk is also an opportunity for PCC to achieve the savings it needs in this and subsequent financial years.

### **Summary**

The Audit Committee is working effectively and continues (through a planned and responsive rolling agenda) to seek assurance that PCC is managing risk effectively in challenging times whilst delivering its plans.

The Council is continuing to improve its governance of risk and strengthen its internal control environment accepting the areas of concern noted above.

Chris Brooks

Chair of the Audit Committee

<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 5</b>
<b>28 NOVEMBER 2022</b>	<b>PUBLIC REPORT</b>

Report of:	Rochelle Tapping, Director of Legal and Governance & Monitoring Officer	
Cabinet Member(s) responsible	Councillor Coles, Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Ben Stevenson, Data Protection Officer/Head of Information Governance	Tel. 01733 452387

<b>USE OF REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)</b>
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<b>RECOMMENDATIONS</b>	
<b>FROM:</b> Fiona McMillan, Director of Law and Governance & Monitoring Officer	<b>Deadline date:</b> 16.11.2022
<p>It is recommended that the Audit Committee</p> <p>1. <i>Receives, comments and notes a report on the authority's process, application and use of powers within the Regulation of Investigatory Powers Act 2000 (RIPA)</i></p>	

**1. ORIGIN OF REPORT**

1.1 This report is submitted to the Audit Committee as a scheduled report on the Council's use of the powers contained within the Regulation of Investigatory Powers Act 2000 (RIPA)

**2. PURPOSE AND REASON FOR REPORT**

2.1 The purpose of this report is to provide Members with an overview of the following items:

- an understanding of RIPA which enables them to have effective oversight of the use of said powers
- a report detailing the usage of the powers
- the feedback from the last inspection by the Investigatory Powers Commissioner's Office (IPCO) in February 2021

2.2 This report is for the Audit Committee to consider under its Terms of Reference No. 2.2.1.13

*To monitor Council policies on "raising concerns at work" and the anti-fraud and anti-corruption strategy and the Council's complaints process.*

### 3. **TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	
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### 4. **BACKGROUND AND KEY ISSUES**

- 4.1 Local authorities exercise criminal investigation powers for a number of reasons from fly tipping to planning enforcement to sale of counterfeit goods. The Council may undertake covert surveillance to investigate such matters and that work will be regulated by RIPA. It also provides a statutory process for authorising such work.

RIPA seeks to ensure that any covert activity undertaken is necessary and proportionate because of the impact on an individual's right to a private life under Article 8 of the Human Rights Act. In undertaking such activity the Council are in effect suspending a person's right to privacy. RIPA seeks to ensure both the public interest and the human rights of individuals are balanced.

The Council is able to undertake directed surveillance meaning that it must be for the purpose of a specific investigation or operation. The Council is not permitted to undertake intrusive surveillance, i.e. surveillance in private premises or vehicles.

- 4.2 Covert surveillance might mean the use of CCTV to monitor an individual's movement or their actions. Whilst the CCTV camera itself is overt, it is the use of that camera to track that individual's actions without that individual knowing which makes that act covert. The Council may also use underage volunteers to purchase tobacco or alcohol whilst being filmed. The viewing of CCTV footage *after* an incident does not constitute covert surveillance and therefore does not fall under RIPA.
- 4.3 RIPA also permits the Council, via the National Anti-Fraud Network (NAFN) to require the release of communications data where the appropriate circumstances exist. We can obtain information which identifies the subscriber to a mobile phone and to see a call history but we cannot gain access to the actual content of calls. In an investigation into a rogue trader, we could link the contact number to the person and others called. We cannot obtain access to electronic data protected by encryption or passwords, which would include emails.
- 4.4 The Council may also authorise the use of a Covert Human Intelligence Source (CHIS) to obtain information from individuals in a covert manner such as a Trading Standards officer using a pseudonym to carry out a test purchase online. It may also apply to the tasking of a member of the public to obtain private information about an individual. It should be noted that the Council has never authorised the use of a CHIS since the commencement of RIPA.
- 4.5 In addition to RIPA, the Protection of Freedoms Act 2012 introduced two key important provisions for local authorities such as Peterborough City Council. The first is that in order for the Council to apply for approval, the offence being investigated must meet the *crime threshold*. This means that either the offence carries a maximum punishment of imprisonment of six months or more or it is an offence relating to the sale of tobacco or alcohol to underage individuals.

The second key factor is the approval process. Any investigations must be properly authorised by one of the Council's Authorising Officers in accordance with our policies and procedures. In addition, the council must also obtain judicial approval from a Justice of

Peace i.e. district judge or Magistrate.

- 4.6 Peterborough City Council had a clearly written and robust policy alongside an easy access guide available to officers as well as a reporting structure in place. Peterborough City Council has a well-regarded set of officers with strong experience and knowledge of RIPA matters. These officers and policy are also shared with Cambridgeshire County Council.

## **5 IPCO INSPECTION**

- 5.1 The Investigatory Powers Commissioner's Officer (IPCO) provides independent oversight of the use of investigatory powers by intelligence agencies, police forces and other public authorities. As part of this oversight, they undertake inspections to assess compliance, provide guidance and assurance that such powers are being used appropriately and in line with the legislation and codes of practice.

Local authorities are inspected on a two to three year basis with our last inspection in 2021. The outcome of that inspection was reported to this committee and the recommendations to update the councils' policy was noted, and actioned.

- 5.2 As a result of the inspection, feedback was provided and was very positive. The feedback highlighted:

- The one recommendation from a past inspection was discharged
- Elected Members are informed of the council's usage of powers in line with the Codes of Practice
- The council was alive to the possibility of social media research being undertaken and its training material assist staff in ensuring this research does not move into surveillance territory without authorisation in place
- The inspector commented how pleasing it was to see the array of training materials including simple to understand videos for staff and highlighted this as demonstrating good practice
- There are clearly defined processes on the handling of evidence/material gathered as well as the destruction of such material in line with the retention schedule for the services concerned
- The policy should be updated again to include reference to the appropriate sections of the CHIS Code of Practice in relation to social media

- 5.3 The reviewed policy, Appendix A, was brought to the committee for approval in August 2021.

## **6. SURVEILLANCE UNDERTAKEN**

- 6.1 There has been no use of covert surveillance in the last 12 months.

## **7. CORPORATE PRIORITIES**

- 7.1 The use of RIPA is outlined in the report above and in the policy attached.

## **8. CONSULTATION**

- 8.1 The report following the inspection was received by the following parties:

- Chief Executive; and
- Director of Law and Governance

**9. ANTICIPATED OUTCOMES OR IMPACT**

- 9.1 The Audit Committee continues to be informed of the necessary and proportionate use of RIPA across the Authority through regular updates as required. We will also be presenting an updated policy in due course.

**10. REASON FOR THE RECOMMENDATION**

- 10.1 It is recommended that the committee continues to receive information on the use of RIPA and receives an updated draft policy based on the changes in the Code of Practice and the IPCO inspection.

**11. ALTERNATIVE OPTIONS CONSIDERED**

- 11.1 There are no alternative options considered at this time.

**12. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 12.1 Regulation of Investigatory Powers Act 2000  
Protection of Freedoms Act 2012

**13. APPENDICES**

- 13.1 Appendix A – RIPA Policy

Peterborough City Council  
Cambridgeshire County Council

Regulation of Investigatory  
Powers Act Policy



## Document Control

Purpose of document:	The approach to the use of RIPA powers and the process followed by Peterborough City Council and Cambridgeshire County Council when these powers are used
Intended audience:	Officers who may use directed covert surveillance as part of an investigation
Type of document:	Policy and procedure
Document lead/author	Ben Stevenson, Data Protection Officer, Peterborough City Council
Other documents that link to this one:	RIPA toolkit on Insite and CamWeb
Document ratified/approved by:	Audit Committee, Peterborough City Council Audit Committee, Cambridgeshire County Council
Version number:	Version 1.5
Issue date:	August 2021
Dissemination method:	Notification to staff via the Weekly Round-up newsletter and via All Staff notifications on the front page of Insite.  Notification to staff via CamWeb
Date due for review:	August 2022
Reviewer:	Director of Law and Governance

### DOCUMENT REVISION RECORD:

Description of amendments:	Version No.	Date of re-approval and re-issue
Review in light of legislation and procedural changes	2	March 2015
Document control added. Review in light of inspection and changes in officers	3	June 2018
Review in light of code of practice changes and inspection comments	4	March 2019
Review in light of code of practice changes and inspection comments	5	August 2021

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## 1. Introduction

The Regulation of Investigatory Powers Act 2000 ('RIPA') regulates covert investigations by a number of bodies, including local authorities.

The Revised Codes of Practice for use of such powers provide guidance to understand when RIPA applies and the procedures to follow. The Protection of Freedoms Act 2012 placed restrictions on when a local authority can use RIPA powers.

Authorisation under RIPA by one of the Councils' Authorised Officers gives authority to carry out Covert Surveillance, acquire communications data and use Covert Human Intelligence Source.

Authorisation ensures that the powers conferred by RIPA are used lawfully and in a way that does not interfere with the surveillance subject's Human Rights. It also requires those authorising the use of covert techniques to give proper consideration to whether use is necessary and proportionate.

The purpose of this Corporate Policy and Procedures Document is to explain:

- the scope of RIPA and the circumstances where it applies; and
- the authorisation procedures to be followed following the Protection of Freedoms Act 2012

### 1.1 Key Role Definitions

**Senior Responsible Officer** – the Senior Responsible Officer (SRO) provides senior management oversight of the use of RIPA and provides assurance and integrity for the process. This will include oversight of authorisations, errors, reporting, training and inspection.

The SRO for both Peterborough City Council and Cambridgeshire County Council is Fiona McMillan, Director of Law & Governance.

**Central Monitoring Officer (CMO)** – the CMO will maintain the central registers for covert surveillance and communications data and is responsible for coordinating of training, updates of policies, procedures and inspections.

The CMO for both Peterborough City Council and Cambridgeshire County Council is Ben Stevenson, Data Protection Officer.

**Authorising Officer (RIPA)** – an authorising officer must be of service manager or above rank and will consider the application made under RIPA. They will consider the information provided by the applicant and determine whether there is necessity and proportionality in authorising the surveillance request.

For a list of authorising officers, please see Appendix 2.

**Applying Officers** – whether the application falls under RIPA, an applying officer is responsible for completing the application in full and providing sufficient details for the Authorising Officer to consider the application. The applying officer must never be the authorising officer.

## 1.1 Useful Websites

General Guidance from the Investigatory Powers Commissioner’s Office

Home Office guidance to local authorities on the judicial approval process for RIPA and the crime threshold for directed surveillance

RIPA Forms

Code of Practice- Surveillance, Covert Human Intelligence and Acquisition and Disclosure of Communications Data

## 2. Basic determination of RIPA

It is critical that prior to any activity being undertaken, an officer and an authorising officer undertake an assessment of the activity proposed.

This assessment should follow the procedure as detailed below.

Question	Answer	Notes
1. Is the surveillance activity covert?	Yes – proceed to question 2	This means that a subject is unaware of the activity due to the way it being undertaken
2. Is the surveillance directed?	Yes – proceed to question 3	This means that the activity is for a specific investigation or purpose
3. Is the investigation into a criminal offence?	Yes – proceed to question 4	If it is not an investigation the alleged commission of a criminal offence, then RIPA does <b>not</b> apply however you should always be able to show that you have

		considered whether RIPA does apply.
4. Are you likely to obtain confidential or private information?	Yes – proceed to 5	If you are not likely to obtain such information, then RIPA does not apply.
5. Does the offence meet the crime threshold?	If yes, then RIPA applies	If it does not, then RIPA does <b>not</b> apply however you should always be able to show that you have considered whether RIPA does apply.

Please refer to Surveillance Checklist for more detail.

### 3. General Observation Activities

The general observation duties of council officers will not require authorisation under RIPA whether covert or overt. Such duties form part of the functions we are required to provide as opposed to pre-planned surveillance of a person or group. Paragraph 3.33 of the Revised Code of Practice provides some examples of when an authorisation may not be required.

Example: Plain clothes police officers on patrol to monitor a high street crime hot-spot or prevent and detect shoplifting would not require a directed surveillance authorisation. Their objective is merely to observe a location and, through reactive policing, to identify and arrest offenders committing crime. The activity may be part of a specific investigation but is general observational activity, rather than surveillance of individuals, and the obtaining of private information is unlikely. **A directed surveillance authorisation need not be sought.**

Example: Local authority officers attend a car boot sale where it is suspected that counterfeit goods are being sold, but they are not carrying out surveillance of particular individuals and their intention is, through reactive policing, to identify and tackle offenders. Again, this is part of the general duties of public authorities and the obtaining of private information is unlikely. **A directed surveillance authorisation need not be sought.**

Surveillance officers intend to follow and observe Z covertly as part of a pre-planned operation to determine her suspected involvement in shoplifting. It is proposed to conduct covert surveillance of Z and record her activities as part of the investigation. In this case, private life considerations are likely to arise where there is an expectation of privacy, and the covert surveillance is pre-planned and not part of general observational duties or reactive policing. **A directed surveillance authorisation should therefore be considered.**

## 4. Covert Surveillance

### 4.1 What is Surveillance?

Surveillance includes:

- monitoring, observing or listening to persons, their movements, their conversations or their other activities or communication;
- recording anything monitored, observed or listened to in the course of surveillance; and
- surveillance by or with the assistance of a surveillance device.

## 4.2 When is surveillance covert?

Surveillance is covert when it is carried out in a manner calculated to ensure that the subject or others affected by the surveillance are unaware that it is or may be taking place.

RIPA regulates two types of covert surveillance namely directed and intrusive.

## 4.3 When is surveillance directed?

Surveillance is 'Directed' (paragraph 2.2 of the Revised Codes of Practice) if it is covert and undertaken:

- it is covert, but not intrusive surveillance;
- it is conducted for the purposes of a specific investigation or operation;
- it is likely to result in the obtaining of private information about a person (whether or not one specifically identified for the purposes of the investigation or operation);
- it is conducted otherwise than by way of an immediate response to events or circumstances the nature of which is such that it would not be reasonably practicable for an authorisation under Part II of the 2000 Act to be sought.

## 4.4 When is Surveillance Intrusive?

### **LOCAL AUTHORITIES ARE NOT AUTHORISED TO CARRY OUT INTRUSIVE SURVEILLANCE**

Surveillance is intrusive, (paragraph 3.19 of Revised Codes of Practice) if it is covert and:

- is carried out in relation to anything taking place on any "residential premises" or
- in any "private vehicle" (see below); and
- involves the presence of an individual or surveillance device in the premises or in the vehicle, or
- is carried out by a means of a surveillance device

Surveillance which is carried out by means of a surveillance device in relation to anything taking place on any residential premises or in any private vehicle but is carried out without that device being present on the premises or in the vehicle is not intrusive unless the device is such that it consistently provides information of the same quality and detail as might be expected to be obtained from a device actually present on the premises or in the vehicle.

A private vehicle is defined in the Act as any vehicle which is primarily used for the private purposes of the person who owns or has the right to use it. This would include company cars and leased cars used for business and pleasure. This is distinct to vehicles owned or leased by public authorities. Paragraph 7.49 of the Revised Codes of Practice provides guidance on

the latter; if devices are used within a council owned vehicle with the knowledge of the occupants, then this is not considered to be surveillance however hidden devices may require authorisation.

## 5. Authorising Covert Directed Surveillance

For covert directed surveillance an Authorising Officer will not grant an authorisation unless he/she believes (and the prescribed forms require that the factors below are shown to have been considered):

- (a) that an authorisation is necessary; and
- (b) the authorised surveillance is proportionate to what is sought to be achieved by carrying it out.

An authorisation is necessary if:

- (a) The offence is punishable by a maximum term of six months imprisonment on conviction or is related to the underage sale of alcohol and tobacco as per article 7A of the 2010 Order.

An authorisation will be proportionate if the person granting the authorisation has balanced the intrusiveness of the activity on the target and others who might be affected by it against the need for the activity in operational terms. The activity will not be proportionate if it is excessive in the circumstances of the case or if the information which is sought could reasonably be obtained by other less intrusive means.

The onus is therefore on the person authorising such surveillance to satisfy themselves it is:

- (a) necessary for the ground stated above; and
- (b) proportionate to its aim and
- (c) fair and balanced

In order to ensure that authorising officers have sufficient information to make an informed decision it is important that detailed records are maintained. The prescribed forms (held by the Authorising Officer) must be fully completed.

It is also sensible to make any authorisation sufficiently wide enough to cover all that is required. This will also enable effective monitoring of what is done against that authorised. The use of stock phrases or cut and paste narrative should be avoided at all times to ensure that proper consideration is given the particular circumstances of each case.

Particular consideration should be given to collateral intrusion or interference with the privacy of persons other than the subject(s) of surveillance and wherever possible steps should be taken to avoid or minimise it. Such collateral intrusion or interference would be a matter of greater concern in cases where there are special sensitivities, for example in cases of premises used by lawyers or for any form of medical or professional counselling or therapy, or in a particular community.

Any application for authorisation should include an assessment of risk of any collateral intrusion or interference. The Authorising Officer will take this into account, particularly when considering the proportionality of the surveillance.

The application should also be presented in a fair and balanced way which should include evidence or information which weakens the case for authorisation.

Those carrying out the covert surveillance should inform the Authorising Officer if the operation/investigation unexpectedly interferes with the privacy of individuals who are not the original subjects of the investigation or covered by the authorisation in some other way. In some cases, the original authorisation may not be sufficient, and consideration should be given to whether a separate authorisation is required.

The applying officer should have also undertaken a surveillance assessment which includes a health and safety risk assessment, Appendix 7.

Judicial approval should then be sought. The corporate procedure for this can be found in Appendix 5.

See also Other Factors to be taken into account in certain circumstances.

## 6. The Surveillance Checklist for Applicants

Before a council officer undertakes any surveillance of any individual or individuals, they need to assess whether the activity comes within RIPA. In order to do this, they need to ask themselves the following key questions.

### 6.1 Is the Surveillance Necessary?

Any application granted must consider that the activity is necessary on one or more of the statutory grounds. In the case of the council then this will be for the prevention and detection of crime in line with the crime thresholds described below.

## 6.2 Is the Surveillance Covert?

Covert surveillance is that carried out in a manner calculated to ensure that the subject of it is unaware it is or may be taking place.

If activities are open and not hidden from the subject of an investigation, RIPA does not apply. Conversely if it is hidden, consider whether surveillance is likely to be directed or intrusive.

## 6.3 Is it Directed?

This means whether or not it is for the purpose of a specific investigation or a specific operative. The use of surveillance for general purposes will not normally be 'directed' and will not therefore require RIPA authorisation. An example of this is the use of CCTV cameras for general area wide observation. *However*, if the surveillance is used as a means of targeting a specific person or persons then RIPA will apply if private information is likely to be obtained. In such circumstances officers should also be mindful of the possibility of collateral intrusion when applying for the appropriate authority.

## 6.4 Private Information

The 2000 Act states that private information includes any information relating to a person's private or family life. Private information should be taken generally to include any aspect of a person's private or personal relationship with others, including family and professional or business relationships.

Whilst a person may have a reduced expectation of privacy when in a public place, covert surveillance of that person's activities in public may still result in the obtaining of private information. This is likely to be the case where that person has a reasonable expectation of privacy even though acting in public and where a record is being made by a public authority of that person's activities for future consideration or analysis.

Private life considerations are particularly likely to arise if several records are to be analysed together in order to establish, for example, a pattern of behaviour, or if one or more pieces of information (whether or not available in the public domain) are covertly (or in some cases overtly) obtained for the purpose of making a permanent record about a person or for subsequent data processing to generate further information. In such circumstances, the totality of information gleaned may constitute private information even if individual records do not. Where such conduct includes covert surveillance, a directed surveillance authorisation may be considered appropriate.

Private information may include personal data, such as names, telephone numbers and address details. Where such information is acquired by means of covert surveillance of a person having a reasonable expectation of privacy, a directed surveillance authorisation is appropriate.

Paragraph 3.3 of the Revised Code of Practice provides scope for what information which may not be is not private may include publicly available information such as books, newspapers, TV and radio broadcasts, business reports and websites.

If it is unlikely that observations will result in the obtaining of private information about a person, then it is outside RIPA.

### 6.5 Is the crime threshold met?

The Protection of Freedoms Act 2012 introduced a *crime threshold* for local authorities wishing to carry out directed surveillance.

This means that local authorities can only authorise use of directed surveillance under RIPA to prevent or detect criminal offences that are either punishable, whether on summary conviction or indictment,

- by a maximum term of 6 months or more imprisonment **or**
- are related to the underage sale of alcohol and tobacco as per article 7A of the 2010 Order.

A local authority **may not authorise** the use of directed surveillance under RIPA to investigate disorder that does not involve criminal offences or to investigate low level offences such as littering, dog control and fly posting.

If the offence changes during an investigation and meets the threshold test, then an application may be made.

### 6.6 Is it proportionate?

In determining whether the activity is proportionate, paragraph 4.7 of the Revised Codes of Practice, the following must be considered:

- Have we balanced the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence?
- Have we explained how and why the methods to be adopted will cause the least possible intrusion on the subject and others?

- Have we considered whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the necessary result?
- Have we evidenced, as far as reasonably practicable, what other methods had been considered and why they were not implemented?

## 7. When surveillance falls outside of RIPA?

There will occasions when a council officer undertakes activity which does not meet the criteria of RIPA. Any activity whether governed by RIPA or not should be undertaken with clear consideration whether it is necessary and proportional to the objectives. It is incumbent on every officer to consider this prior to engaging in any kind of surveillance.

Given the potential for challenge by a subject during legal proceedings, it is the council's policy that such actions will still be governed by the RIPA framework to the extent that an officer must show that they have considered whether RIPA applies. This should be done by the using the Basic RIPA Determination at the start of this policy or Appendix 9 Checklist as an aide to the officers – this is an ongoing process for any investigation. It may be formalised during file reviews by managers, supervision meetings, prior to interviews or prior to the consideration of any legal proceedings. A manager or head of service should ensure that activities have followed the correct procedure.

Surveillance which can termed overt does not require authorisation – a visit to a property with the intention to speak to the occupier would not constitute surveillance. If there is no intention to speak to the occupier such as “drive pasts” to obtain information, then this may become surveillance and therefore this policy applies. One visit to the property to obtain the details of a vehicle will not be considered surveillance however repeated visits to establish a pattern of behaviour will be considered and the appropriate form will be required.

## 8. CCTV

Peterborough City Council operates a CCTV system which can be used in surveillance where appropriate and where authorised. The CCTV system is overt and is governed by the Surveillance Camera Code of Practice and the ICO guidance on the matter. This does not mean that the use of overt cameras for surveillance does not require authorisation under the Act. It may be considered covert, pre-planned and directed towards a person or group which would require authorisation.

The corporate code of practice is available and covers the use by Police and non-Police agencies. Peterborough City Council has an agreed protocol with Cambridgeshire Police which is held by the CMO and CCTV Manager.

### 8.1 Use of CCTV system by Cambridgeshire Police

Where the CCTV systems is being operated by Police officers under a RIPA authorisation, we will maintain a register of the details of the date and time of the authority was granted, the nature of the offence under investigation and the operation name and/or authority reference number.

If council officers operate the CCTV under direction of the police, the council will be provided with a redacted authorisation which shows the details of the date and time of the authority being granted, the activity authorised and its boundaries and limitations, the nature of the offence under investigation, the operation name and/or authority reference number.

### 8.2 Cambridgeshire County Council CCTV

Cambridgeshire County Council have and have access to a number of cameras which are primarily for bus lane enforcement, highways and libraries. These are governed by the codes as described above. These cameras are primarily used for reactive footage but were they to be considered for any directed surveillance then the process used for Peterborough City Council would be followed.

### 8.3 Aerial covert surveillance

Whilst the councils do not currently utilise aerial surveillance devices such as drones or helicopters, any use in the future or by contracted providers should be considered for authorisations.

## 9. Covert Use of Human Intelligence Source (“CHIS”)

Before use of a CHIS is authorised, advice must be sought from the Senior Responsible Officer or their appointed deputy. The application can be authorised by the Chief Executive (or an appointed deputy) and the applicant must ensure that they as Authorising Officer have sufficient information to make an informed decision the prescribed forms must be fully completed.

### 9.1 What is a CHIS?

The Revised Codes of Practice for Covert Human Intelligence Source (paragraph 2.1) state that a person is a Covert Human Intelligence Source if:

- (a) they establish or maintain a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraph b) or c);
- (b) they covertly use such a relationship to obtain information or to provide access to any information to another person; or
- (c) they covertly disclose information obtained by the use of such a relationship or as a consequence of the existence of such a relationship.

A purpose is covert, in relation to the establishment or maintenance of a personal or other relationship, if and only if the relationship is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of that purpose.

### 9.2 When a CHIS and when not a CHIS?

The following give examples of when a CHIS would and would not be needed.

Would not need a CHIS authorisation	Would need a CHIS authorisation
Intelligence suggests that a local shopkeeper is openly selling alcohol to underage customers, without any questions being asked. A juvenile is engaged and trained by a public authority and then deployed in order to make a purchase of alcohol. In these circumstances any relationship, if established at all, is likely to be so limited regarding the requirements of the 2000 Act that a public authority may conclude that a CHIS authorisation is unnecessary. However, if the test purchaser is wearing recording equipment but is not authorised as a CHIS, consideration should	In similar circumstances, intelligence suggests that a shopkeeper will sell alcohol to juveniles from a room at the back of the shop, providing they have first got to know and trust them. As a consequence, the public authority decides to deploy its operative on several occasions, to befriend the shopkeeper and gain their trust, in order to purchase alcohol. In these circumstances a relationship has been established and maintained for a covert purpose and therefore a CHIS authorisation should be obtained.

be given to granting a directed surveillance authorisation.	
<p>A member of the public volunteers a piece of information to a member of a public authority regarding something they have witnessed in their neighbourhood. The member of the public would not be regarded as a CHIS. They are not passing information as a result of a relationship which has been established or maintained for a covert purpose.</p>	<p>A caller to a confidential hotline (such as Crimestoppers, the HMRC Fraud Hotline, the Anti-Terrorist Hotline, or the Security Service public telephone number) reveals that they know of criminal or terrorist activity. Even if the caller is involved in the activities on which they are reporting, the caller would not be considered a CHIS as the information is not being disclosed on the basis of a relationship which was established or maintained for that covert purpose. However, should the caller be asked to maintain their relationship with those involved and to continue to supply information (or it is otherwise envisaged that they will do so), an authorisation for the use or conduct of a CHIS may be appropriate.</p>
<p>A member of the public is asked by a member of a public authority to maintain a record of all vehicles arriving and leaving a specific location or to record the details of visitors to a neighbouring house. A relationship has not been established or maintained in order to gather the information and a CHIS authorisation is therefore not available. Other authorisations under the Act, for example, directed surveillance, may need to be considered where there is a possible interference with the Article 8 rights of an individual</p>	<p>Mr Y volunteers information to a member of a public authority about a work colleague out of civic duty. Mr Y is not a CHIS at this stage as he has not 14 established or maintained (or been asked to establish or maintain) a relationship with his colleague for the covert purpose of obtaining and disclosing information. However, Mr Y is subsequently contacted by the public authority and is asked if he would ascertain certain specific information about his colleague. At this point, it is likely that Mr Y's relationship with his colleague is being maintained and used for the covert purpose of providing that information. A CHIS authorisation would therefore be appropriate to authorise interference with the Article 8 right to respect for private or family life of Mr Y's work colleague</p>

### 9.3 Conditions for authorisation of Covert Human Intelligence Sources

Authorisation is not required where members of the public volunteer information to the Council as part of their normal civic duties or to contact numbers set up to receive information (e.g., a benefit fraud hotline).

The Council can only use a CHIS if authorisation has been authorised and received judicial approval. Authorisation will only be given if the use of the CHIS is for the purpose of preventing or detecting crime or of preventing disorder.

### 9.3.1 Necessity and Proportionality

The necessity and proportionality principles apply but the crime threshold does not apply in this area.

If the authorising officer considers it to be necessary, then they should consider proportionality as below:

- balance the size and scope of the proposed activity against the gravity and extent of the perceived crime or harm;
- explain how and why the methods to be adopted will cause the least possible intrusion on the subject and others
- whether the conduct to be authorised will have any implications for the privacy of others, and an explanation of why (if relevant) it is nevertheless proportionate to proceed with the operation; •
- evidence, as far as reasonably practicable, what other methods had been considered and why they were not implemented, or have been implemented unsuccessfully;
- considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the information sought.

### 9.3.2 The Authorised Conduct

The Conduct so authorised is any conduct that:

- a) is comprised in any such activities involving the use of a covert human intelligence source, as are specified or described in the authorisation;
- b) relates to the person who is specified or described as the person to whose actions as a covert human intelligence source the authorisation relates; and
- c) is carried out for the purposes of, or in connection with, the investigation or operation so specified or described.

It is also sensible to make any authorisation sufficiently wide enough to cover all that is required. This will also enable effective monitoring of what is done against that authorised.

The maximum time limit for authorisation is 12 months for an adult CHIS.

The applicant, and the Authorising Officer if required, will attend to obtain judicial approval.

The corporate procedure can be found at Appendix 6.

### 9.3.3 Operational Considerations

The Authorising Officer must consider the safety and welfare of the source person acting as a Covert Human Intelligence Source and the foreseeable consequences to others of the

tasks they are asked to carry out. A risk assessment should be carried out before authorisation is given. Consideration from the start, for the safety and welfare of the source person, even after cancellation of the authorisation, needs to be considered.

The Applicant will have day-to-day responsibility for dealing with the source person and for the source person's security and welfare. They will be termed the **handler**. They will have responsibility for

- Dealing with the CHIS on behalf of the authority
- Directing the day-to-day activities of the CHIS
- Recording accurate and proper information supplied by the CHIS
- Monitoring the CHIS's security and welfare

A senior manager, not the Authorising Officer, will always have general oversight of the use made of the source person and maintaining a record of such use. They will be termed the **controller** in accordance with the codes of practice. They will be responsible for the management and supervision of the handler and general oversight of the use of the CHIS.

The senior manager will need to comply with the Regulation of Investigatory Powers (Source Records) Regulations which requires that certain records be kept relating to each source. Each Authorising Officer has a copy of the aforesaid Regulations.

#### 9.4 Operation involving multiple CHIS

A single authorisation may be used to authorise more than one CHIS. However, this is only likely to be appropriate for operations involving the conduct of several individual operatives acting as a CHIS in situations where the activities to be authorised, the subjects of the operation, the interference with private or family life, the likely collateral intrusion and the environmental or operational risk assessments are the same for each officer. If an authorisation includes more than one relevant source, each relevant source must be clearly identifiable within the documentation. In these circumstances, adequate records must be kept of the length of deployment of a relevant source to ensure the enhanced authorisation process set out in the 2013 Relevant Sources Order and Annex B of the Code of Practice can be adhered to.

#### 9.5 Use of a Juvenile as a CHIS or in Directed Surveillance

Paragraph 4.2 of the CHIS Code of Practice refers to the use of juveniles in either scenario and how special safeguards also apply to the use or conduct of juveniles. The use of such a person could occur during test purchasing operations. The Code of Practice gives clear guidance:

- On no occasion should the use or conduct of a CHIS under 16 years of age be authorised to give information against their parents or any person who has parental responsibility for them.
- In other cases, authorisations should not be granted unless the special provisions, contained within the Regulation of Investigatory Powers (Juveniles) Order 2000 (as amended), are satisfied.
- Authorisations for use of a juvenile as a CHIS should be granted by the Head of Paid Service i.e., the Chief Executive.
- The duration of such an authorisation is four months from the time of grant or renewal (instead of twelve months), and the authorisation should be subject to at least monthly review.
- For the purpose of these rules, the age test is applied at the time of the grant or renewal of the authorisation.

We must ensure that an appropriate adult is present at any meetings with a CHIS under 16 years of age. The appropriate adult should normally be the parent or guardian of the CHIS, unless they are unavailable or there are specific reasons for excluding them, such as their involvement in the matters being reported upon, or where the CHIS provides a clear reason for their unsuitability. In these circumstances another suitably qualified person should act as appropriate adult, e.g., someone who has personal links to the CHIS or who has professional qualifications that enable them to carry out the role (such as a social worker). Any deployment of a juvenile CHIS should be subject to the enhanced risk assessment process set out in the statutory instrument, and the rationale recorded in writing.

The below give examples of when the juvenile may be a CHIS and when a directed surveillance application may be more appropriate.

CHIS authorisation not needed	CHIS authorisation needed
Intelligence suggests that a local shopkeeper is openly selling alcohol to underage customers, without any questions being asked. A juvenile is engaged and trained by a public authority and then deployed in order to make a purchase of alcohol. In these circumstances any relationship, if established at all, is likely to be so limited regarding the requirements of the 2000 Act that a public authority may conclude that a CHIS authorisation is unnecessary. However, if the test purchaser is wearing recording equipment but is not authorised as a CHIS,	In similar circumstances, intelligence suggests that a shopkeeper will sell alcohol to juveniles from a room at the back of the shop, providing they have first got to know and trust them. As a consequence, the public authority decides to deploy its operative on several occasions, to befriend the shopkeeper and gain their trust, in order to purchase alcohol. In these circumstances a relationship has been established and maintained for a covert purpose and therefore a CHIS authorisation should be obtained.

consideration should be given to granting a directed surveillance authorisation.	
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## 9.6 Security and welfare

When considering deploying a CHIS, the council should take into account the safety and welfare of that CHIS when carrying out actions in relation to an authorisation or tasking, and the foreseeable consequences to others of that deployment/tasking.

Before authorising the use or conduct of a CHIS, the authorising officer should ensure that a risk assessment is carried out to determine the risk to the CHIS of any deployment and the likely consequences should the role of the CHIS become known. This should consider the risks relating to the specific tasking and circumstances of each authorisation separately and should be updated to reflect developments during the course of the deployment, as well as after the deployment if contact is maintained.

The ongoing security and welfare of the CHIS, after the cancellation of the authorisation, should also be considered at the outset and reviewed throughout the period of authorised activity by that CHIS.

Consideration should also be given to the management of any requirement to disclose information which could risk revealing the existence or identity of a CHIS. For example, this could be by means of disclosure to a court or tribunal, or any other circumstances where disclosure of information may be required, and strategies for minimising the risks to the CHIS or others should be put in place. Additional guidance about protecting the identity of the CHIS is provided at paragraphs 8.22 to 8.25 of the CHIS Code of Practice.

The CHIS handler is responsible for bringing to the attention of the CHIS controller any concerns about the personal circumstances of the CHIS, insofar as they might affect:

- the validity of the risk assessment;
- the conduct of the CHIS; and
- the safety and welfare of the CHIS.

Where appropriate, concerns about such matters must be considered by the authorising officer, and a decision taken on whether to allow the authorisation to continue.

## 9.7 Considering a Covert Human Intelligence Source (CHIS) authorisation in social media/internet investigations

Any council officer or person acting on their behalf, who conducts activity on the internet in such a way that they may interact with others, whether via publicly open websites such as an online news and social networking service, or more private exchanges such as e-messaging sites, in circumstances where the other parties could not reasonably be expected to know their true identity, should consider whether the activity requires a CHIS authorisation.

A directed surveillance authorisation should also be considered, unless the acquisition of that information is or will be covered by the terms of an applicable CHIS authorisation.

### 9.7.1 Tasking someone to use a profile for covert reasons

Where someone, such as an employee or member of the public, is tasked by the council to use an internet profile to establish or maintain a relationship with a subject of interest for a covert purpose, or otherwise undertakes such activity on behalf of the public authority, in order to obtain or provide access to information, a CHIS authorisation is likely to be required.

Example of when CHIS authorisation is needed
<ul style="list-style-type: none"> <li>• An investigator using the internet to engage with a subject of interest at the start of an operation, in order to ascertain information or facilitate a meeting in person.</li> <li>• Directing a member of the public (such as a CHIS) to use their own or another internet profile to establish or maintain a relationship with a subject of interest for a covert purpose.</li> <li>• Joining chat rooms with a view to interacting with a criminal group in order to obtain information about their criminal activities.</li> </ul>

### 9.7.2 Registering to access a site

A CHIS authorisation will not always be appropriate or necessary for online investigation or research. Some websites require a user to register providing personal identifiers (such as name and phone number) before access to the site will be permitted. Where an officer sets up a false identity for this purpose, this does not in itself amount to establishing a relationship, and a CHIS authorisation would not immediately be required, though consideration should be given to the need for a directed surveillance authorisation if the conduct is likely to result in the acquisition of private information, and the other relevant criteria are met.

Example of when CHIS authorisation is not needed	Example of when CHIS authorisation is needed
A Trading Standards officer intends to make a one-off online test purchase of an item on an auction site, to investigate intelligence that counterfeit goods are being	A Trading Standards officer tasks a member of the public to purchase goods from a number of websites to obtain information about the identity of the seller,

<p>sold. The officer concludes the purchase and does not correspond privately with the seller or leave feedback on the site. No covert relationship is formed, and a CHIS authorisation need not be sought.</p>	<p>country of origin of the goods and banking arrangements. The individual is required to engage with the seller as necessary to complete the purchases. The deployment should be covered by a CHIS authorisation because of the intention to establish a relationship for covert purposes.</p>
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### 9.7.3 Use of Likes and Follows

Where a website or social media account requires a minimal level of interaction, such as sending or receiving a friend request before access is permitted, this may not in itself amount to establishing a relationship. Equally, the use of electronic gestures such as “like” or “follow” to react to information posted by others online would not, in itself, constitute forming a relationship. However, it should be borne in mind that entering a website or responding on these terms may lead to further interaction with other users and a CHIS authorisation should be obtained if it is intended for a council officer or a CHIS to engage in such interaction to obtain, provide access to or disclose information.

Example of when CHIS authorisation is not needed	Example of when CHIS authorisation is needed
<p>An officer maintains a false persona, unconnected to law enforcement activities, on social media sites in order to facilitate future operational research or investigation. As part of the legend building activity, they “follow” a variety of people and entities and “likes” occasional posts without engaging further. No relationship is formed, and no CHIS authorisation is needed.</p>	<p>The officer sends a request to join a closed group known to be administered by a subject of interest, connected to a specific investigation. A directed surveillance authorisation would be needed to cover the proposed covert monitoring of the site. Once accepted into the group it becomes apparent that further interaction is necessary. This should be authorised by means of a CHIS authorisation.</p>

### 9.7.4 The identity being used

When engaging in conduct as a CHIS, a council officer should not adopt the identity of a person known, or likely to be known, to the subject of interest or users of the site without considering the need for authorisation. Full consideration should be given to the potential risks posed by that activity.

### 9.7.5 Risk Assessment

Where use of the internet is part of the tasking of a CHIS, the risk assessment carried out in accordance with section 6.13 of the CHIS Code of Practice should include consideration of the risks arising from that online activity including factors such as the length of time spent online and the material to which the CHIS may be exposed. This should also take account of

any disparity between the technical skills of the CHIS and those of the handler or authorising officer, and the extent to which this may impact on the effectiveness of oversight.

Where it is intended that more than one officer will share the same online persona, each officer should be clearly identifiable within the overarching authorisation for that operation, providing clear information about the conduct required of each officer and including risk assessments in relation to each officer involved.

## 10. Use of social media/internet in investigations

The use of the internet and social media sites such as Facebook, Instagram and Twitter in an investigation is permitted and may be a means of gathering intelligence. In accessing such sites, officers must consider the issues of privacy and collateral intrusion. The Revised Code of Practice sections 3.10 to 3.17 provides good guidance on the subject.

Even though a person may have placed information about themselves or others in the public arena, they have done so with an expectation of a degree of privacy. Viewing information on the internet may constitute covert surveillance, particularly if there is monitoring of subjects involved for example to establish patterns of behaviour. Appendix 10 may assist officers in assessing whether their actions can be considered to be surveillance.

Where information about an individual is placed on a publicly accessible database such as Companies House, then they are unlikely to have expectations of privacy.

If an investigating officer enters into a 'conversation' with a profile, and the officer informs them that he is contacting them in his role as an employee of the council, then this contact will be overt, and no authorisation will be required.

Where the activity does not include monitoring of material in the public domain, RIPA will not apply. If repeated visits to a site are made, then this will constitute monitoring and consideration needs to be given to the use of social media or the internet as part of that investigation.

The following from the Code of Practice is a guide of factors to consider

- Whether the investigation or research is directed towards an individual or organisation
- Whether it is likely to result in obtaining private information about a person or group of people
- Whether it is likely to involve visiting internet sites to build up an intelligence picture or profile

- Whether the information obtained will be recorded and retained
- Whether the information is likely to provide an observer with a pattern of lifestyle
- Whether the information is being combined with other sources of information or intelligence, which amounts to information relating to a person's private life
- Whether the investigation or research is part of an ongoing piece of work involving repeated viewing of the subject(s)
- Whether it is likely to involve identifying and recording information about third parties, such as friends and family members of the subject of interest, or information posted by third parties, that may include private information and therefore constitute collateral intrusion into the privacy of these third parties

Any similar activity carried out on the council's behalf by a third party then this may still require a directed surveillance authorisation.

### 10.1 "Public setting"

If an investigating officer views for example a Facebook profile with whom they are not 'friends' which is not protected by any privacy settings the information can be treated as being in the public domain. Any initial viewing/visiting of this profile will be overt and authorisation under RIPA will not be required.

If the officer frequently or regularly views the same individual's profile this is considered targeted surveillance and a RIPA authorisation is required, should it meet the stated RIPA test in this policy. If it does not, then the officer should be able to show that they have considered whether RIPA applied.

### 10.2 Using a covert accounts and identities

Where officers are building and maintaining a relationship with an individual without that individual knowing the true nature for the purposes of an investigation, this may require an application for the use of a CHIS. Guidance is provided in section

If officers create a false or covert identity, this must only be created with the approval of an Authorising Officer and the CMO must be informed. All use of the identity must be logged and reported to the CMO.

Any use of the internet in an investigation must be fully documented, Appendix 10 may be used as a template.

### 10.3 Council policy on reviewing use of social media during investigation

Misuse of council devices or misuse of social media may be considered in line with the relevant disciplinary policy. Any usage should be considered in line with the council's social media policy and this policy.

Both councils have the capability to "audit" the use of social media sites by individual user's profile in line with the appropriate IT policies. The council will undertake such an audit in the event of a complaint or concern that social media has been misused or accessed during an investigation where RIPA may apply and has not been appropriately applied for. The concern will be raised with the Central Monitoring Officer and Data Protection Officer who will advise on the appropriate procedure.

The council may also undertake spot check audits where investigators or staff will be required to detail the reason for access.

## 11. Surveillance Application and Authorisation Process

Should the criteria be met, an officer will need to submit a directed surveillance application form to an authorising officer. The application form must be the latest version available on the Home Office website to ensure we are using the most up to date.

All sections relevant to the application must be completed and in a manner in which any authorising officer can understand i.e., it is not necessary for the authorising officer to be a specialist in the applicant's area.

The application must contain the following information

- A description of the investigation to date includes details of the alleged offence which meets the crime threshold, details of subjects involved and an intelligence evaluation
- The conduct to be authorised must be described in detail
- Assessments of the local area, health and safety and risk have been completed
- Confirm the purpose of the operation and what it hopes to achieve
- What the operation will entail e.g., static, mobile, use of cameras.
- Where it will take place, when and how long will it last, remembering to be proportionate
- A description of what information will be obtained and how this will assist the investigation
- Explain why the directed surveillance is necessary i.e., it meets the crime threshold
- Explain the potential for collateral intrusion, why it is unavoidable and how it will be minimised.
- Explain how this is proportionate to what it seeks to achieve.
- Explain whether there is the likelihood of obtaining confidential information as defined by the codes of practice. This must be answered yes or no – stating that it is unlikely will not be accepted as this suggests it remains a possibility

This application should be submitted to the Authorising Officer to consider.

An authorising officer must review each case on its merits and explain why they authorise the conduct, considering necessity and proportionality along with any collateral intrusion.

Prior to seeking judicial approval, the application must be submitted to the CMO who will allocate a unique reference number. The corporate procedure for obtaining judicial approval should be adhered to. The CMO must be notified of the outcome and provided with a copy of the approval/refusal supplied.

## 11.1 Combined or Joint Services

As the Council works with its partner agencies such as Cambridgeshire Police or Cambridgeshire Fire and Rescue then consideration must be given to who makes the application and authorise. In a joint operation, one agency must be assigned as the lead and will obtain authorisation. If it is not the Council, we will still record this activity and ensure that our central record reflects this.

In instances where it is a joint or shared service, the appropriate lead authority must make the application with due regard for the governance arrangements at partner authorities.

Paragraph 4.31 of the Codes of Practice advises that where possible, public authorities should seek to avoid duplication of authorisations as part of a single investigation or operation. For example, where two agencies are conducting directed or intrusive surveillance as part of a joint operation, only one authorisation is required. Duplication of authorisations does not affect the lawfulness of the activities to be conducted but may create an unnecessary administrative burden on authorities.

If the Council is tasked to undertake the surveillance on behalf of another agency, then that agency should obtain authorisation. Council officers should ensure that they clearly understand the precise nature of what has been authorised to ensure that they comply. Council officers must only undertake surveillance activity in line with this policy and the limitations of activities placed on local authorities by the Protection of Freedoms Act 2012.

It may be necessary for the councils to work with a third party who are not considered a public authority by the Act. In those cases, the third party are acting as an agent for the council and therefore an authorisation should be considered by the councils.

## 11.2 Combined Authorisations

In line with Codes of Practice paragraph 4.17, a single authorisation may combine two or more different authorisations under RIPA however the provisions applicable for each of the authorisations must be considered separately by the appropriate authorising officer. It does not preclude the obtaining of separate authorisations.

## 11.3 Lapse of Authorisations

Authorisation should not be allowed to lapse. They should be reviewed and cancelled or renewed. However, the legal position regarding lapse is as follows: -

Covert Human Intelligence Source - 12 months from the date of the approval of a magistrate (or last renewal) for adult or 4 months for a juvenile.

Directed Surveillance – 3 months from the date of approval of a magistrate or last renewal.

#### 11.4 Renewal of Authorisations

A Magistrate will be responsible for renewing an existing authorisation in the same terms at any time before it ceases to have effect. Prior to this, the Authorising Officer should ensure a review has been carried out using the same criteria as if it were a new application.

For the conduct of a Covert Human Intelligence Source, this should not be renewed unless a review has been carried out and that person has considered the results of the review when deciding whether to renew or not. A review must cover what use has been made of the source, the tasks given to them, and information obtained. The renewal must receive judicial approval.

Authorising Officers are responsible for ensuring that authorisations undergo timely reviews and are cancelled promptly after directed surveillance activity is no longer necessary.

#### 11.5 Retention Period for Authorisations

Directed surveillance authorisations (together with the Application reviews, renewals and cancellation) should be retained by the Authorising Officer, for a period of 3 years.

Authorisations for a CHIS ((together with the Application reviews, renewals and cancellation) should be retained by the Authorising Officer, for a period must be retained for a period of 5 years. Where it is believed that the records could be relevant to pending or future criminal proceedings, they should be retained for a suitable further period, commensurate to any subsequent review. It is each department's responsibility to securely retain all authorisations within their departments.

#### 11.6 Reviews of Authorisations

Regular review of authorisations should be undertaken to assess the need for the surveillance/CHIS to continue. The results of the review need to be sent for recording on the Central Register.

#### 11.7 Cancellation of Authorisations

The Authorising Officer who granted or last renewed the authorisation must cancel it if he is satisfied the authorisation no longer meets the criteria upon which it was authorised. No authorisation should be left to simply expire.

The applicant must also undertake a review throughout the matter and inform the Authorising Officer if the authorisation is no longer required.

The process for cancellation is for the investigating officer to submit the cancellation form to the Authorising Officer. This cancellation should detail the reason for cancellation, the benefits or issues arising of the operation and any outcome. It should also include the time spent on the operation. A copy of this form must be forwarded to the CMO to retain on the central record.

### 11.8 Immediate response to situations

The ability for a local authority to grant urgent oral authorisation for use of RIPA is not permitted. It is recognised that council officers find themselves in a situation where they need to carry out some form of surveillance without the time to complete a form and obtain authorisations. In these instances, the officer should obtain authorisation from their line manager and also record their reasons, actions, what was observed and be prepared to explain their decisions.

## 12. Data Protection & Data Assurance

All material obtained by the councils during authorised activities such as photographs, videos, and notes should be protected against loss and alteration. The councils have data protection policies and ICT security policies to ensure that the councils are compliant with the handling of such information.

Authorising officers must ensure compliance with the appropriate data protection requirement such as a data protection impact assessment if necessary as well as the relevant codes of practice in the handling and storage of material.

### Information, materials and evidence collected during an investigation

Generally, all material (in whatever media) obtained or produced during the course of investigations subject to RIPA authorisations should be processed, stored and destroyed in accordance with the requirements of the UK General Data Protection Regulation, Data Protection Act 2018, the Freedom of Information Act 2000, any other legal requirements, including those of confidentiality, and the councils' policies and procedures currently in force relating to document retention. These are available on both councils' intranets in the Information Governance sections.

The following paragraphs give guidance on some specific situations, but advice should be sought from the RIPA Monitoring Officer or the Senior Responsible Officer where appropriate.

- Where material is obtained during the course of an investigation which might be relevant to that investigation, or another investigation, or to pending or future civil or criminal proceedings, then it should not be destroyed, but retained in accordance with legal disclosure requirements. All such material should be clearly labelled and stored in such a way to enable compliance with data retention and disposal.
- Where material is obtained, which is not related to a criminal or other investigation or to any person who is the subject of the investigation, and there is no reason to believe that it will be relevant to any future civil or criminal proceedings, it should be destroyed immediately. Consideration of whether unrelated material should be destroyed is the responsibility of the Authorising Officer.
- RIPA does not prevent material obtained through the proper use of the authorisation procedures from being used in other investigations. However, the use outside the councils of any material obtained by means of covert surveillance, unless directed by court order, and other than in pursuance of the grounds on which it was obtained requires authorisation by the Senior Responsible Officer.

## 12.1 Sharing information

Material obtained should only be shared with individuals within the authority and external partners where this is permitted by legislation, an information sharing agreement or a requirement to disclose. For example, a joint investigation with the Police would require information to be shared as part of that investigation and permitted by data protection legislation.

## 12.2 Publishing CCTV footage to enable suspect identification

Any consideration of publishing images or film of those believed to have committed an offence or have involvement in an offence must consider the rights and privacy of anyone in those images or film. Failure to do so may result in a breach of data protection legislation and lead to regulatory action. The Senior Responsible Officer and Data Protection Officer must be consulted ahead of any decision.

## 12.3 Storage

Any material obtained must be stored securely, either electronically or physically, and access only provided to those who have the appropriate clearance for access. Physical information must be protected by an adequate level of security such as locked rooms or a safe with a log of access kept.

## 12.4 Destruction

Information will be destroyed securely in line with retention requirements and its retention will be reviewed accordingly.

## 13. Other Factors

### 13.1 Spiritual Counselling

No operations should be taken in circumstances where investigators believe that surveillance will lead to them intruding on spiritual counselling between a Minister and a Member of his/her faith. In this respect, spiritual counselling is defined as conversations with Minister of Religion acting in his-her official capacity where the person being counselled is seeking or the Minister is imparting forgiveness, or absolution of conscience.

### 13.2 Confidential or Privileged Material

Consideration should be given in cases where the subject of the investigation or operation might reasonably assume a high degree of confidentiality. This includes:

- where material contains confidential personal information or communications between a Member of Parliament and another person on constituency business. (9.29 to 9.35)
- confidential journalistic material or where material identifies a journalist's source, (9.36 to 9.46)
- where the material contains information that is legally privileged, (9.47 to 9.75)

Guidance on each of these can be found in the Revised Codes of Practice as noted above. In the event that these types of information may be acquired, officers should consult the Revised Codes of Practice and the SRO.

Directed surveillance likely or intended to result in the acquisition of knowledge of confidential or privileged material may be authorised only by the Chief Executive (or a deputy in their absence). In cases where the likely consequence of the conduct of a Covert Human Intelligence Source would be for any person to acquire knowledge of confidential material, the deployment of the Covert Human Intelligence Source should be subject to consultation with the Chief Executive and Senior Responsible Officer.

In general, any application for an authorisation which is likely to result in the acquisition of confidential material should include an assessment of how likely it is that confidential material will be acquired. Special care should be taken where the target of the investigation is likely to be involved in handling confidential material. Such applications should only be

considered in exceptional and compelling circumstances with full regard to the proportionality issues this raises.

The following general principles apply to confidential material acquired under authorisations:

- Those handling material from such operations should be alert to anything that may fall within the definition of confidential material. If there is doubt as to whether the material is confidential, advice should be sought from the Director of Law and Governance before further dissemination takes place;
- Confidential material should not be retained or copied unless it is necessary for a specified purpose;
- Confidential material should be disseminated only where an appropriate officer (having sought advice from the Director of Law and Governance) is satisfied that it is necessary for a specific purpose;

The retention of dissemination of such information should be accompanied by a clear warning of its confidential nature. It should be safeguarded by taking reasonable steps to ensure that there is no possibility of it becoming available, or its content being known, to any person whose possession of it might prejudice any criminal or civil proceedings related to the information.

Confidential material should be destroyed as soon as it is no longer necessary to retain it for a specified purpose. This should only be with the approval of the Chief Executive and Senior Responsible Officer.

### 13.3 Vulnerable Individuals

The use of a vulnerable individual as a Covert Human Intelligence Source requires authorisation by the Chief Executive or their delegated deputy. The use must always be referred to the Senior Responsible Officer or their deputy for advice prior to authorisation. Such an individual should only be used as a Covert Human Intelligence Source in exceptional circumstances. A vulnerable individual is a person who is or may be in need of community care services by reason of mental or other disability, age or illness and who is or may be unable to take care of himself or herself or unable to protect himself or herself against harm or exploitation.

### 13.4 Community Sensitivities

Officers should always consider whether there are any particular sensitivities within our communities and take these into account if planning surveillance activities in those areas.

## 13.5 Errors

Any error such as activity undertaken which was not authorised or is conducted beyond the directions of the authorising officer. It will also include failure to declare thorough reviews, renewals, cancellation and poor administration. Any such errors must be reported to the SRO and Central Monitoring Officer.

## 14. Central Register of Authorisations

It is a requirement of the revised Code of Practice for Surveillance, paragraph 8.1, that a central register of all authorisations, reviews, renewals, cancellations etc. is maintained and regularly updated. The CMO maintains this Register.

It is the Authorising Officer's responsibility to ensure that any application under RIPA is forwarded to the CMO for central registration **within one week of the relevant authorisation, review, renewal, cancellation or rejection**. Each application will be allocated a Unique Reference Number (URN) at this stage and will be monitored by the CMO to ensure compliance with timescales.

Whenever an authorisation is granted, renewed or cancelled (and this includes authorisations issued by the Police or other third parties using Council CCTV or other facilities) the Authorising Officer must arrange for copies to be forwarded to the CMO. Receipt will be acknowledged.

## 15. Codes of Practice

There are Home Office Codes of Practice that expand on this guidance and copies are held by each Authorising Officer. They can be accessed [here](#) and officers should ensure that they are consulting the latest version.

The Codes do not have the force of statute but are admissible in evidence in any criminal and civil proceedings. As stated in the Codes, "if any provision of the Code appears relevant to a question before any Court or tribunal considering any such proceedings, or to the tribunal established under RIPA, or to one of the commissioners responsible for overseeing the powers conferred by RIPA, it must be taken into account".

## 16. Benefits of Obtaining Authorisation under RIPA

RIPA states that if authorisation confers entitlement to engage in a certain conduct and the conduct is in accordance with the authorisation, then it shall be "lawful for all purposes".

## 17. Acquisition of Communications Data

Communications data means any traffic or any information that is or has been sent via a telecommunications system or postal system, together with information about the use of the system made by any person.

There are two powers granted by S22 RIPA in respect of the acquisition of Communications Data from telecommunications and postal companies (“Communications Companies”).

S22 (3) provides that an authorised person can authorise another person within the same relevant public authority to collect the data. This allows the local authority to collect the communications data themselves, i.e., if a Communications Service Provider is technically unable to collect the data, an authorisation under the section would permit the local authority to collect the communications data themselves.

In order to compel a Communications Service Provider to obtain and disclose, or just disclose Communications Data in their possession, a notice under S22 (4) RIPA must be issued. This must be following the judicial approval process as outlined in Appendix 5.

The sole ground to permit the issuing of a S22 notice by a Permitted Local Authority is for the purposes of “preventing or detecting crime or of preventing disorder”. The issuing of such a notice will be the more common of the two powers utilised, in that the Communications Service Provider will most probably have means of collating and providing the communications data requested.

There is no threshold for subscriber data which can still be acquired for any crime where it is necessary and proportionate to do so. However as of 1 November 2018, there is a crime threshold for the acquisition of service or traffic data which is restricted to “serious crime”. This is defined as:

- An offence capable of attracting a prison sentence of 12 months or more. This can be checked by accessing the Home Office counting rules notifiable offence list.
- An offence by a person who is not an individual i.e., a corporate body
- A Section 81 of RIPA – an offence defined as serious crime such as use of violence, substantial financial gain or large number of people in pursuit of a common purpose
- An offence which integrally involves the sending of a communication
- Breach of privacy offence

Examples of what are non-serious crimes are:

- Certain immigration offences under the Immigration Act 1971; and

- Certain gambling offences under the Gambling Act 2005 including provision of facilities for gambling, use of premises for gambling and offences relating to gambling machines.
- Some sections of the Public Order Act which do not amount to violence (including using offensive words or causing a fear of violence);
- Driving offences, such as: joy riding, driving when disqualified, failure to stop or report an accident and driving when unfit to do so through drink or drugs;
- Some sections of the Consumer Protection Act 1987 i.e. furnishing false information in response to notice, or to enforcement officer.

Once a notice has been issued, it must be sent to the Communications Service Provider. In issuing a notice, the Authorising Officer can authorise another person to liaise with the Communications Service Provider covered by the notice.

### 17.1 Application procedure

Should you wish to make an enquiry, contact should be made with the Head of Regulatory Services to consider the request to be made via Trading Standards who have two named authorised officers. The request will be made through NAFN and their process adhered to.

The applicant and authorising officer will need to explain:

- the purpose of the application in terms of the prevention or detection of crime (section 22(2) (b) of the Act)
- specific information required with reference to paragraph 3.30 of the codes of practice to streamline the process when dealing with number porting and also to take a more proactive approach to data capture such as top up details when identifying the user of a prepaid mobile.
- A description of the offence and how this meets the serious crime threshold if it is for traffic or service data
- why it is relevant
- why it is necessary
- why it is proportionate
- how they will minimise collateral intrusion

A unique reference number should be obtained from the CMO before submission to NAFN. The CMO will record the details.

Once authorised by NAFN, the applicant should follow the procedure for obtaining judicial approval.

## 18. Training

There will be a bi-annual programme of training for officers, which may include face to face or e-learning training. Refresher training will be provided on a biannual basis. Officers may be required to confirm they have read documentation and have understood the intervening times.

Only formally trained Authorised Officers will be permitted to authorised applications.

## 19. Oversight

### 19.1 Members

The use of RIPA powers will be a standing item on the agenda for the Audit Committee at both Peterborough City Council and Cambridgeshire County Council. An annual report will be produced detailing the usage along with any inspections, changes to policy and procedure.

### 19.2 Senior Management

An annual report will be produced detailing the usage along with any inspections, changes to policy and procedure.

## 20. The Investigatory Powers Commissioner's Office

The Investigatory Powers Commissioner will keep under review, the exercise and performance by the persons on who are conferred or imposed, the powers and duties under RIPA. This includes those Authorising Officers authorising Covert Directed Surveillance and the use of Covert Human Intelligence Sources and the maintenance of the Central Register.

A tribunal has been established to consider and determine complaints made under RIPA if it is the appropriate forum. Complaints can be made by persons aggrieved by conduct e.g. direct surveillance. The forum hears application on a judicial review basis. Claims should be brought within one year unless it is just and equitable to extend that.

The tribunal can order, among other things, the quashing or cancellation of any warrant or authorisation and can order destruction of any records or information obtained by using a warrant or authorisation, and records of information held by any public authority in relation to any person. The Councils are however, under a duty to disclose or provide to the tribunal all documents they require if:

- A council officer has granted any authorisation under RIPA.

- council employees have engaged in any conduct as a result of such authorisation.

A disclosure notice requirement is given.

## 21. Relevant case law

There is relevant caselaw which includes but is not limited to:

### R v Johnson

In this case the Court of Appeal provided criteria that must be adopted if premises used for observation purposes by the Police are not to be disclosed in open court.

Should PCC wish not to disclose the premises used for the observation, then following the rational in this case it would appear that the Authorising Officer must be able to testify that immediately prior to trial:

- he/she visited premises to be used for observation
- he/she obtained and recorded the views of the owner and/or occupier in respect of the use made of the premises and the possible consequences of disclosure which could lead to identification of the premises and occupiers.

Such views must be recorded and the record marked as sensitive. If this issue arises please contact the Director of Governance for appropriate advice.

### R v Sutherland 2002

The recording and handling of confidential material (legal privilege) obtained as a result of recording equipment deployed in the exercise area of two police stations. In this matter, the activity exceeded that which had been authorised and the case against Sutherland collapsed. This emphasises the requirement to ensure that all activity is authorised prior to the operation and any errors are reported.

### Peck v United Kingdom [2003]

The applicant was filmed by a CCTV camera operated by Brentwood Borough Council in a public street shortly after he had attempted to commit suicide. The council subsequently released two still photographs taken from the CCTV footage to show the benefits of CCTV. Peck's face was not specifically masked. These pictures subsequently appeared on regional television but his face was masked. Peck sought to challenge the authority's decision but was rejected by the Court of Appeal. He took the matter to the European Court of Human

Rights where he was successful. The case establishes the right to privacy in a public area, even if it is a reduced level.

### Martin v. United Kingdom [2004] European Court App

Alleged disorderly behaviour by M towards neighbour. Local Authority mounted covert surveillance of M on the basis that the surveillance by video was justified as the surveillance was targeted at behaviour which was visible to a neighbour or passerby. Claim of Article 8 infringement settled by agreement with damages awarded to Martin.

### R v. Button and Tannahill 2005

Audio and video recording of defendants while in police custody. Audio recording had been RIPA authorised; video recording was not authorised. Video record admitted in evidence although common ground that it had been unauthorised and so obtained unlawfully (in breach of s.6 Human Rights Act 1998). *It was argued on appeal that the trial Court was itself in breach of s.6 by admitting the evidence. Held that the breach of article 8 related to the intrusion upon private life involved in the covert surveillance. So far as a trial Court is concerned: any such breach of article 8 is subsumed by the article 6 (and P.A.C.E.) duty to ensure a fair trial. The trial judge had not acted unlawfully by admitting the evidence.*

### C v The Police and the Secretary of State for the Home Department (2006, No: IPT/03/32/H)

A former police sergeant (C), having retired in 2001, made a claim for a back injury he sustained after tripping on a carpet in a police station. He was awarded damages and an enhanced pension due to the injuries. In 2002, the police instructed a firm of private detectives to observe C to see if he was doing anything that was inconsistent with his claimed injuries. Video footage showed him mowing the lawn. C sued the police claiming that they had carried out Directed Surveillance under RIPA without an authorisation. The Tribunal ruled that this was not the type of surveillance that RIPA was enacted to regulate. It made the distinction between the ordinary functions and the core functions of a public authority:

“The specific core functions and the regulatory powers which go with them are identifiable as distinct from the ordinary functions of public authorities shared by all authorities, such as the employment of staff and the making of contracts. There is no real reason why the performance of the ordinary functions of a public authority should fall within the RIPA regime, which is concerned with the regulation of certain investigatory powers, not with the regulation of employees or of suppliers and service providers.

## AB v Hampshire Constabulary (Investigatory Powers Tribunal ruling 5 February 2019)

This case relates to whether the use of body worn cameras can amount to surveillance as defined by legislation. In this matter, the Tribunal concluded that in this case video recording was capable of amounting to surveillance under Part II of RIPA (2000). The decision can be viewed here. <https://www.ipt-uk.com/docs/IPT%20Judgment%20-%20AB%20v%20Hants%20Constabulary.pdf>

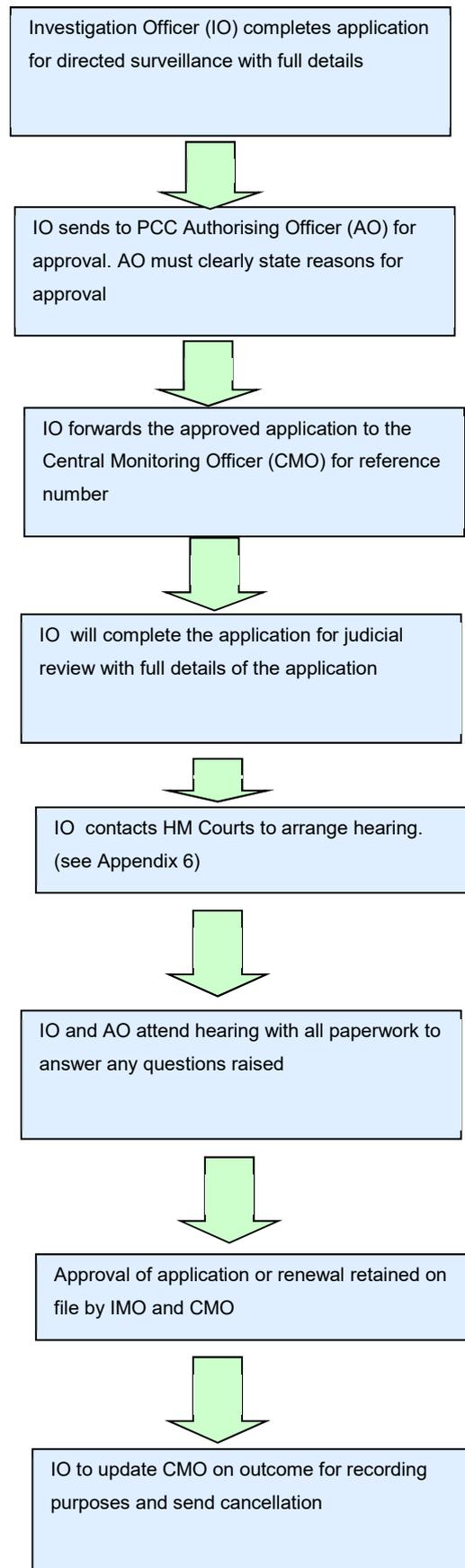
## Gary Davies v British Transport Police (Investigatory Powers Tribunal 5 February 2019)

British Transport Police undertook unauthorised surveillance which led to a public arrest and a press release publicising the alleged offences. Mr Davies was subsequently acquitted by a jury. British Transport Police officers had no proper understanding of the legal requirements for such surveillance and should have obtained authorisation. The surveillance was ruled unlawful. The Tribunal rejected the British Transport Police claim that the breach was technical as authorisation could and would have been obtained. This was rejected because the case against Mr Davies required further inquiries to have been made for authorisation to be possible. The Tribunal awarded Mr Davies costs of the criminal trial and also £25,000 in compensation for damages to his reputation suffered and harm caused.

## APPENDIX 1 Officers (RIPA)

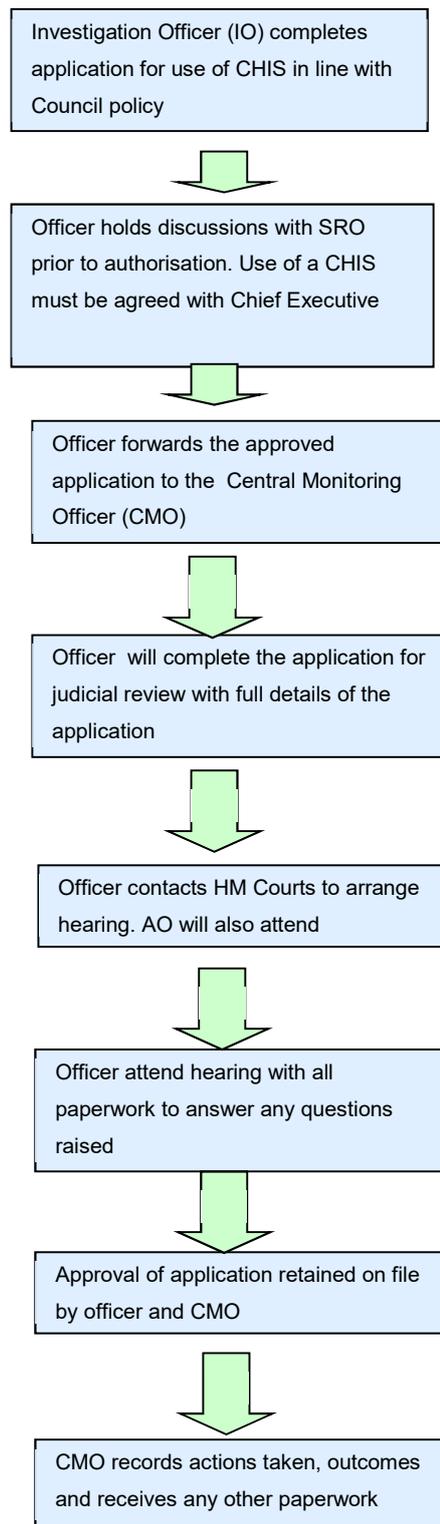
Senior Responsible Officer			
Fiona McMillan	Director of Law & Governance, PCC & CCC	01733 452361	fiona.mcmillan@peterborough.gov.uk fiona.mcmillan@cambridgeshire.gov.uk
Authorising Officers			
Peter Gell	Assistant Director, Regulatory Services PCC & CCC	01733 453419	peter.gell@peterborough.gov.uk
Rob Hill	Assistant Director, Communities & Safety PCC & CCC	01733 864715	rob.hill@peterborough.gov.uk
Central Monitoring Officer for PCC and CCC			
Ben Stevenson	PCC	01733 452387	Ben.stevenson@peterborough.gov.uk

## APPENDIX 2 Procedure for directed surveillance application

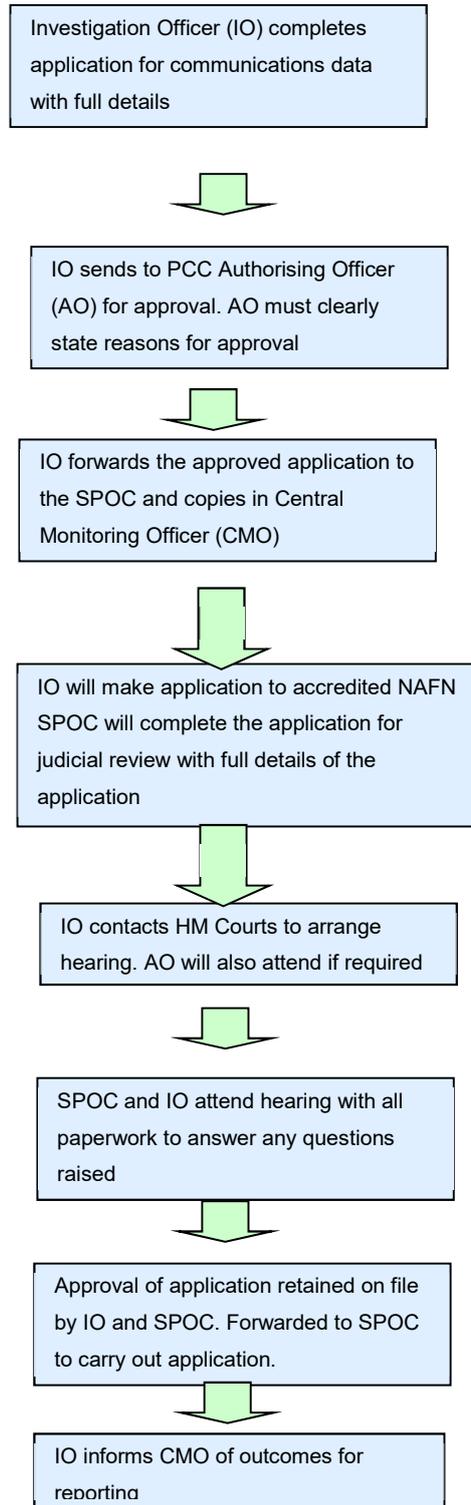


## APPENDIX 3 Procedure use of Covert Human Intelligence

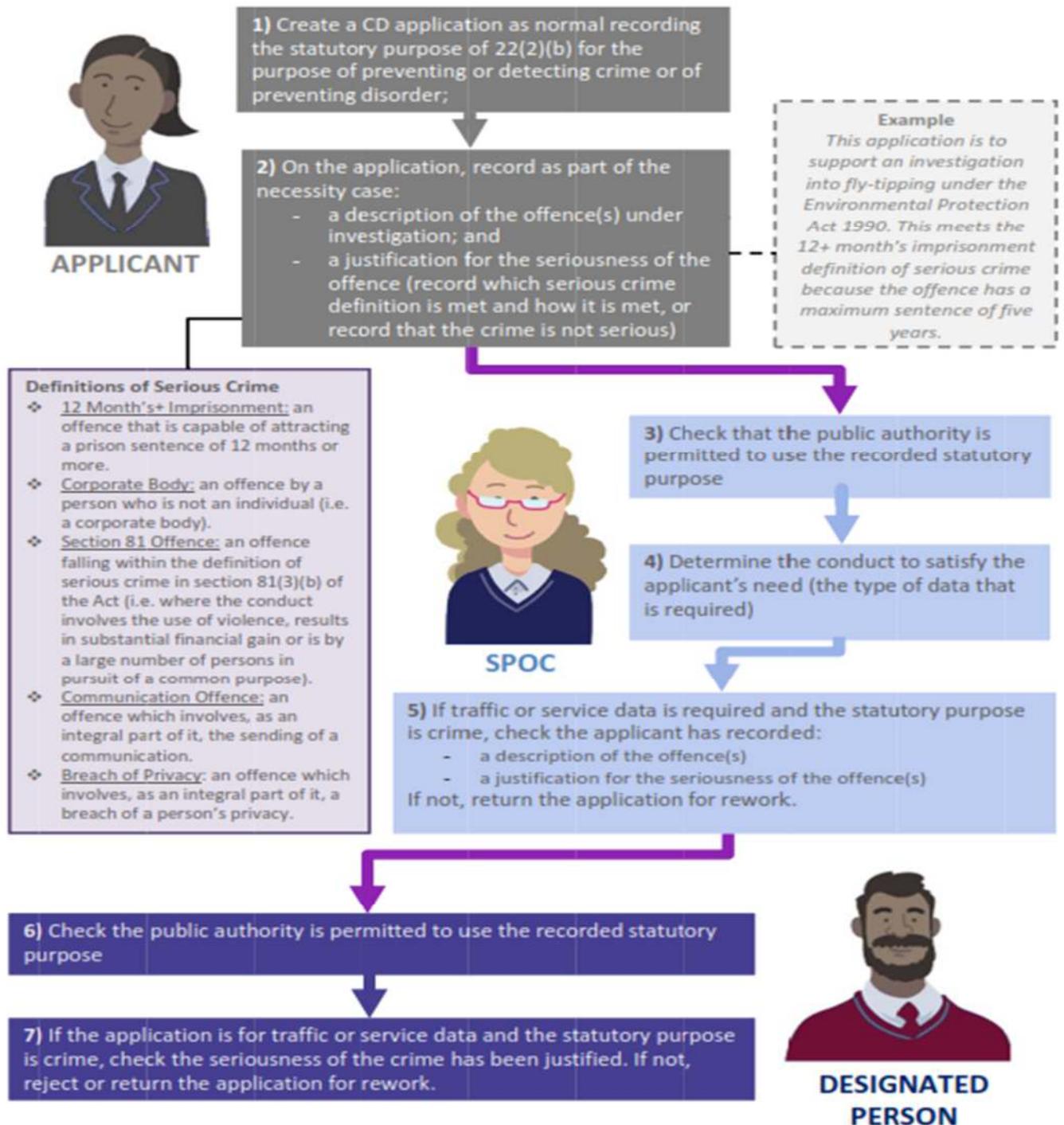
### Source



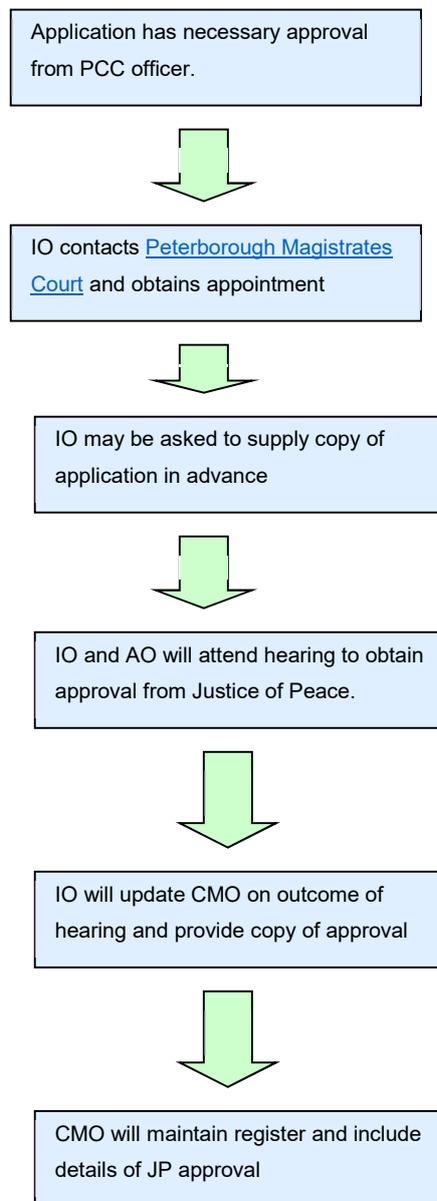
## APPENDIX 4 Procedure for obtaining communications data



## APPENDIX 5 Flow Chart of Changes to Communications Data (November 2018 onwards)



## APPENDIX 6 Procedure for obtaining judicial approval



## APPENDIX 7 Surveillance Assessment

	Notes
<p>Specific location</p> <ul style="list-style-type: none"> <li>• Type of property</li> <li>• Residents</li> <li>• Number and locations of entrances/exits</li> <li>• Vehicular access</li> <li>• Any obstructions</li> <li>• Any risks</li> </ul>	
<p>General Area</p> <ul style="list-style-type: none"> <li>• Type of area e.g. residential or commercial</li> <li>• Shops in locality</li> <li>• Schools</li> <li>• Any potential hazards</li> </ul>	
<p>Subject</p> <ul style="list-style-type: none"> <li>• Identity</li> <li>• Potentially violent</li> <li>• Vehicles used</li> <li>• Any known other sites</li> </ul>	
<p>Collateral intrusion</p> <ul style="list-style-type: none"> <li>• Detail any other individuals of whom private information may be captured</li> <li>• Associates</li> <li>• Family Children</li> <li>• How will it be limited e.g. times, techniques</li> </ul>	
<p>Observation Point</p> <ul style="list-style-type: none"> <li>• Is location approved?</li> <li>• Does it require use of another building?</li> <li>• Routes to and from</li> <li>• In event of discovery of operation, agreed movement</li> </ul>	
<p>Equipment</p>	

<ul style="list-style-type: none"> <li>• What is being used?</li> <li>• Do they work?</li> <li>• Any issues regarding signal reception on phones</li> </ul>		
Health and Safety Assessment		
Hazard (including who may be harmed)	Level of Risk	Mitigating controls

## APPENDIX 8 – Non RIPA Applications

### RIPA Determination Checklist

Name of Applicant		Team	
Service			
Directorate			
Line Manager			
<p>I have considered the following and confirm that no activity requiring authorisation under RIPA is required.</p> <p>If the answer is yes to each question then RIPA <u>did or does</u> apply.</p>			
Is or was activity considered to be covert surveillance?	Yes	No	
Is or was the surveillance directed?	Yes	No	
Is or was the investigation into a criminal offence?	Yes	No	
Is or was confidential or private information likely to be obtained?	Yes	No	
Did or does the offence meet the crime threshold?	Yes	No	
Signed			
<p>Line Manager/File Review:</p> <p>I have reviewed and considered that there has been no activity which required authorisation under RIPA.</p>			
Name:			
Signed:			

Date:

## APPENDIX 9 - Social Media/Internet Access Log

Name of Applicant		Team	
Service			
Directorate			
Line Manager			
Case including reference			

Visits number	Date	Site Accessed	Reason	Information obtained	Public or Private?

Please note repeated visits will be considered monitoring and you should seek advice on making an appropriate application

You should not use a false identity or build/maintain a relationship to obtain private information about someone.

If you have obtained private information then you should consider an appropriate application

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<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 6</b>
<b>28 NOVEMBER 2022</b>	<b>PUBLIC REPORT</b>

Report of:	Cecilie Booth, Executive Director of Corporate Services	
Cabinet Member(s) responsible:	Councillor Coles, Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Belinda Evans Complaint Manager	Tel. 01733 296331

**ANNUAL REPORT OF CORPORATE COMPLAINTS 2021/22**

RECOMMENDATIONS	
<b>FROM: Belinda Evans Complaint Manager</b>	<b>Deadline date: N/A</b>
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> <li>1. Note the changes to the complaints process required following a recommendation from the Local Government &amp; Social Care Ombudsman. – contained within Appendix B.</li> <li>2. Review the report and recommend areas for future scrutiny</li> </ol>	

**1. ORIGIN OF REPORT**

1.1 This report has been an annual item, previously presented to the Growth, Environment and Resources Scrutiny Committee. After a gap of two years in reporting due to the pandemic, the previous Director of Legal & Governance confirmed that this report should be presented to Audit Committee annually going forward. The Chief Executive has asked that in future years the report includes an overview of complaints that follow the statutory social care processes also.

**2. PURPOSE AND REASON FOR REPORT**

2.1 The effective management of complaints is important to ensure action is taken when customers express dissatisfaction about the delivery of any of our services. Complaints are also an important factor to aid in the identification of service improvements. Failing to take customer concerns seriously would impact the reputation of the Council and Scrutiny of the complaints process and performance on complaint handling across the Authority helps to identify areas for further scrutiny.

2.2 This report is for Audit Committee to consider under its Terms of Reference No. 2.2.2.16

To monitor Council policies on "raising concerns at work" and the anti-fraud and anticorruption strategy and the Council's complaints process.

**3. TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	
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## 4. BACKGROUND AND KEY ISSUES

- 4.1 The corporate complaints process is used to facilitate complaints made by members of the public about council services where an alternative form of appeal or dispute resolution process is not available. Since 2015 this has been a two-stage process involving local resolution by the appropriate service at the first stage and a review by the Chief Internal Auditor at the second stage.

The management and monitoring of the complaints process is carried out by the Central Complaints office which is part of the Customer services department. This team are responsible for receiving complaints from the public, registering complaints and arranging for response by the appropriate service area. They also handle all contact with the Local Government & Social Care Ombudsman who provides an annual review of the council's performance on complaints which is attached.

The report contained at Appendix A provides detailed performance information for the 12 months period from April 2021 to March 2022.

Key areas highlighted are :

- Complaint volumes have returned to pre-covid levels
- High rate of resolution of complaints at the local service level
- The rate of Upheld and Partially Upheld cases indicates that service failures are recognized and rectified
- The Complaints process should be further improved

## 5. CORPORATE PRIORITIES

- 5.1 *The report impacts a number of the Corporate Priorities and is outlined below:*

1. *Our Places & Communities*
  - *Places and Safety (including any rural implications)*
  - *Lives and Work*
  - *Health and Wellbeing*

***Many complaints are about problems with the physical environment and processing requests promptly helps support the councils ambition to provide and safe and healthy environment.***

2. *Prevention, Independence & Resilience*
  - *Educations and Skills for All*
  - *Adults*
  - *Children*

***Receiving complaints from people who are struggling helps us to intervene early and signpost customers to forms of support.***

3. *Sustainable Future City Council*
  - *How we Work*
  - *How we Serve*
  - *How we Enable*

***Complaints give us rich data & insight into how services are experienced by the people we serve and improvements that can be made.***

## **6. CONSULTATION**

- 6.1 This report has been considered by Corporate Leadership Team (CLT) on 25<sup>th</sup> October 2022 who have approved the changes to the complaints process contained within Appendix B.

## **7. ANTICIPATED OUTCOMES OR IMPACT**

- 7.1 Areas for further scrutiny may be identified. Improvements to the complaint procedure should ensure all complaints are complaint with timescales.

## **8. REASON FOR THE RECOMMENDATION**

- 8.1 Further scrutiny of complaints data can help to identify areas for service improvement, increase customer satisfaction with council services and may help to reduce service failures and inefficiencies. Process changes are required as requested by the Local Government and Social Care Ombudsman

## **9. ALTERNATIVE OPTIONS CONSIDERED**

- 9.1 None Considered

## **10. IMPLICATIONS**

### **Financial Implications**

- 10.1 There are no financial implications

### **Legal Implications**

- 10.2 There are no legal implications

### **Equalities Implications**

- 10.3 There are no equality implications

## **11. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 11.1 Local Government and Social Care Ombudsman Annual Letter 2022 – Peterborough City Council (<https://www.lgo.org.uk/documents/councilperformance/2022/peterborough%20city%20council.pdf>)  
Local Government and Social Care Ombudsman Review of Local Government Complaints 2021/22  
<https://www.lgo.org.uk/information-centre/reports/annual-review-reports/local-government-complaint-reviews>

## **12. APPENDICES**

- 12.1 Appendix A - Complaints Monitoring Report 2021-22  
Appendix B – Improvements to existing Complaints Procedure  
Appendix C - Service Improvements 2021-22  
Appendix D - Compliments 2021-22

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## **Appendix A - COMPLAINTS MONITORING REPORT 2021/22**

### **Purpose of Report**

This report contains data regarding the council's formal Corporate Complaints Procedure from 2019/20, 2020/21 and 2021/22.

Reporting on corporate complaints was postponed due to the pandemic when there was a temporary suspension of some complaint activities.

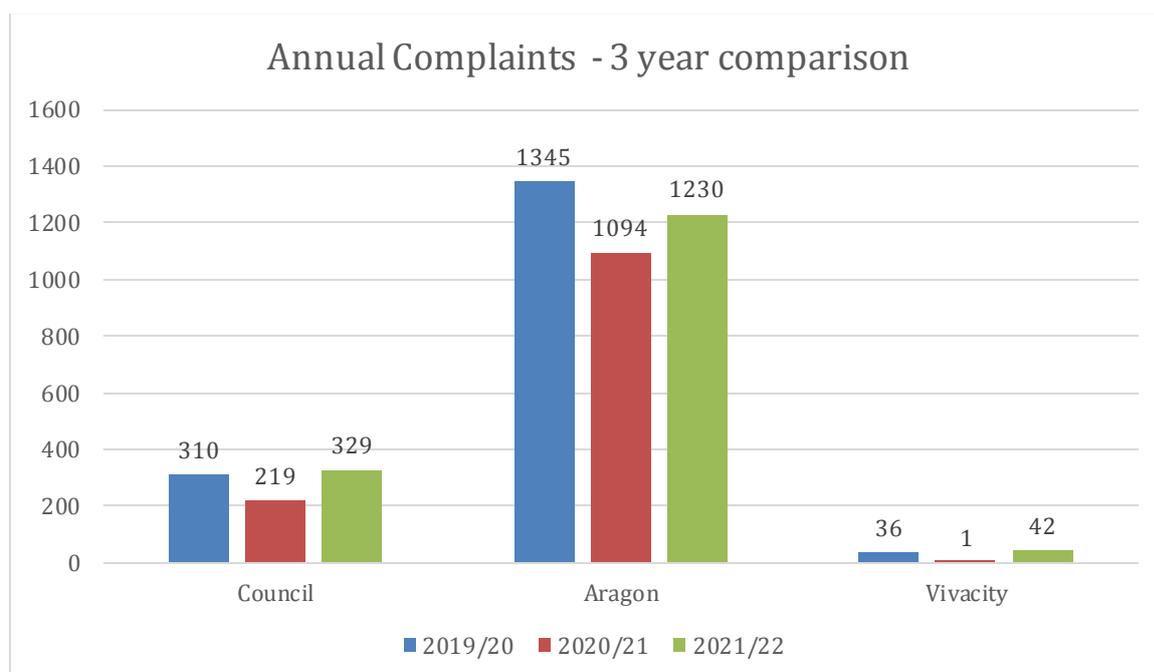
The overall volumes are provided for 2019/20 & 2020/21 with more detailed analysis provided for 2021/22.

As well as complaints following the council complaints process it also provides brief data about complaints received by Aragon and Vivacity who deliver some council services and have their own distinct complaint procedures.

Not included here are statutory complaints for both Adults and Children's Social Care which are reported to separate scrutiny committees. There are also many statutory Appeals and review processes; issues following these routes which are not counted as complaints and are not reported here.

### **Complaint Volumes**

**Figure 1. – Total corporate and partner complaints received 2019/20 – 2021/22**



Overall complaints to the council have returned to pre-covid levels. The same can be seen regarding complaints about waste and ground maintenance services provided by Aragon which saw a reduction during the year 2020-21 as some services were reduced due to the resource pressures on the provision of waste services during the pandemic.

Vivacity volumes during 2020-21 were not obtained as the service reverted to the council during that year. The service is now split into two providers, with Culture services provided by the City College and Sports services managed by Peterborough Limited. The volume for 2021-22 is the total of complaints across both these services

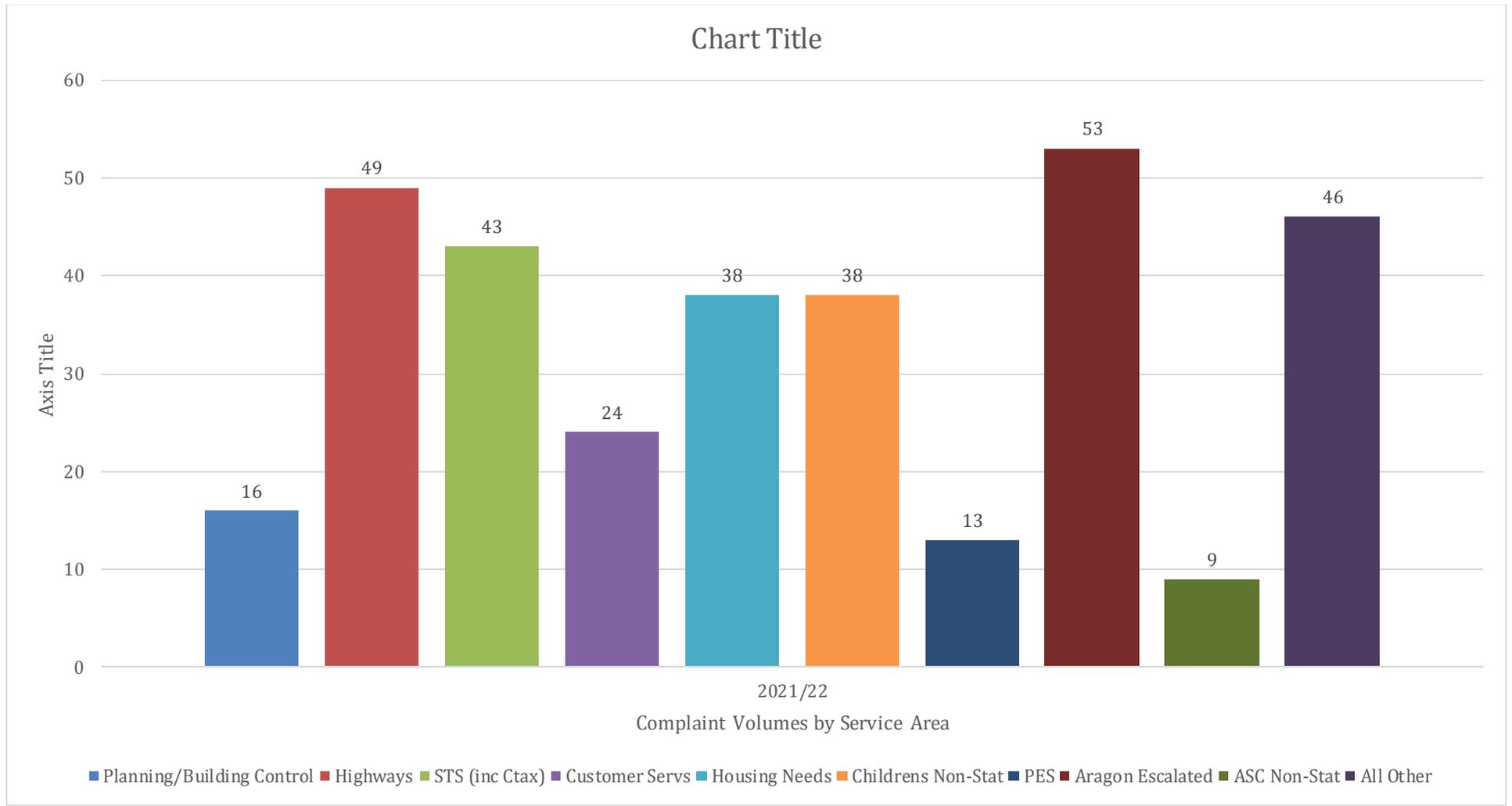
### **Complaint Volumes by Service Area**

Over the past 12 months there has been some reorganisation within directorates which is ongoing.

To illustrate where the highest volumes of complaints are received the following chart is organised into main service areas rather than directorates.

One of the areas that has seen a rise in complaints last year is waste escalations. These complaints will firstly be reviewed under the Aragon complaints process but if the customer remains dissatisfied, they can ask for a review by the council's Client manager. Where the customer is complaining about a policy change by the council rather than the service provided by Aragon this is also dealt with by the Aragon client manager. The suspension of the Brown bin service in particular was responsible for a large volume of complaint escalations.

**Figure 2: Complaint Volumes by Key Service Areas – 2021-22**



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## **Complaint Stages & Outcomes**

### **Local Resolution Stage**

- An informal verbal response within 5 days,  
**Or**
- Formal Stage 1 written response within 20 working days

### **Review Stage**

- Review by the Chief Internal Auditor
- Optional Investigation by a compliance officer
- Sign off by the Director of Governance

The table below details the stage at which complaints were resolved over the past year, with the previous year's figures shown for comparison.

**Figure 3: Stage where Complaints Resolution Achieved**

<b>Complaint Stage where the complaint was resolved</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
Informal	29	31	82
Stage 1	246	153	215
Stage 2 review*	15	10	13
LGO	11	18	10
Withdrawn	9	7	9
<b>Totals</b>	<b>310</b>	<b>219</b>	<b>329</b>

## **Complaint Outcomes**

### **Complaint Outcomes at Local Resolution Stage**

<b>Figure 4 - Complaint Outcomes at Local Resolution Stage</b>						
<b>Local Resolution Stage</b>	<b>Upheld</b>	<b>Partially Upheld</b>	<b>Not Upheld</b>	<b>Withdrawn</b>	<b>TOTALS</b>	<b>% where some fault identified</b>
<b>Informal</b>	<b>25</b>	<b>23</b>	<b>39</b>	<b>0</b>	<b>87</b>	<b>55%</b>
<b>Formal</b>	<b>47</b>	<b>61</b>	<b>119</b>	<b>9</b>	<b>236</b>	<b>46%</b>

\*Although 329 complaints were logged 6 of these bypassed local resolution stage going directly to the LGSCO or Stage 2 review

The uphold rate demonstrates that service failures are recognised and rectified. A transparent organisation should aim to learn from its failures and identify service improvements for the future.

Recognising fault at the earliest opportunity will also ensure that complaints are resolved promptly leading to increased customer satisfaction and less escalation of complaints to the review stage and ultimately to the Ombudsman.

If more complaints are resolved informally the number of Stage 2 reviews should fall further as complainants feel listened to and are willing to work with the service to reach a resolution.

### **Complaint Outcomes at Review Stage**

There were 16 cases which escalated to review in 2021/22. This is 5% of complaints that were received and is a fall from the escalation rate in previous years which was nearer to 10%.

The reviewer at stage 2 will be provided with all the correspondence between the complainant and service to independently determine if the service have responded to all points and have offered the opportunity to discuss the complaint to try to reach resolution. It is not a reinvestigation. In most cases the reviewer finds that it is not necessary to investigate the matter any further and the council can confirm its final position and offer the complainant the opportunity to refer the matter to the LGSCO if they remain dissatisfied.

This year following review 5 cases were passed for Independent Investigation. Figure 5 details the outcomes of these 5 cases.

<b>Figure 5. Outcomes from Stage 2 Investigations 2021-22</b>				
	<b>Service</b>	<b>Outcome</b>	<b>Complaint Detail</b>	<b>Actions taken</b>
1	Highways	Partially Upheld	Lack of updates and conflicting information following Highways TRO	Main issues not upheld but apology given for delays in replying to correspondence
2	Building Control	Partially Upheld	Unhappy with what they have been advised and want refunds for works they have commissioned following incorrect information from Planning & Building Control	Compensation paid, Apology given, review of Building Control service will be conducted
3	Business Rates	Partially Upheld	Unhappy with how their business rates has been handled. Accusation of financial deception and bullying and threats.	Reminder to staff given that the policy of applying payments against the oldest debt first should be transparent and should be explained to customers who are requesting an alternative allocation of their payments. Some system improvements also recommended and agreed.
4	Building Control	Partially Upheld	Unhappy and feel Council have failed to follow Parliamentary Legislation and their own processes regarding enforcement at a neighbouring property	Agreement that council will undertake an independent survey of premises. Apology for Building Controls failure to update complainant, offer of compensation for distress caused by lack of information. Recommendation to review policy around contact with complainants by Building Control. Undertaking to provide more transparent information about what the threshold is for enforcement to be considered.
5	Highways	Not Upheld	Resident asked for compensation for noise from roadworks into the evening when resident needed to sleep as was a night worker.	

## **Local Government and Social Care Ombudsman Decisions 2021-22**

The Local Government and Social Care Ombudsman (LGSCO) reviews complaints they receive from residents about council services.

Every year the Ombudsman sends an Annual Letter to each council to detail the enquiries they have received for that council and the investigations that have taken place. This letter is sent to the Chief Executive, the council Leader, the Chair of the relevant Scrutiny Committee and the Link Officer (Complaint Manager).

Within the Annual Letter the LGSCO provide performance data against three Key Areas:-

- **Complaints Upheld**
- **Compliance with Recommendations**
- **Satisfactory Remedy provided by the Authority**

The number of enquiries that the LGSCO has received about Peterborough City Council has fluctuated over the past 5 years but has always remained below 50 in any year.

In 2021-22 they received 36 complaints (39 in 2020-21) about Peterborough City Council. These complaints will be drawn from the corporate complaints process but also from Adult Social Care and Children's Social Care complaints which are not included in this report.

This number is a small proportion of the complaints that were considered by the council in these 3 complaint areas – a total of 445 complaints across all 3 complaint processes.

The complaints they decide to investigate must first satisfy their eligibility criteria which includes

- The complaint must be within their jurisdiction
- The complaint must be submitted to them within 12 months (in most cases)
- There must be some personal injustice to the complainant

### **Complaints Upheld**

In 2021-22 only 4 out of 10 cases investigated for PCC were Upheld by the LGSCO.

This Uphold rate of 40% compares favourably with an average of 64% in similar organisations (Unitary Authorities). This is the lowest uphold rate for the past 4 years.

Often if the LGSCO record a complaint as Upheld, they may be agreeing with the council who have already Upheld the complaint but may recommend a different remedy. Even if they do not uphold all parts of the complaint the complaint will be recorded as Upheld by the LGSCO. Unlike Local Authorities the LGSCO do not mark complaints as partially Upheld

Below in Figure 7 is the detail of the 4 complaints which the LGSCO recorded as Upheld in 2021-22

**Figure 7. Complaints Upheld by the LGSCO 2021-22**

Service Area	Date of decision	Type of Complaint	Recommended Actions
Planning	04.01.22	Unhappy that an extension to a neighbouring property has flouted building regs and has encroached over their boundary.	Compensation awarded for delays in updating complainant by the planning service - that was already offered but rejected by complainant.
Education	07.04.21	Lack of education for young person due to failures in providing suitable support	Recommendations included paying the family compensation for the use of the young person to spend on education they missed, requiring the SEN service to implement an action plan to ensure EHCPs are being produced to statutory timescales and improve its record keeping.
Children's Social Care Services	22.10.21	Delays in the assessment process for care and support for a young person leading to gaps in provision.	As case had subsequently been resolved a small compensation payment for the delay was awarded.
Adult Care Services	11.05.21	Concerns over the standard of care provided to an elderly relative in their home by a care provider commissioned by the council. Failure of the council to monitor and review the issue promptly	Some instances found where standard of care was poor. Council was slow to resolve this with care provider. Apology given and Compensation for distress caused to complainant awarded.

All the above cases were complaints from a previous year. This is common as an Ombudsman investigation can take several months so will commonly be completed in a subsequent year to the year the complaint was made to the council.

## **Compliance with Recommendations**

The Ombudsman has introduced a requirement that Local Authorities must update them within 3 months confirming delivery of the agreed actions on each upheld case. Compliance with this requirement is included in the LGSCO annual letter.

Where departments fail to evidence the delivery of actions required by the Ombudsman within the requested timescale the LGSCO will record this as late compliance.

The central complaints office set targets for completion of any LGSCO recommendations and vigorously chase services to ensure compliance.

Compliance with this requirement is expected to be 100% by the LGSCO and this year the council met this requirement.

In one case a remedy that was awarded by the LGSCO, a small compensation payment was refused by the complainant. In this case the LGSCO advised they would mark this case as ***Remedy incomplete but satisfied.***

## **Satisfactory Remedy provided by the Authority**

In their annual letter the LGSCO also provides performance data on where an organisation had upheld the complaint previously and the LGSCO agreed with how it offered to put things right.

In 2021-22 the average for Unitary Authorities against this indicator is 11%. However, the score for PCC was recorded as 0%. This is an area that we need to improve.

The council would have exceeded the average level for Unitary Authorities this year in this indicator if even one of the four complaints that were Upheld had already had a suitable remedy identified prior to the complaint being investigated by the Ombudsman.

To improve in this area there needs to be a mechanism that ensures that adequate remedies are always considered fully before a complaint exhausts the council's complaints process.

This proposed change is detailed in **Appendix B.**

## **Complaint Timescales**

One of the key areas of focus with complaints should be on reaching an effective resolution as quickly as possible.

### **Informal resolution**

There has been a marked increase in complaints being handled informally in the past year as several service areas have adopted an 'informal by default' approach.

Informal complaints involve the customer being contacted within 5 working days and resolution agreed – negating the need for a formal written response.

All 87 complaints handled informally were responded to promptly and only 4 escalated to the next stage.

### **Stage 1 formal responses**

Where informal resolution is not achieved or is not appropriate, either due to complexity of the issues, resources available or the preference of the customer, a formal Stage 1 response is provided within a timescale of 20 working days.

In 2021/22 the average response time for a formal response was 19 days.

## **Review Stage**

### **a) Stage 2 Reviews**

When a complainant is not happy with the resolution offered by the service, they can request a review. This review is conducted separate to the service area concerned. Currently the Chief Internal Auditor conducts a review and the majority of these are completed within 5 working days. There were 16 reviews in 2021/22.

### **b) Stage 2 investigations**

If the review outcome is that further investigation is advisable this will be passed to the compliance team to proceed. Where an investigation is conducted it is the aim to conclude this within 30 working days.

There were 5 investigations in 2021/22 but only 1 case was responded to within this timeframe.

Changes to the current complaints process is recommended to ensure complaints that escalate through the whole complaints process can be concluded within the recommended total timescale of 12 weeks.

**Appendix B** details the proposed changes

## **Service Improvements**

Most complaints where fault is identified can be remedied with an apology or by putting things right such as processing a transaction that has been delayed.

Although service improvements can be identified at any stage of the complaints process, they are more likely to be found where a complaint is fully upheld, and the service need to make changes to prevent this type of issue reoccurring.

**Appendix C** - provides some examples of the service improvements that have been identified and remedial actions taken by several of the key service areas in 2021/22.

## **Accessibility**

Most complaints are received digitally – the numbers received in 2021/22 were -

- **Email/Online Form – 83%**
- **By Telephone – 12%**
- **By Letter - 4%**

As a service it is more efficient to receive complaints and correspond by email. The council website offers a complaint form which customers can use to make their complaint directly with the complaints team. The majority of complaints received by the council are received by this web form. However, a direct telephone line is also provided so customers that prefer to make their complaint verbally can contact the team direct without going through the council's call centre.

The complaints team will always ensure they obtain both phone and email details from customers so that they can offer services both options in contacting the customer to discuss their complaint. However if the customer does not wish to be contacted by telephone this will be respected.

The team are also able to respond to requests for 'reasonable adjustments' from customers – for example reading the complaint response to a complainant by telephone where there are language or literacy issues.

## **Complaint Categories**

When a complaint is received and accepted it is given a category so that we can evaluate the reasons why customers complain.

The most common cause for complaint is about delays in services being provided so the majority of complaints are recorded under that category but all categories are monitored to identify changing themes in the complaints received so that we can alert service managers to problems.

The categories of complaints received in 2021-22 are shown in Figure 8

**Figure 8 – Complaints received by Category 2021-22**

<b>Complaint Category</b>	<b>Volume</b>	<b>Uphold Rate</b>	<b>Examples of Upheld cases</b>
Not to Standard	11	63%	<ul style="list-style-type: none"> <li>• Unhappy with quality of City Centre Christmas tree</li> <li>• Lack of notification about impending roadworks</li> </ul>
Staff Attitude/Conduct	26	54%	<ul style="list-style-type: none"> <li>• Lack of compassion displayed</li> <li>• Lack of politeness</li> </ul>
Breach of Confidentiality	4	25%	<ul style="list-style-type: none"> <li>• Passing data to 3<sup>rd</sup> party contractor without customer's permission</li> </ul>
Denial/Withdrawal of Service	9	22%	<ul style="list-style-type: none"> <li>• Proposed closure of Key Theatre</li> <li>• Not eligible for assessment</li> <li>• Unhappy not eligible for Covid Support fund</li> </ul>
Delay/Failed Service	208	58%	<ul style="list-style-type: none"> <li>• Delay in processing Refund</li> <li>• Parking Machine not operating correctly</li> <li>• Multiple complaints about delays due to roadworks</li> <li>• Several cases alleging delays in processing housing applications</li> <li>• Multiple complaints about failure/delays in replying to communication</li> <li>• Several cases alleging delays in assessment of Special Educational Needs</li> </ul>
About Legislation	2	0%	<ul style="list-style-type: none"> <li>• How Council tax was calculated</li> <li>• How Selective Licence was introduced</li> </ul>
About Policy	47	23%	<ul style="list-style-type: none"> <li>• Large volume of complaints about changes to the Brown Bin service including, increase costs, introduction of cost of 2<sup>nd</sup> bin, decision to suspend and refund service due to resource shortage. Other waste related policy complaints included policy around not collecting contaminated bins/returning to collect bins not out</li> </ul>
Other	5	60%	<ul style="list-style-type: none"> <li>• Unhappy with hours to access the service</li> </ul>

## Compliments

303 compliments have been recorded in 2021-22 as shown in Figure 9 below. This is lower than recorded in previous years.

<b>Service Area</b>	<b>Number of Compliments External</b>	<b>Number of compliments Internal</b>
Aragon	112	
Household Waste Service	32	
Website Team	2	
Customer Services	57	19
Planning	19	2
Regulatory Services	1	
SEN	2	
Highways	14	
STS (Council Tax, Revs & Bens)	23	2
Law & Governance	5	4
Covid Hub & Track & Trace	2	
Prevention & Enforcement Service	3	
Early Help	1	
Library	1	
Housing Needs	1	
CCTV	1	
<b>Total</b>	<b>276</b>	<b>27</b>

Compliments can be received both from members of the public or external professionals (external) but also from one service to another (internal).

There is a compliment form on the council website which enables customers to send in feedback which is managed by the complaints team who will then share the feedback with the appropriate service.

However, most compliments received have traditionally been received direct to service areas.

In the past the complaints team have requested compliment data from each service area at the end of each year to include in this report. Due to reorganisation of several key service areas, it has been discovered that not all services are keeping local logs of compliments they receive. This is disappointing as it is then not possible to provide a complete picture of the positive feedback that is received across the council. A template compliment log has been resent to all Directors to cascade through their services to record all the compliments they are receiving.

Some examples are shown on **Appendix D**

## **Appendix B –Corporate Complaints Process- Agreed Changes**

### **Background**

The complaints process was revised in 2015 to reduce the number of complaint stages from three stages down to two aiming to encourage earlier resolution of complaints and to shorten the overall time that complaints are investigated by the council. The LGSCO guidance states that councils should fully investigate a complaint within 12 weeks (60 working days).

### **Current Situation**

#### **Local Resolution (First Stage)**

Since 2015 a high proportion of complaints are resolved at the departmental stage with only 5% escalating further in the last year and this has been achieved due to a combination of factors.

Firstly, the use of the informal process, which has been adopted as a default option by several departments who receive high complaint volumes, including Housing Needs and Council Tax. This change has significantly reduced escalations as customers have personal contact from the service and early resolution within 5 working days. Of 87 complaints where informal resolution was attempted only 5% escalated. Conversely with Stage 1 responses there was an escalation rate of 15% illustrating that the informal process is more successful primarily due to mandatory verbal contact with the customer.

Secondly, if a complaint escalates at Stage 1 and verbal contact has not been offered the Head of Service must facilitate that contact before the complaint escalates to the review stage. Although this has been successful in reducing the escalations to Stage 2 review (by 50%) the Ombudsman has recently criticized the lack of clarity on timescale and purpose for this part of the process.

#### **Independent Review (Second Stage)**

There were 16 complaints (5%) that were reviewed at the second stage in 2021-22. This stage consists of an independent review to determine whether further investigation is needed leading to two possible outcomes: -

- A. No further investigation is required – refer the complainant to the LGSCO
- B. Further investigation is required – pass to the compliance team for investigation

With complaints following option A the turnaround of the complaint is prompt and usually a turnaround of 15 working days is achieved with these cases.

However, if Option B is required a longer timescale is appropriate to conduct the investigation. However, in the past year the time taken to achieve further investigation and sign off has been unacceptably protracted with an average turnaround in 2021-22 of 50 working days in the 5 cases concerned. There are several factors which have led to these delays. The officers assigned to this work are not a dedicated resource and have competing workloads which also have high priority/statutory deadlines. This work cannot be spaced out across the year as escalations are at the request of the complainant. Cooperation by the service under investigation is also not always being given sufficient priority. These delays

have led to recommendations from the Ombudsman around the lack of a clear and achievable timescale at Stage 2.

### **Areas for Improvement**

On 3<sup>rd</sup> October 2022 the LGSCO made a recommendation following their investigation of an escalated PCC complaint asking the council to

***Review its complaints policy to ensure that each stage has clear timescales associated with it. The Council should provide a copy of any revised policy to the Ombudsman.***

The deadline set by the Ombudsman for this to be completed is within 3 months of their decision date.

In the Annual Letter the LGSCO highlighted that the council were not performing at the same level as other Unitary Authorities in the category

- Satisfactory Remedy provided by the Authority

### **Required Changes**

A meeting of the main stakeholders of the complaints process (Complaint Manager, Director of Governance, Chief Internal Auditor) has recently been held to discuss improvements. Figures over the last 3 years were examined and the feedback from the Ombudsman was also considered.

The following changes were endorsed by CLT and will be in place for April:

- At the first stage informal resolution should be promoted as this has the highest success rate and is more efficient in terms of officer time.
- If a longer timescale is needed to consider the matter and a Stage 1 response is required, this response should be agreed with the Head of Service and customers should always be consulted verbally during the timescale of 20 days by a manager.
- At the second stage the initial review process works well and should remain unaltered, however where an investigation is required these need to be completed within a shorter timescale.
- It is proposed that in future the investigator makes their request for information with the relevant Assistant Director to ensure the timescale for this task is prioritised by the service.
- It is also proposed that the personnel able to complete a Stage 2 investigation is expanded to ensure there is resilience for this function. In the past year two Assistant Directors have been able to provide that support –this should be expanded to ensure all stage 2 investigations can proceed without delay and can be prioritised.
- To provide more satisfactory remedies before a complaint goes to the Ombudsman there needs to be more focus on apologising, considering compensation where appropriate and reducing delays in the complaints process. Where complaints are being considered at the final stage and there is fault found, guidance on appropriate remedies should be sought by the investigating officer from the complaints manager. This will be written in as a step in the investigation process.

The new process below will ensure there is clarity in the stages and timescales which will satisfy the recommendation by the Ombudsman but will also aid comprehension of complainants.

## **Revised Process**

### **Local Resolution Stage**

- Informal = customer is contacted within 5 days – accepts resolution
- Formal = Stage 1 written response within 20 days – customer must be contacted before response is sent & Head of Service must approve response

(Where informal resolution is attempted but is not achieved the formal response will be concluded within the remaining 15 days)

Maximum timescale at this stage – 20 working days

### **Review Stage**

- Review by the Chief Internal Auditor – 5 days
- If recommended – Investigation by officer independent from service - 30 days
- Approval of final position by the Director of Governance – 5 days

Maximum timescale at this stage – 40 working days

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## **Appendix C - Service Improvements and Actions taken 2021-22**

### **Aragon Waste Services**

Several complaints received about the delays in processing refunds when the brown bin service had to be suspended. Apologies were given and refunds made.

### **Planning Service**

Several complaints were upheld about problems getting through by telephone and the service agreed to improve the options available to customers.

A customer unhappy with conflicting information received resulting in delays in their application being submitted was advised the service would undertake - further staff training and improve validation requirements on this type of application to improve the service to customers.

### **Highways Service**

Several complaints were upheld about insufficient information about road works – the service agreed they must work with their contractors to improve their communication with residents.

Other upheld complaints included some about lack of or incomplete consultation over Traffic Regulation Orders. This led to the service undertaking to review consultation processes, including communication, reviewing the geographical scope of consultations and communication frequencies including ensuring outcomes are communicated effectively and promptly.

### **Housing Needs Service**

Several complaints about housing application timescales and how they were handled were upheld. The Service agreed to review its processing around ensuring that PHPs are agreed and sent to clients and regularly reviewed with client. Service also agreed to change its process to improve response times.

### **Special Educational Needs (SEN) Service**

Several complaints were upheld regarding delays in communication and timescales around issuing a EHCP plan. It was agreed to increase the capacity of the Service and that the Department would implement an Annual Review Improvement Plan.

### **Shared Transactional Services (STS) (Council Tax & Benefits)**

Several complaints were upheld regarding incorrect records and bills. The Service agreed to feedback to the management team so that the annual billing process could be reviewed.

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## **Appendix D – Examples of Compliments Received 2021-22**

### **Aragon**

I am a support worker with adults with learning disabilities. We visit the park most days. Your staff in the park always say hello to our chaps we look after. The park is always spotless. One of your members of staff had just cleaned the toilets before locking them on Tuesday and two families were so verbally abusive to him, calling him horrible names. Your staff member was a credit to you as he was calm and polite. They were swearing at him to unlock the toilets. Our chaps were a bit scared by it all and he made a point of coming over to us and chatting to them about the squirrels we were feeding. These two families were saying let's report him and accuse him of bad work. I felt I needed to write in and praise him and all the staff for the amazing job they do. Those people probably only visited that once, we go every day and value the hard work they do. Please hand on our thanks.

### **Household Waste Service**

Over the past couple of weeks, I have as a result of lockdown have found the time to have a clear out!

As a result of this I have had cause to visit the household waste depot in Peterborough three times and regardless of the number of others also visiting and the traffic controls in place every member of that team have been really friendly and helpful. Nothing is ever too much trouble from the moment you pull up, when checking you are putting your rubbish in the correct skip to leaving.

These guys are a credit to the council and deserve more recognition for the service they provide than they probably get.

I can't say it is a pleasure going to the tip, but they all make the experience so much easier.

### **Customer Services Call Centre**

I phoned for replacement bus passes for my wife and myself. xxxx on the main desk took our details and forwarded them to the bus pass staff, as they were working from home. xxxx approach was efficient, friendly, and courteous. The bus pass team responded immediately. Many thanks, and well done, to the people involved. Also, well done to PCC for having a 'compliments' page that's easy to use; many organisations only have a 'complaints' link!

### **SEN Service**

I would like to thank you immensely for the help of everyone involved. Especially xxxx - SAMS Officer - Peterborough City Council  
Here is my praise for the brilliant work and service we received.  
We lived in xxxx for nine months and we couldn't get a school  
Then we lived in xxxx for eleven months and we couldn't get a school either.  
Here in Peterborough it was just a few months -xxxx is finally studying!

## **Law & Governance FOI Team**

I'd like to express my thanks for all your support in helping expedite things through legal and finding solutions to problems that have arisen. You and your team have been great to work with and hugely professional.

## **Planning**

I really do appreciate all your help and support from all the Officers in LPA as they have and are an immense help even though you are all struggling to meet the demands, thank you very much to you all.

## **Customer Services**

Email received by CEO ref call taken in the call centre -I had cause to talk to the Peterborough waste collection department today. My call was taken by xxxxx and he was the most polite and helpful person I have spoken with in a long time. This person could not do enough for me, and I actually believe that they cared about the work they were doing and did everything they could to help. I have had a lot of dealings with many people during my working life and believe that most functionaries tend to reveal themselves through spoken communication. xxxx was outstanding, so helpful, and courteous and they left me feeling that I had spoken to someone who cared.

## **Customer Services**

Good Afternoon. I would just like to express my great Thanks to xxxx who helped me in times of very difficult circumstance. She was a great knowledge of information and did her utmost to get what care was best for my Dad. It has really taken all the stress out of a very emotional and stressful time for myself and my family. She handled it with great empathy whilst being very professional. People are all too quick to complain and criticise but very rarely to praise. So please express my Thanks to xxxx and the Team.

<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 7</b>
<b>28 NOVEMBER 2022</b>	<b>PUBLIC REPORT</b>

Report of:	Cecilie Booth – Executive Director of Corporate Services	
Cabinet Member(s) responsible:	Councillor Coles - Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Steve Crabtree, Chief Internal Auditor	Tel. 384557

**INTERNAL AUDIT: MID YEAR PROGRESS REPORT 2022 / 2023**

<b>R E C O M M E N D A T I O N S</b>	
<b>FROM:</b> Steve Crabtree, Chief Internal Auditor	<b>Deadline date:</b> N/A
<p>It is recommended that Audit Committee:</p> <p>1. Note the Mid Year Progress Report which includes progress of the Internal Audit plan for 2022 / 2023</p>	

**1. ORIGIN OF REPORT**

1.1 This report is submitted to the Audit Committee as a routine planned report within the 2022 / 2023 work programme of the Committee.

**2. PURPOSE AND REASON FOR REPORT**

2.1 The Terms of Reference for the Audit Committee (agreed at Full Council) set out the key roles of the Committee including the following "2.2.2.1 To consider the annual audit report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements".

2.2 The purpose of this report provides an overall opinion on the soundness of the control environment in place to minimise risk to the council. It is based on the findings of the completed internal audits from the Annual Audit Plan 2022 / 2023 as at 30 September 2022.

**3. TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	N/A
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## **4. INTERNAL AUDIT UPDATE**

### **4.1 INTRODUCTION.**

4.1.1 The details of the progress of the 2022 / 2023 plan are documented in Appendix A and Appendix B. Internal Audit utilise an assessment tool which allows us to continually assess risks and prioritise our work accordingly. As such, as well as listing the audits completed, this report details the audits we plan to conduct, or which are underway, based on our current assessment of risk. Audits which are new have been highlighted. We will continue to appraise risk and refine our audit plans, therefore those audits that have yet to be started could be replaced if risk levels change.

### **4.2 RESOURCES**

4.2.1 The 2022 / 2023 plan was compiled on the basis of an in house team with an establishment of 6.1 full time equivalent staff (FTE). Within that establishment figure the Chief Internal Auditor (CIA) also has responsibilities for Investigations, Insurance and Complaints. Management of these activities included within the plan was budgeted to be just over 0.5 FTE bringing direct audit time to 5.6 FTE. One full time Senior Auditor post was vacant at the time of producing the plan, leaving 4.6 FTE resource, and therefore the original plan highlighted those audits that would not be achievable if the vacancy was not filled.

As at September 2022 the team has 2 Senior Auditor vacant posts resulting from a resignation and the death in service of a member of staff. Arrangements are presently underway to recruit permanently to those posts where it is hoped to have increased resources in place during January 2023.

4.2.2 The plan continues to highlight those audits that are not achievable within the currently available resource levels, but it remains highly flexible to respond to risks as they arise.

4.2.3 A sharing protocol with Cambridgeshire County Council has been developed to support the delivery of the plan where there is a vested interest in obtaining assurance where a shared service is in operation. It's aim is to avoid duplication and have the potential to use third party assurance where appropriate. Within the plan there are reviews that have been identified as part of this protocol with either PCC or CCC identified as the lead. Quarterly meetings are held to discuss the audits progress.

In addition to this 1 review relating to the Materials Recycling Facility is being undertaken by Fenland DC where there is a cross authority partnership in operation. PCC acted as the lead in the previous review that was undertaken.

### **4.3 PERFORMANCE AND OUTPUT**

4.3.1 One of four levels of assurance is allocated to each audit review. These assurance levels are: SUBSTANTIAL; REASONABLE; LIMITED; and NO ASSURANCE. Where concerns have been identified resulting in limited or no assurance, the Executive Summaries for these reviews are included within Appendix C, once the review has been agreed and finalised. There are two reports that fall into this category at this time – National Non-Domestic Rates and Departmental Business Continuity.

4.3.2 Of the 62 audits planned for the year, 24 have been completed, 27 are in progress and 11 are yet to be started.

4.3.3 It is too early in the audit year to provide an overall opinion on the internal controls operating across the Council that have been subject to audit from the 2022 / 2023 audit plans. However, should any areas of significant concern occur the Committee will be advised at the earliest opportunity.

## **5. CONSULTATION**

5.1 This report and accompanying appendices have been issued to the Director of Corporate Services and the Director of Law and Governance and Monitoring Officer.

## **6. CORPORATE PRIORITIES**

6.1 The annual audit plan is developed to consider and include the corporate priorities of the organisation to ensure that it adds value and assists in the business achieving positive outcomes. Audit activities undertaken will link to one or more of the priorities below depending on the individual scope and the associated risk profile.

1. *The Economy & Inclusive Growth*
  - *Environment (including a summary of the outcome of a completed Carbon Impact Assessment, to be submitted in full to the Transport and Environment Team)*
  - *Homes and Workplaces*
  - *Jobs and Money*
2. *Our Places & Communities*
  - *Places and Safety (including any rural implications)*
  - *Lives and Work*
  - *Health and Wellbeing*
3. *Prevention, Independence & Resilience*
  - *Educations and Skills for All*
  - *Adults*
  - *Children*
4. *Sustainable Future City Council*
  - *How we Work*
  - *How we Serve*
  - *How we Enable*

## **7. ANTICIPATED OUTCOMES OR IMPACT**

7.1 That the Audit Committee is informed of Internal Audit's progress against the Annual Audit Plan. In addition, that the Audit Committee is made aware of any key control issues highlighted by our work.

## **8. REASON FOR THE RECOMMENDATION**

8.1 The Council is subject to the Accounts and Audit Regulations and as such must make provision for Internal Audit in accordance with the CIPFA Code of Practice and the Public Sector Internal Audit Standards. It must also produce an Annual Governance Statement to be published with the Council's financial accounts. This report and associated papers demonstrate how the audit service is progressing against the audit plan and how it will contribute to the Statement.

## **9. ALTERNATIVE OPTIONS CONSIDERED**

9.1 The alternative of not providing an Internal Audit service is not an option.

## **10. IMPLICATIONS**

### **Financial Implications**

10.1 During the year, Internal Audit reports will generate a series of recommendations. While implementing these may have resource implications for the various areas under review, Internal Audit discuss and agree recommendations with the auditee prior to the issue of the final audit

report. Therefore it is assumed that their implementation can and will be undertaken either with existing resources or with additional resources that they can readily call upon.

### **Legal Implications**

- 10.2 The Internal Audit service is undertaken in accordance with the requirements of section 151 of the Local Government Act and the requirements of the Accounts and Audit Regulations. There would be a legal implication if an Internal Audit service was not provided for, and if mechanisms were not in place to carry out a review of internal control, governance and risk management as a basis for the Annual Governance Statement.

### **Equalities Implications**

- 10.3 Not applicable.

## **11. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

Used to prepare this report in accordance with the Local Government (Access to Information) Act 1985

- Internal Audit Annual Plan 2022 / 2023
- Internal Audit written output (reports, memos, grant certifications)

- 11.1 None

## **12. APPENDICES**

- 12.1 Appendix A: Internal Audit Mid Year Progress Report 2022 / 2023 (to 30 September 2022)  
Appendix B: Progress against agreed Audit Plan



**INTERNAL AUDIT MID-YEAR  
PROGRESS REPORT 2022 / 2023  
TO 30 SEPTEMBER 2022**

## 1. INTRODUCTION

- 1.1 The purpose of this report is to bring the Committee up to date with progress made against the delivery of the 2022 / 2023 Internal Audit Plan. The information included in the progress report will feed into and inform our overall opinion in the Annual Audit Opinion report issued at the year end. This opinion will in turn be used to inform the Annual Governance Statement included in the Statement of Accounts and signed by the Chief Executive and Leader of the Council.
- 1.2 Internal Audit use an assessment tool which allows us to continually assess risks and prioritise our work accordingly. As such, this report details the audits we plan to conduct, or which are underway, based on our current assessment of risk. Audits which are new have been highlighted in the table below. We will continue to appraise risk and refine our audit plans, therefore the audits listed in Appendix B that have yet to be started could be replaced if risk levels change.
- 1.3 Where appropriate each report we issue during the year is given an overall opinion based on four levels of assurance. To obtain this assurance, we look at the number and type of recommendations we make in each report and are summarised below:

AUDIT ASSURANCE OPINIONS	
Assurance	Definitions
<b>Substantial</b>	The internal control system is well designed to meet objectives and address relevant risks, and key controls are consistently applied. There may be some scope to improve the design of, or compliance with, the control framework in order to increase efficiency and effectiveness.
<b>Reasonable</b>	The internal control system is generally sound but there are some weaknesses in the design of controls and / or the inconsistent application of controls. Opportunities exist to strengthen the control framework and mitigate further against potential risks.
<b>Limited</b>	The internal control system is poorly designed and / or there is significant non-compliance with controls, which can put the system objectives at risk. Therefore, there is a need to introduce additional controls and improve compliance with existing ones to reduce the risk exposure for the Authority.
<b>No</b>	There are significant weaknesses in the design of the internal control system, and there is consistent non-compliance with those controls that exist. Failure to improve controls will expose the Authority to significant risk, which could lead to major financial loss, embarrassment or failure to achieve key service objectives.

- 1.4 Should an audit report identify **LIMITED** or **NO** assurance, then as a matter of course those areas are followed up. Our work is carried out to assist in improving control. **However, management is responsible for developing and maintaining an internal control framework.**

1.5 Our recommendations are graded, dependent on the severity of the findings, see below:

<b>RECOMMENDATION RATINGS</b>		
<b>Status</b>	<b>Definitions</b>	<b>Implementation</b>
<b>Critical</b>	Extreme control weakness that jeopardises the complete operation of the service.	Immediately
<b>High</b>	Fundamental control weakness which significantly increases the risk / scope for error, fraud, or loss of efficiency.	As a matter of priority
<b>Medium</b>	Significant control weakness which reduces the effectiveness of procedures designed to protect assets and revenue of the Authority.	At the first opportunity
<b>Low</b>	Control weakness, which, if corrected, will enhance control procedures that are already relatively robust.	As soon as reasonably practical

## 2. **EXTERNAL WORK and OTHER DUTIES**

- 2.1 The Chief Internal Auditor also is charged with management responsibility for both the Insurance and the Investigations Teams at Peterborough City Council (PCC), and separate reports are provided to the Audit Committee for these areas. During the year to date these have included outturn reports for Insurance and the Investigations teams. The CIA also undertakes any Stage 2 Corporate Complaint reviews, as deemed appropriate, is a member of the Job Evaluation Panel as well as having some responsibilities for risk management as well as being a member of the Risk Management Board. Responsibility for risk management is due to move to a different section within Corporate Services where a dedicated role is being appointed to by January. The CIA will continue to sit on the Risk Management Board as a challenge role moving forward. It should be noted that the CIA also covered section 151 duties for the Director of Corporate Services for 2 weeks in September covering for director absence.
- 2.2 Some audit staff also support the organisation for corporate initiative such as job evaluation, Equality Diversity and Inclusion, Change Champion and assist during the election process.
- 2.3 To the end of August, one member of the team continued to support the Covid-19 Co-ordination Hub on an agreed secondment. This concluded from September with the individual transferring to Cambridgeshire County Council.

### 3. **RESOURCES**

- 3.1 The 2022 / 2023 plan was compiled on the basis of an in house team with an establishment of 6.1 full time equivalent staff (FTE). Within that establishment figure the Chief Internal Auditor (CIA) also has responsibilities for Investigations, Insurance and Complaints. Management of these activities included within the plan was budgeted to be just over 0.5 FTE bringing direct audit time to 5.6 FTE.
- 3.2 In addition to the above, a vacancy was held as a result of a Senior Auditor being seconded to the Covid Coordination Hub. Resources were therefore reduced to 4.6 FTE for the year and formed the basis of the plan.
- 3.3 At this point the team has 2 Senior Auditor vacant posts resulting from a resignation and the death in service of a member of staff during September. Arrangements are currently underway to recruit permanently to those posts where it is hoped to have increased resources in place during January 2023. The overall impact of this will be that resources will remain balanced at 4.6 FTE but this is dependent on the 2 posts being successfully recruited to. There will also be some lead in induction time which is often the case with new staff but it is hoped any impact will not be significant.
- 3.4 The audit plan, detailed in Appendix B, continues to highlight those audits that are not achievable within the currently available resource levels. All reviews that have materialised in year due to changing risk or new areas of work have been assessed, prioritised as required and are identified as 'NEW'. As new areas of work are identified through our assessment process it will result in other audit activities moving to the category of non-deliverable due to resources. In year there has been a significant increase in the number of grants that internal audit has been requested to review resulting in 11 additional reviews. These along with 3 new reviews have been prioritised for inclusion during the year. This has resulted in 8 reviews being assessed as no longer required, reassessed to be revisited due to timing or have a lower priority than new areas of work. These reviews are identified within the section of reviews that are presently unable to commence due to available resources.
- 3.5 Where possible assurance will be gained from audit colleagues where there is a vested interest in audits being undertaken. Three audits fall within this category with the reviews being undertaken by Cambridgeshire CC (2) and Fenland DC (1). An assessment will be made on the work undertaken to ensure assurance is appropriate to PCC but external assurance will be used if relevant along with any other external areas which can feed into the organisations assurance framework.

#### 4. **PERFORMANCE and OUTPUTS**

- 4.1 A detailed commentary of the progress of the 2021 / 22 Annual Plan is documented at **Appendix B**. The table below gives a summary of the status of all audit projects. The figures for the 'current plan' include the additional grant work and reprioritised audit activities. As the plan continues to be prioritised on an ongoing basis these figures may be subject to change.

Peterborough	
Planned Activity	
<b>Original Plan</b>	<b>57</b>
Actual Activity	
Complete	24
In Progress	27
Yet to do	11
<b>Current Plan</b>	<b>62</b>

- 4.2 As stated in 3.1-3 the annual plan has previously based on resources of 4.6 FTE and the anticipated FTE is not likely to change if the planned recruitment is successful. A breakdown of how time has been spent as of 30 September 2022 is detailed in the table below.
- 4.3 The table below shows the proportion of time spent to September 2022 on PCC audit work and other duties and highlights how that impacts on the resource levels.

	Posts		Resources Planned for	Audit Work PCC	Other duties (see para 2.1)
	No.	FTE	FTE	%	%
Chief Internal Auditor	1.0	1.0	1.0	30.9	69.1
Group Auditor	2.0	1.6	1.6	98%	2%
Principal Auditor	1.0	0.5	0.5	100%	-
Senior Auditor	2.0	2.0	1.0	100%	-
Auditor	1.0	1.0	1.0	98%	1%
<b>TOTAL</b>	<b>7.0</b>	<b>6.1</b>	<b>5.1</b>		

- 4.4 There has been significant non audit additional work carried out by the Chief Internal Auditor in the first six months, compared to that originally planned. This is due to an increased amount of time required to focus on risk management prior to responsibility being transferred elsewhere within Corporate Services along with the CIA deputising for the Director of Corporate Services in a section 151 capacity during a period of absence and an external Public Sector Internal Audit Standards (PSIAS) review undertaken on behalf of Cambridgeshire County Council. The percentage of audit/non audit work is likely to change during the second half of the year as the responsibility for risk management changes.
- 4.5 A number of reviews are identified as in progress which includes those that were commenced by the team member that passed away. These will be concluded as soon as possible by reallocating to other team members but there will be some delay in doing this as existing workloads are managed.
- 4.6 There has been two finalised reports with a **LIMITED** assurance rating to date. The executive summaries of the National Non-Domestic Rates (NNDR) and Departmental Business Continuity reports are attached at **Appendix C**. Audit Committee will be advised of any future reports falling within these categories as part of the audit committee timetable.
- 4.7 It is too early in the audit year to provide an overall opinion on the internal controls operating across the Council that have been subject to audit from the 2022 / 2023 audit plans. However, should any areas of significant concern occur the Committee will be advised at the earliest opportunity.

## 5 COVID – 19

- 5.1 We have continued to spend time on government led initiatives to support the economy, the key one being Business Support Grants. Initial advice was given during the scheme set-up and work continues to be underway to provide assurance that payments have been in line with the criteria set. This work is being carried out under the guidance from the Department of Business, Energy and Industrial Strategy and work now includes provision of evidence to BEIS in respect of the council's pre- and post-payment assurance work.

## 6 AUDIT PROGRAMME DEVELOPMENT

- 6.1 During September the team undertook some inhouse climate change training. This was also with a view to discuss with climate change colleagues how audit programmes can be developed to add value to the climate change commitment of the organisation. Whilst a specific climate change review may be undertaken the approach will also be developed to consider any relevant climate change issues within each audit. This approach will be evolving over the coming months.

## APPENDIX B

**PROGRESS AGAINST AGREED AUDIT PLAN**

Where audits are “shaded”, these represent those jobs not started at 30 September 2022.

AUDIT ACTIVITY	COMMENTARY
<b>AUDIT ACTIVITIES</b> <b>Provision for Governance and Anti-Fraud activities that are not subject to risk assessment</b>	
Annual Audit Opinion	Produce report detailing work carried out and Head of Internal Audit Opinion of Governance, Risk and Control, in accordance with PSIAS.  <b>Completed</b> - Annual Opinion 2020 / 2021 presented to Audit Committee on 25 July 2022.
Annual Governance Statement Review	<ul style="list-style-type: none"> <li>• Review of senior management self-assessment assurance statements.</li> <li>• Development of the AGS in conjunction with the Corporate Director of Resources</li> </ul> <b>In Draft</b> – AGS completed by Internal Audit and referred to Audit Committee on 25 July 2022. Corporate Leadership Team to take responsibility for any further amendments if required prior to finalisation of Statement of Accounts.
Annual Investigations Report	<b>Completed</b> Annual Report 2021 / 2022 presented to Audit Committee on 25 July 2022.
Mid-Year Audit Progress Report	<b>Completed</b> Annual Audit Progress Report 2022 /2023 being presented to Audit Committee at this meeting, on 28 November 2022.
Internal Audit Effectiveness	<b>On-going</b> On-going monitoring, review and update against the PSIAS standards and associated action plan.
Audit Committee Support	<b>On-going</b> This includes a review of Audit Committee effectiveness, update of the Audit Committee Handbook, provision of training and attendance at meetings.

AUDIT ACTIVITY	COMMENTARY
<b>AUDIT ACTIVITIES</b> <b>Provision for Governance and Anti-Fraud activities that are not subject to risk assessment</b>	
Information Governance Board	<b>Ongoing</b> Attendance at the Information Management Strategic Board, a shared arrangement with PCC and CCC.
Risk Management Board	<b>Ongoing</b> Chief Internal Auditor is a member of the Risk Management Board which is chaired by the Director of Corporate Services. Reports have been presented to the Audit Committee by the Chief Internal Auditor in year to September 2022 but responsibility for this activity has now been moved in line with discussions at Audit Committee
National Fraud Initiative	<b>In Progress</b> Co-ordination of data uploads have been submitted in line with government timescales. Data matches which include reviews such as blue badge cases, concessionary fares, benefit / council tax, right to work etc. will be released during February 2023. In December 2022 annual matches in relation to council tax single person discounts and the electoral register will be submitted. Any matches are returned immediately. Further works have also utilised NFI processes and these are identified separately in relation to Business Grants paid due to Covid-19
Fraud/Compliance activities	<b>In Progress</b> <ul style="list-style-type: none"> <li>• Investigations into alleged fraud or irregular activities are detailed as individual reviews.</li> </ul>
Annual Audit Planning	<b>To commence quarter 3</b> Establishment of the future plans for 2022 / 2023, including a review of the Strategy, Charter and Code of Ethics and a pre-planning report on emerging themes

AUDIT ACTIVITY	Department	COMMENTARY
<b>OTHER RESOURCE PROVISION</b> Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests for consultancy advice. We also carry out follow ups six months after an audit to track the implementation of recommendations. Finally, a number of jobs will overlap between financial years and require some time to complete.		
<b>INVESTIGATIONS</b>		
Fraudulent Payment Claim	CS	In progress PCC was compromised as a result of a customer account amendment. Action fraud have been advised and internal audit, serco and legal are working together to establish liability and recovery. Processes have been revised and changed where appropriate.
PCC funding of an external organisation	P&E	In progress Allegation regarding PCC Funding of an organisation in respect of use of funds
<b>CARRY FORWARD</b>		
Towns Fund Project	P&E	In progress A review of the Pedestrian Bridge project supported by the Towns Fund. Audit review of the project as it progresses and associated project governance arrangement processes.
Business Continuity – Departmental Review	Corporate Services	Complete – Limited Assurance A memo was issued highlighting that there was minimal evidence of formal BC plans and a process for regular review.

AUDIT ACTIVITY	Department	COMMENTARY
<b>OTHER RESOURCE PROVISION</b> Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests for consultancy advice. We also carry out follow ups six months after an audit to track the implementation of recommendations. Finally, a number of jobs will overlap between financial years and require some time to complete.		
<b>CONSULTANCY ADVICE</b>		
Energy Rebate	Corporate Services	Complete Consultancy advice on processes to implement the energy rebate scheme
Teachers Pensions – Premature Requirement Project	Corporate Services	In progress A follow up of concerns previously identified in relation to the teachers pensions scheme. A project has been initiated to further investigate and recover monies overpaid. IA are providing consultancy advice.
Mobile Phone Contract EE Tech Fund	Corporate Services	Complete A review of the formal agreement between PCC and EE regarding a £70k fund held by EE on behalf of PCC for the use of purchasing mobile phones. 1 recommendation was made relating to the final reconciliation of the account to enable any outstanding amounts to be recovered.
<b>FOLLOW UP PROVISION</b>		
Absence Management Follow up	Corporate Services	Complete A follow up of the previous report findings. 2 further recommendations have been made.
Energy Management	Corporate Services	In Progress A follow up of additional recommendation made as part of the previous follow up.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	COMMENTARY
<b>CERTIFICATION</b> Certification of grant claims in relation to funding received from government and other funding bodies, as well as other submissions we are required to make to government. These are not subject to risk assessment as they must be completed.			
Disabled Facilities	PS	<b>In progress</b>	Non ring-fenced capital funding towards Disabled Facilities grants that PCC can award to disabled clients for necessary housing alterations.
Integrated Transport Grant	P&E	<b>Certified</b>	A DfT scheme via the CPCA to help local authorities cut carbon emissions and create local growth.
Highways Maintenance	P&E	<b>Certified</b>	A DfT grant via the CPCA. This grant is used by local authorities for small transport improvement schemes costing less than £5 million and also for planning and managing the road networks
Pothole Action Fund	P&E	<b>Certified</b>	A capital funded DFT grant via the CPCA to support pothole repairs.
Traffic Signals Maintenance	P&E	<b>Certified</b>	Additional funding to the CPCA capital transport grants paid directly by the DfT to help local authorities improve and manage road networks.
CPCA – Quarterly Claims <b>New!</b>	P&E	<b>Ongoing</b>	A management request for quarterly transport claim documentation to be reviewed by internal audit prior to CPCA submission. Q1 & Q2 completed to date.
Protect and Vaccinate Grant <b>New!</b>	P&E	<b>Certified</b>	Funding received from the DLUHU to support the protection and vaccination of rough sleepers.
PIRI Project <b>New!</b>	P&E	<b>Certified</b>	Council successful bid to Innovate and BEIS for funding for a local energy feasibility study. Verification of last claim.
Homelessness Prevention Grant <b>New!</b>	P&E	<b>Certified</b>	Funding received from MHC&LG in relation to supporting the implementation of the Homelessness Reduction Act.
Rough Sleeper Initiative <b>New!</b>	P&E	<b>Certified</b>	Funding received from the DLUHU in relation to rough sleeper initiative funded services.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	COMMENTARY
<b>CERTIFICATION: Continued...</b> Certification of grant claims in relation to funding received from government and other funding bodies, as well as other submissions we are required to make to government. These are not subject to risk assessment as they must be completed.			
City College - Arts Council Grant <b>New!</b>	P&E	<b>Certified</b>	Additional funding received from the Arts Council to support cultural organisations during the covid pandemic where services were affected due to government restrictions. 2 claims have been reviewed in year.
Contain Outbreak Management Fund (Covid)	PH	<b>Certified</b>	Funding from DHSC
Drug Treatment Universal Grant Scheme <b>New!</b>	PH	<b>Certified</b>	Certification work has been undertaken by CCC on behalf of both authorities with support from PCC.
Adult Weight Management Grant <b>New!</b>	PH	<b>Certified</b>	PCC passported funding to deliver the service to CCC. Certification work has been undertaken by CCC on behalf of PCC.
Mayors Charity Fund	L&G		In progress A follow up to previous review findings.
			In progress Independent examination of the Mayor's Charities' accounts, in line with the Charity Commission's requirements.
Basic Needs Fund	PS		Funding from DfE. An annual grant to support the creation of school places. Completion by December 2022
Supporting Families	PS		Ongoing Payments by results scheme. Requirement to audit 10% of the claims for every submission. Also to review the councils Outcomes Plan, which documents how PCC will apply the scheme. Claims are reviewed monthly.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	COMMENTARY
<b>CERTIFICATION: Continued...</b> Certification of grant claims in relation to funding received from government and other funding bodies, as well as other submissions we are required to make to government. These are not subject to risk assessment as they must be completed.			
Hampton Hargate School NCTL <b>New!</b>	PS	<b>Certified</b>	Various funding streams received from the DfE to support establishments with teaching school status.
Education Grants <b>New!</b>	PS	<b>Certified</b>	A review of the Local Authority CFO return which comprises 20 funding streams prior to submission to the Education and Skills Funding Agency.
Business Support Grants (Covid)	CS		In progress Initial advice was given during the scheme set-up and work has been conducted to provide assurance that payments have been in line with the criteria set. This work was carried out under guidance from the Department of Business, Energy and Industrial Strategy (BEIS) and included: monthly reporting requirements; risk assessments for each scheme; development of post-payment assurance plans and testing work to identify fraud and error. Work now includes provision of evidence to BEIS in respect of the council's pre- and post-payment assurance work.
Test and Trace Support Payments <b>New!</b>	CS	<b>Certified</b>	A UK Health and Security Agency funded grant.

AUDIT ACTIVITY	Source	Dept	Assurance Level	COMMENTARY	Priority
<b>Prioritised Audits for Review</b>					
The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.					
<b>Section 1 – Audits achievable with planned resources</b>					
NNDR	Internal Audit	Serco CS	Limited	Complete A review of the adequacy and effectiveness of NNDR process to ensure that business rates revenue due to the Council is maximised, reducing the need to write off uncollected debt.  16 recommendations were made in total comprising 7 high and 9 medium. See executive summary for information.	H
Financial Resilience	Corporate Risk	All		<b>Risk: Savings targets are not achieved / financial sustainability not realised.</b> A review of the arrangements in place to ensure that savings targets are robust and that they are monitored.	H
Financial Operating Framework	Internal Audit	CS		Control advice during devpt of revised Financial Operating Framework, including Financial Regulations/Contract Standing orders/Contract management policy/Capital governance strategy	H
Income Generation / Charging	Corporate Risk	PS P&E		<b>Risk: Income levels reduced following COVID.</b> A review of processes that ensure accurate and complete billing and debt recovery in key service areas.	H
Cyber Security	Internal Audit	CS		In progress Follow-up of previous Limited Assurance audit report and focus on security in relation to remote working. Communications team <b>risk: corporate website fails or is attacked (green).</b>	H

AUDIT ACTIVITY	Source	Dept	Assurance Level	COMMENTARY	Priority
<b>Prioritised Audits for Review</b>					
The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.					
<b>Section 1 – Audits achievable with planned resources</b>					
Ukraine Support Fund <b>New!</b>	Mgmt Request	P&E	Reasonable	This audit involves a desktop review of key Homes for Ukraine and Ukraine Family processes and responsibilities managed by PCC. High level control advice was provided to address key risks associated with council obligations. 6 medium recommendations made	H
Payroll	Financial System	CS		In progress Full system review. Previous audit work has reported on weaknesses in accuracy and completeness of data.	H
HR Management	Corporate Risk	CS		Risk: Increase in staff absence and loss of staff. Review of actions to mitigate this risk including implementation of new workforce development strategy; management of staff wellbeing and use of the apprenticeship levy. Follow up of Absence management audit.	H
Covid 19 Public Enquiry	Mgmt Request	All		In progress Review of arrangements to ensure that data in respect of the Councils response to Covid 19 is retained appropriately and is available for a response to the public enquiry	H
Integrated Transport System	Project	PS		In progress New system shared with CCC. To cover school and ASC transport - route planning, DBS checks of drivers, payments to suppliers/other local auth. Advice on payment controls. In design now, devt due to complete Jun 22. £350k budget. Amber flag dues to delays.	H

AUDIT ACTIVITY	Source	Dept	Assurance Level	COMMENTARY	Priority
<b>Prioritised Audits for Review: Continued</b>					
The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.					
<b>Section 1 – Audits achievable with planned resources</b>					
Covid 19 Public Enquiry	Mgmt Request	All		In progress Review of arrangements to ensure that data in respect of the Councils response to Covid 19 is retained appropriately and is available for a response to the public enquiry	H
Spectrum Replacement	Project	CS		In progress Advice on the control framework during design/implementation of the cash management system. Due to complete October 22.	H
Levelling-up Fund	Internal Audit	P&E		In progress Assurances that the £20m fund is being managed appropriately through our agreements with the CPCA, including joint ventures. Advice in relation to the required assurance framework. The fund is primarily being used for the University.	H
PCI Compliance	CS Risk	CS		In progress Compliance with Payment Card Industry requirements. Gaps in coverage previously identified.	H
Decision Making	Internal Audit	L&G CS		In progress A review of the governance structures for making and approving decisions, including delegated authority, compliance with the constitution, financial rules and the capital governance structure.	H

AUDIT ACTIVITY	Source	Dept	Assurance Level	COMMENTARY	Priority
<b>Prioritised Audits for Review: Continued</b>					
The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.					
<b>Section 1 – Audits achievable with planned resources</b>					
Contract Tendering	Int Audit	All		Assessment of arrangements to secure best value in contracts.	H
City College <b>New!</b>	Mgmt Request	P&E		Review to focus on the governance arrangements in place. Confirm that CC is meeting its responsibilities in line with the agreement. (Look to also cover any issues identified from Cipfa review)	H
Clare Lodge <b>New!</b>	Mgmt Request	PS		Review of the budgetary arrangements (establishment of budget including expectations on occupancy and its monitoring throughout year)	H
Safeguarding Arrangements	PS Risk	PS		Risk: Failure of the Council's arrangements for safeguarding vulnerable children and adults  Review of mitigating activity outlined in the risk register, along with the safeguarding assurances in place. Liaise with CCC to obtain assurance.	H
Drug and Alcohol Treatment	Contract	PH		A review of contract monitoring arrangements. Contract value of £5.4 Work to be undertaken by CCC	H
MRF contract	Mgmt Request	P&E		In progress – Work to be undertaken by Fenland DC  This Materials Recycling Facility is operated in partnership with other authorities at a total value of £3.5m. Management request to carry out an open book review of the income share arrangement. Fenland DC to act as lead.	M

**Prioritised Audits for Review – NOT Possible with current resources**

The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.

SERVICE SYSTEM	OR	SOURCE	DEPT	OUTLINE AUDIT SCOPE	PRIORITY
Disaster Recovery		CS Risk	CS	Dropped below the line following reassessment. DR arrangements cover systems in Amazon Web Services platform, but not others. <b>Risk: DR plans are not tested</b>	H
MyView - Expenses Module		Project	CS	Dropped below the line following reassessment. Control advice during implementation of expenses module - for online submission and approval of expenses.	
Risk Management		Internal Audit	CS	Deferred until Risk Manager in post. Follow-up of previous Reasonable Assurance audit report and support to develop further enhancements to the strategy and operational aspects.	H
External Organisations		P&E Risk	P&E CS	Dropped below the line following reassessment. Review of operation of new arrangements for governance of external companies as part of the Improvement Plan. RISK: failure of partnerships to deliver BAU.	H
Climate Change – Action Plan		Corporate Risk	P&E	Dropped below the line following reassessment. <b>Risk: actions not developed and budget uncertainty.</b> Review of compliance with targets and actions. To be incorporated into audit reviews of relevant areas.	H
Information Governance		L&G Risk	L&G	Dropped below the line following reassessment. Compliance with GDPR legislation. RISK: Lack of oversight and control of information management	H

**Prioritised Audits for Review - NOT be possible with current resources.**

The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.

SERVICE SYSTEM	OR	SOURCE	DEPT	OUTLINE AUDIT SCOPE	PRIORITY
Opus Contract		Contract	CS	Deferred due to work being undertaken regarding contract review by the business Problems with delivery of contract. £6.7m annual, £20m contract value. IR35 – green risk on Corp RR.	H
Supplier Resilience		Corporate Risk	PS	Risk: Impact of challenging financial position of key health partners. Supplier Resilience following Covid. Review of due diligence, supplier set up and processes in place to monitor supplier resilience. Liaise with CCC.	H
Home to School transport		P&C Risk	PS	RISK: Increased demand for services, combined with financial pressures, will threaten the council's ability to deliver service within budget. Process to ensure transport is awarded in line with eligibility criteria. Area of high spend.	H
Care and Repair Contract		Contract	P&E	Review of contract management or tender process. Annual cost £4m. Contract Value £16m.	H
Integrated System	Care	P&C Risk	PS	Risk: impact on the way our services work with NHS services. A review of data sharing arrangements as the new operating structure and IT system develops.	H
Direct Payments		Internal Audit	PS	Arrangements for managing direct payments to ensure they are spent in line with care plans. High risk of fraud and error.	H
Aragon		Internal Audit	P&E	Review of Finance operations in this PCC subsidiary, including billing and charging arrangements. Assurance may be obtained from	H
Sundry Debtors		Internal Audit	CS	Review revised debt management process including CHC joint funding tool, and impact on outstanding debt with CCG.	H

**Prioritised Audits for Review - NOT be possible with current resources.**

The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.

SERVICE SYSTEM	OR	SOURCE	DEPT	OUTLINE AUDIT SCOPE	PRIORITY
Temporary Accommodation		Corporate Risk	P&E	Risk: of increased demand due to homelessness. Review of management of costs, inc a variety of contracts.	H
Council Tax		Financial system	CS	Full systems review, to include application of reliefs and impact of Covid (non-payment, eligibility for new and existing reliefs)	H
Climate Change – Organisational resilience		Mgmt Request	P&E	Arrangements for dealing with the potential effects of climate change on the Council.	M
Academy to Cloud Project		Corporate Risk	CS	Risk: GDPR issues impacting on delivery of project. Review of management of this project. Alternatives being looked at due to high data storage costs.	M
WRAP Food Waste project		Corporate Risk	P&E	Removed – Risk has reduced Risk: Failure of Aragon in delivery of WRAP Food Waste Project. Review of project management. Funds received from WRAP for a food waste capture improvement project.	M
Blue Badges		Internal Audit	P&E	Arrangements for ensuring Blue Badges are awarded to/used by those eligible to receive them. A new IT system or new contract is planned.	M

**FINAL AUDIT REPORTS ISSUED: OPINION OF LIMITED ASSURANCE OR NO ASSURANCE**

<b>AUDIT ACTIVITY</b>	<b>ASSURANCE RATING</b>	<b>DATE TO AUDIT COMMITTEE</b>
NDR	Limited	28 November 2022
Departmental Business Continuity Plans	Limited	28 November 2022

## National Non-Domestic Rates (NNDR) - Executive Summary

### Introduction

National Non-Domestic Rates, or business rates, are collected by PCC from occupants of non-domestic properties in Peterborough to contribute towards the cost of providing local services. Under the business rates retention arrangements introduced by central government, PCC keep a proportion of the business rates paid locally. This provides an incentive for PCC to work with local businesses to create a favourable local environment for growth so the Authority benefits from business rates revenues. NNDR income, together with council tax revenue, support grants provided by the Government and other income, is used to pay for PCC services.

Payment of business rate bills is automatically set on a 10-monthly cycle. However, ratepayers can elect to pay via 12 monthly instalments. The NNDR billing and payments operation has been outsourced to Serco, although PCC remain responsible for overseeing and managing the service provided by Serco.

PCC is responsible for overseeing the calculation of business rates based on multiplying the rateable value of properties by the appropriate non-domestic multiplier. There are two multipliers; the national non-domestic rating multiplier and the small business non-domestic rating multiplier. Central government sets the multipliers for each financial year which is based on the previous year multiplier adjusted to reflect the Consumer Price Index (CPI) inflation figure for the September prior to the billing year.

The rateable value of each applicable non-domestic property is set by the Valuation Office Agency (VOA), an agency of HMRC. This broadly represents the yearly rent the property could have been let for on the open market on a particular date specified in legislation. The Valuation Office Agency may alter valuations if circumstances change, and ratepayers and other interested parties may challenge property valuations directly with the VOA.

Depending on individual circumstances, ratepayers may be eligible for business rates relief. There are a range of available reliefs based on government policy and specific qualifying criteria, for example; small business rates relief, charity and community amateur sports club relief, unoccupied property rate relief, transitional and retail rate relief.

### Objectives and Scope

The purpose of the audit is to assess the adequacy and effectiveness of NNDR process to ensure that business rates revenue due to the Council is maximised, reducing the need to write off uncollected debt.

The review will assess NNDR process, including:

- Adequacy and effectiveness of processes and controls in place for accurate and timely billing and collection of NNDR payments due, including best practise;
- Serco adherence with PCC contractual NNDR processing requirements, and the adequacy of Council process for monitoring Serco Key Performance Indicators (KPI);
- Adequacy and accuracy of NNDR management information and reports provided to PCC, including performance indicators that demonstrate KPI achievement;
- Effectiveness of the process for reconciling VOA schedules and NNDR records;
- Compliance with NNDR regulations and the effectiveness of Serco technical check processes;
- Process for managing business notifications about business property use and ownership changes;
- Process for applying rates relief and confirming eligibility;
- Process for collecting NNDR payments and the effectiveness of PCC oversight; and
- Process for refunding credit balances when properties are vacated.

## Main Findings

- NNDR services provided by Serco are subject to two key performance indicators; collection and arrears rates. There is an opportunity to enhance PCC oversight of NNDR operations by expanding performance indicator reporting allowing formal scrutiny by PCC at monthly service review meetings.
- The process for reconciling VOA valuation records with PCC records is not documented, and there are currently eight NNDR account reconciling anomalies which are being addressed by Serco.
- The process for authorising discretionary rates relief authorisation is not documented and PCC does not have adequate oversight of all discretionary reliefs applied.
- NNDR debt recovery procedures are not documented and debts over 10 years old amount to £136K covering 136 NNDR accounts. A debtor account cleansing exercise is currently underway, and we recommend that aged debt and debt recovery progress be formally monitored as part of the monthly Serco service review meeting.
- NNDR credit accounts amount to £1.1M (Q4, Jan-Mar 22) covering 433 property accounts. Credit account review and refund processing should be performed more frequently, and we recommend that this is formally monitored as part of the monthly Serco service review meeting.

## Conclusion and Opinion

A key mechanism for monitoring NNDR activity and performance is the Shared Transactional Service & PCC Liaison Meeting held monthly between Serco and PCC. There is an opportunity to further utilise this review process by supplementing KPI reporting with additional performance reporting which will allow PCC management greater oversight and opportunity to scrutinise NNDR processing.

The service contract signed by PCC and Serco in 2011 indicates that the PCC Compliance team should undertake a series of checks of Revenue & Benefits services including a series of NNDR activity reviews. The PCC Compliance team no longer exists and PCC do not perform compliance checks of Serco Revenue & Benefits processing. This further demonstrates the importance of enhancing oversight at the monthly Shared Transactional Service & PCC Liaison Meeting.

Not all key NNDR procedures are documented and there is evidence that long-standing NNDR debts need addressing. Action to review and process credit account refunds should also be undertaken more frequently.

The audit opinion is of limited assurance.

## Business Continuity Departmental Review

### Introduction

Internal Audit undertook a review of the Council's Business Continuity arrangements from a strategic business position as part of the 2019 / 20 Internal Audit plan. An action plan was produced and agreed in January 2021, following the impact of the pandemic. Progress against the observations made in January 2021 was reviewed during January 2022, where it was found that several action points have remained outstanding due to the extreme impacts of Covid along with staff shortages affecting implementation. These outstanding areas have been previously reported and were due to be subject to further review in July 2022. Following recent discussions with the Head of Emergency Planning, action implementation dates have now been further delayed due to a staff resignation until early November 2022 to allow for recruitment.

In light of the findings made during the above review, Internal Audit extended the review to assess departmental business continuity arrangements as part of the 2021 / 22 Internal Audit plan, in order to provide an overall opinion on Business Continuity.

### Observations

#### Departmental Business Continuity Plans

The Guidance for Managers: Business Continuity and PCC Business Continuity Policy (dated February 2021) both clearly state the responsibilities for all parties regarding business continuity arrangements. Elements detailed within these documents relating to the issues highlighted as part of this review are detailed below.

Managers are required to liaise with the Emergency Planning team, ensure completion of relevant documentation and subsequent Business Continuity Plan on an annual basis for all services they are responsible for. This subsequently feeds into the Annual Governance Statement as a declaration that all services have up to date Business Continuity Plans.

The Emergency Planning Team's role is to maintain policy and templates. They provide a supportive role ensuring completion of templates by departments, offering an assistance, guidance and advisory service, along with annual review of all documentation. They have responsibility for tracking and monitoring plans across the Council using the Business Continuity Tracker.

The Business Continuity Tracker maintained by the Emergency Planning Team to record information regarding Responsible Officers and annual review of Business Continuity Plans and related documentation is not currently an up to date record. The last update was January 2021, and due to the Covid pandemic and staff shortages there has also been limited ongoing correspondence with

departments. The Emergency Planning Manager has highlighted this on the Risk Register for the department and this issue has been raised in the earlier reviews mentioned above. An update on progress will be sought by Internal Audit in November 2022.

During the course of this review the Business Continuity Tracker was used to select a sample of PCC departments in order to assess the extent to which Business Continuity had been addressed in the absence of the Emergency Planning Team performing their coordination and support role.

The sample selected represented departments who had a plan recorded on the tracker to assess the up to date position, and also those departments without records on the tracker to assess whether plans had been developed and implemented. The results showed that:-

- 25% were not available
- 50% were out of date
- 25% had been updated in a timely manner

Those that had expired were all dated late 2019 and early 2020, and therefore due for review at the time the tracker was being updated during January 2021. Although managers are responsible for the production of Business Continuity Plans ensuring they are fit for purpose, the impact of Covid 19 and staff absence within the Emergency Planning Team has resulted in plans that have not been maintained appropriately as their annual review acts as a reminder for managers. This demonstrates that departments are relying on the central function to prompt review and update.

Provision of training where appropriate for those officers with business continuity responsibilities may assist in maintenance of plans. This has already been reported within the Business Continuity review and will be subject to subsequent follow up. The Emergency Planning team plan to highlight new guidance available once annual meetings with departmental responsible officers are reinstated to offer advice and guidance as part of the update of the review tracker.

The PCC Business Continuity Policy states that the owners of Business Continuity Plans should exercise plans biennially to ensure their accuracy, and that the Emergency Planning team can assist with this. The sample selected showed that 38% had informally tested their Business Continuity Plans as a result of the pandemic

## **Recommendation**

1. The Director Customer and Digital Services should ensure that officers responsible for Business Continuity Plans adhere to the following:-
  - Business Continuity Plans, and their supporting paperwork, are reviewed and updated annually.
  - Updated Business Continuity Plans are circulated amongst staff, to ensure awareness of updates and responsibilities. Training is undertaken where appropriate.
  - Business Continuity Plans are formally tested, with the assistance of the Emergency Planning team, and a short report detailing outcomes and amendments is produced.

## **Risk Registers**

The Civil Contingencies Act 2004 requires Category 1 responders (this includes Peterborough City Council) to maintain plans to ensure that they can continue to exercise their functions in the event of an emergency so far as is reasonably practicable. Therefore, it is essential that the Council can maintain its business processes. Business continuity planning is a key process to ensure that in the event of disruption PCC's activities and services can be recovered and resume.

In light of the importance placed on business continuity, inclusion in all risk registers would seem prudent.

Current Risk Registers show that many PCC departments make reference to emergency planning and business continuity, however it would be pertinent to make it a standing item so that it is always considered when assessing risks.

## **Recommendation**

2. **The Director Customer and Digital Services should ensure that senior managers are aware of their responsibility for making business continuity planning a consideration when assessing risk on departmental risk registers.**

## Conclusion & Opinion

There is currently limited support and guidance provided to departments from the Emergency Planning team regarding business continuity planning. This was initially due to the impacts of Covid and more recently staff shortages. This is being addressed within the ongoing Internal Audit review, and the EP Team are endeavouring to implement actions by November 2022.

The EP manager has also added two relevant issues to the Customer & Digital Services risk register as follows to highlight the operational difficulties presently being experienced:-

- There is a risk that the under resourcing in the Emergency Planning Team due to vacancy and budget constraints results in insufficient staff to test plans and audit plans across both councils.
- There is a risk that the BC plans have not been reviewed in the last 2 years which could mean they are significantly out of date based on new ways of working and use of technology. These need to be reviewed in light of new ways of working and team structures.

However, it is the responsibility of managers to ensure there are up to date Business Continuity Plans in place within their departments. It appears departmental reliance has been placed on the central team, and currently plans are not up to date. The ownership of responsibilities therefore needs to be reclarified to Managers. It is appreciated that due to the nature of the pandemic all teams will have had to adjust their ways of working, so many business continuity options are likely to have been tested as a result. This should assist the process in updating out of date plans and ensuring they are fit for purpose.

The audit opinion is Limited Assurance. This takes into account the outstanding recommendations made during the initial Council's Business Continuity arrangements review, delays in implementation as detailed within the introduction and limited documented plans evident within departments.

<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 8</b>
<b>28 NOVEMBER 2022</b>	<b>PUBLIC REPORT</b>

Report of:	Cecilie Booth, Executive Director, Corporate Services	
Cabinet Member(s) responsible:	Cllr Coles, Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Cecilie Booth, Executive Director, Corporate Services	Tel. 07970 325557

## TREASURY MANAGEMENT MID YEAR UPDATE

R E C O M M E N D A T I O N S	
<b>FROM:</b> Cecilie Booth, Executive Director of Corporate Services and S151 Officer	<b>Deadline date:</b> Full Council 7 December 2022
<p>It is recommended that Audit Committee:</p> <ol style="list-style-type: none"> <li>1. Review the Treasury Management Strategy Statement (TMSS) Mid-year position and performance against the Prudential Indicators.</li> <li>2. Review and recommend to Full Council approval to add additional non-specified investments detailed within Appendix C (Property Funds, Bond Funds and other pooled funds) to the Treasury Management Strategy.</li> </ol>	

### 1. ORIGIN OF REPORT

- 1.1 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021), which recommends that Members receive reports on its treasury management policies, practices and activities, including an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close.

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. The Capital Plans identify the borrowing need of the Council and the longer-term cash flow planning to ensure the Council can meet its capital spending requirements. Cashflow management may involve long or short-term loans and investments, using longer term cash flow surpluses for investment purposes, and / or restructuring of the Council's debt portfolio.

Accordingly, treasury management is defined as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

- 1.2 This mid-year report covers the following:

- An update on interest rate forecasts;

- A review of the Treasury Management Strategy Statement;
- A review of compliance with Treasury and Prudential Limits for 2022/23;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's borrowing strategy for 2022/23;
- A review of the Council's investment portfolio for 2022/23.

### 1.3 Interest rate Forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates.

Link Groups latest forecast on 8<sup>th</sup> November 2022 now has a lower forecast peak in Bank Rate of 4.5% (compared to 5% previously), but which runs through to the end of 2023. By Q3 2025 they see Bank Rate falling to 2.5%. In addition, PWLB rates are expected to trend gently downwards, across the curve, from Q1 2023 through to Q4 2025.

Link Group Interest Rate View 08.11.22		Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
<b>BANK RATE</b>		3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings		3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings		4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings		4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB		4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB		4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB		4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB		4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

The PWLB rate forecasts above are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

### 1.4 The Treasury Management Strategy Statement, (TMSS), for 2022/23 was approved by this Council on 2 March 2022.

The underlying TMSS approved previously requires revision in the light of economic and operational movements during the year. The proposed changes and supporting detail for the changes are set out below:

- Following the report published by The Chartered Institute of Public Finance and Accountancy (CIPFA) into the Councils financial position, and the recommendations set out in the DLUHC action plan to reach financial sustainability, the Council continues to review all capital projects with a view to restricting new borrowing. The Capital Programme agreed by Council for the year was £116m which included a technical adjustment of £22m relating to the transition to IFRS16 and a target reduction of £9.2m against projects to be funded from new borrowing. This was increased to £125.5m through slippage of schemes from 2021/22 but then subsequently reduced by £21.5m when an exercise was undertaken to reprofile schemes, and £22m due to the deferral of IFRS16, which provides a revised Capital Programme of £82m.

<b>Original Budget inc Slippage from 21/22 (£m)</b>	<b>Revised Budget after reduction (£m)</b>	<b>Actual Expenditure to Sept 22 (£m)</b>	<b>Forecast Outturn (£m)</b>
<b>116</b>	<b>82</b>	<b>19.1</b>	<b>54.4</b>

- The Capital Strategy states that, wherever possible, all capital expenditure should be funded by third party contributions or capital receipts. The revised capital programme is shown in Table 1 above, forecasting expenditure of £54.4m by the end of the 2022/23 financial year. Whilst new borrowing is not required to fund the Capital Programme, there may be a need to undertake short-term borrowing due to delays in realising capital receipts.
- The current investment strategy provides limited scope to invest surplus cash balances, and this report seeks approval to expand the scope to use a wider range of counterparties and for longer durations, but within a framework of achieving the right balance of risk and return. The Council would look to utilise the expertise of its current Treasury Advisor, Link Group to run this selection process on its behalf.
- The prudential indicator for the Authorised Limit has been updated to reflect the correct limits.

1.5 The final performance against the revised strategy will be reported to Audit Committee in July 2023 alongside the Statement of Accounts, and as part of the Outturn Report which will report the financial performance for the year.

## 2. PURPOSE AND REASON FOR REPORT

2.1 The purpose of this report is to present current performance and the forecast outturn position against the Prudential Indicators in the strategy.

2.2 This report is for Audit Committee to consider under its Terms of Reference No. 2.2.2.18 to consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

## 3. TIMESCALES

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	N/A
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## 4. CORPORATE PRIORITIES

4.1 The recommendations are linked to all of the Council's Corporate Priorities as securing the Council's cash and enabling capital expenditure ensures that these priorities are achieved.

### 1. *The Economy & Inclusive Growth*

- *Environment (including a summary of the outcome of a completed Carbon Impact Assessment, to be submitted in full to the Transport and Environment Team)*
- *Homes and Workplaces*
- *Jobs and Money*

### 2. *Our Places & Communities*

- *Places and Safety (including any rural implications)*
- *Lives and Work*
- *Health and Wellbeing*

### 3. *Prevention, Independence & Resilience*

- *Educations and Skills for All*
- *Adults*
- *Children*

### 4. *Sustainable Future City Council*

- *How we Work*
- *How we Serve*
- *How we Enable*

## **5. TREASURY MANAGEMENT STRATEGY PRUDENTIAL INDICATORS**

- 5.1 The 2022/23 Prudential Indicators are shown in Appendix A. During the half year ending 30<sup>th</sup> September 2022, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2022/23.

## **6. CONSULTATION**

- 6.1 The Council's Prudential Indicators and Treasury Management Strategy 2022/23 - 2024/25 have undergone full consultation, and been through the scrutiny process, as it forms part of the Annual MTFS.
- 6.2 The Council continues to liaise with its treasury advisors, Link Group.

## **7. ANTICIPATED OUTCOMES OR IMPACT**

- 7.1 As set out in the report.

## **8. REASON FOR THE RECOMMENDATION**

- 8.1 This report is given to the Committee to review performance against the Prudential Indicators in the TMS set in the MTFS.

## **9. ALTERNATIVE OPTIONS CONSIDERED**

- 9.1 The Treasury Management Strategy 2022/23 – 2024/25 is required to be prepared in accordance with the Treasury Management in the Public Services: Code of Practice 2021. This report sets out the performance against the associated prudential indicators. The options are therefore limited.

## **10. IMPLICATIONS**

### **Financial Implications**

- 10.1 To provide the Committee with the opportunity to review current performance against the Prudential Indicators.

### **Legal Implications**

- 10.2 Treasury Management activities have to conform to the Local Government Act 2003, the Local Authorities (Capital; Finance and Accounting) (England) Regulations 2003 (SI 2003/3146), which specifies that the Council is required to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice and also the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414), which clarifies the requirements of the Minimum Revenue Provision guidance.

## **11. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 11.1 The Prudential Code for Capital Finance in Local Authorities – 2021 Edition, CIPFA; and Treasury Management in the Public Services, Code of Practice and Cross-Sectoral Guidance Notes – 2021 Edition, CIPFA.

## **12. APPENDICES**

- 12.1 Appendix A - Treasury Management Strategy – Prudential Indicators – Forecast Outturn as at 30 September 2022.  
Appendix B - Borrowing Strategy as at 30 September 2022  
Appendix C - Investment Portfolio as at 30 September 2022  
Appendix D - CFR, Debt Liability Benchmark and Borrowing

## Treasury Management Strategy – Prudential Indicators – Forecast Outturn as at September 2022

The Prudential Code for Capital Finance in Local Authorities provides a framework for local authority capital finance to ensure that:

- (a) capital expenditure plans are affordable,
- (b) all external borrowing and other long-term liabilities are within prudent and sustainable levels;
- (c) treasury management decisions are taken in accordance with professional good practice.

In taking decisions in relation to (a) and (c) above, the local authority is accountable by providing a clear and transparent framework.

The Code requires the Council to set a range of Prudential Indicators for the forthcoming financial year and at least the following two financial years.

The actual and forecast outturn, compared to those contained in the MTFs for the Prudential Indicators for this financial year are detailed below. The indicators include the Invest to Save schemes however the costs of borrowing associated with these schemes will be offset by the income generated by these projects.

### The Councils Capital Position

This part of the report is structured to update:

- a) The Council's capital expenditure plans;
- b) How these plans are being financed;
- c) The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- d) Compliance with the limits in place for borrowing activity.

#### 1. Indicator 1: Capital Expenditure

This indicator is the estimated capital expenditure for the year based on the Capital Programme for that period.

<b>Capital Expenditure</b>	<b>2022/23 Indicator</b>	<b>2022/23 Actual at 30.09.2022</b>	<b>2022/23 Forecast Outturn</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Capital Expenditure	90.8	16.9	50.8
Invest to Save	3.2	2.2	3.6
<b>Total</b>	<b>94.0</b>	<b>19.1</b>	<b>54.4</b>
IFRS16 Transition*	22.0	0	0

\*The Chartered Institute of Public Finance and Accountancy (CIPFA) have deferred the implementation of IFRS 16 until 1 April 2024 due to the severe delays in the publication of audited local authority financial statements in England, thereby reducing resource pressures in the local audit framework.

Since the 2022/23 MTFs the decision to use the repayment of the Hotel Loan of £15m to fund new capital expenditure has changed and will now be used to repay Council borrowing reducing the Capital Financing Requirement (CFR) therefore no receipt is showing in the capital financing table forecast outturn below. See Indicator 2 for further detail.

The Capital Receipts – Asset Sales actuals at 30 September 2022 is £4.3m which includes £2.6m which is being used to repay debt so is not included in the financing of the capital programme shown below.

<b>Financed By</b>	<b>2022/23 Indicator</b>	<b>2022/23 Actual at 30.09.2022</b>	<b>2022/23 Forecast Outturn</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Capital Receipts – Hotel Loan Repayment	15.0	0	0
Capital Receipts – Asset Sales	0	1.7	6.6
Capital Grants & Third Party Contributions	79.0	14.0	39.7
<b>Total Financing</b>	<b>94.0</b>	<b>15.7</b>	<b>46.3</b>
<b>Borrowing Requirement</b>	<b>0</b>	<b>3.4</b>	<b>8.1</b>

The table above draws together the main strategy elements of the capital expenditure plans, highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying

indebtedness of the Council by way of the CFR, although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements. The TMS contained in the MTFs showed that the capital programme would be funded by either capital grants, or capital receipts as well as a reduction to the schemes so that no borrowing was incurred unless failure to do so would lead to a breach in the Councils statutory duties. The budget reduction exercise carried out over the summer months and further work undertaken has reduced the 2022/23 budget to £54.4m. Capital Board continue to work on reducing the capital programme further however there may be a need to undertake short-term borrowing due to delays in realising capital receipts.

## 2. Indicator 2: Capital Financing Requirement (CFR)

The CFR measures the Council's underlying need to borrow money in the long term for capital purposes. Any capital expenditure which has not immediately been paid for will increase the CFR.

<b>Capital Financing Requirement</b>	<b>2022/23 Indicator £m</b>	<b>2022/23 Forecast Outturn £m</b>
CFR b/fwd	609.0	613.9
Borrowing required to fund the capital programme	18.8	4.5
Borrowing required to fund invest to save schemes	3.2	3.6
Capital receipts – Hotel loan repayment*	0	(15.0)
Repayment of debt - Minimum Revenue Provision	(17.9)	(19.1)
<b>Total CFR C/fwd</b>	<b>613.1</b>	<b>587.9</b>

\*The receipt from the repayment of the hotel loan will now be used to redeem the loan expenditure in the CFR as per the agreed MRP policy

## 3. Indicator 3: Actuals and Estimates of the Ratio of Financing Costs to Net Revenue Budget

The Council must estimate the proportion of the revenue budget, which is taken up in financing capital expenditure i.e. the net interest cost and to make provision to repay debt.

<b>Ratio of gross financing costs to net revenue Stream</b>	<b>2022/23 Indicator £m</b>	<b>2022/23 Actual at 30.09.2022 £m</b>	<b>2022/23 Forecast Outturn £m</b>
Total Ratio	16.5%	1.8%	16.1%

## 4. Indicator 4: Proportion of Gross Debt to the Capital Financing Requirement (CFR)

This indicator shows the proportion of the Council's external borrowings (Gross Debt) against the CFR. In order to ensure that borrowing levels are prudent over the medium term and only for capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2021/22) plus the estimates of any additional capital financing requirement for the current (2022/23) and the next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. The gross debt amount includes borrowing undertaken through lease arrangements and PFI (see following indicator).

<b>Proportion of Gross Debt to the CFR</b>	<b>2022/23 Indicator £m</b>	<b>2022/23 Forecast Outturn £m</b>
Gross Debt	531.0	468.9
<b>CFR</b>	<b>613.1</b>	<b>587.9</b>
% of Gross Debt to CFR	86.6%	79.8%

This indicator shows that the Council is maintaining an under-borrowed position. This means that the capital borrowing need (the CFR), is not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow is being used. This strategy continues to be prudent, although the Council has begun to take advantage of the recent increases in interest rates to maximise investment returns where possible by using a broader range of counterparties while ensuring security and liquidity as a priority. The forecast outturn for the % of Gross debt to CFR is 79.8% which is less than that of the indicator at 86.6%. The indicator relates to the proportion of debt compared to the CFR which is within the target, £587.9m against £613.1m.

## 5. Indicator 5: The Operational Boundary

The Operational Boundary is a measure of the day to day likely borrowing for the Council. The code recognises that circumstances might arise when the boundary might be exceeded temporarily, but if this continues for a lengthy period then it ought to be investigated.

This indicator takes into consideration the capital programme over the life of the MTFS and the ability to phase the borrowing over this period. The indicator provides flexibility for the Council to take advantage of favourable interest rates in advance of the timing of the actual capital expenditure.

<b>Operational Boundary</b>	<b>2022/23 Indicator £m</b>	<b>2022/23 Actual at 30.09.2022 £m</b>	<b>2022/23 Forecast Outturn £m</b>
Borrowing	633.1	446.5	421.7
Other Liabilities	69.2	47.2	47.2
<b>Total Operational Boundary</b>	<b>702.3</b>	<b>493.7</b>	<b>468.9*</b>

\*debt is expected to reduce due to the repayment of further loans

## 6. Indicator 6: The Authorised Limit

The Authorised Limit represents the maximum amount the Council may borrow at any point in time in the year. It is set at a level the Council considers is "prudent".

The indicator takes account of the capital financing requirement estimated at the start of each year, plus the expected net borrowing requirement for the year. This makes allowance for the possibility to do borrowing earlier in the year if that is the optimum time to undertake it.

It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

<b>Authorised Limit</b>	<b>2022/23 Indicator £m</b>	<b>2022/23 Actual at 30.09.2022 £m</b>	<b>2022/23 Forecast Outturn £m</b>
Borrowing*	663.1	446.5	421.7
Other Liabilities	69.2	47.2	47.2
<b>Total Authorised Limit</b>	<b>732.3</b>	<b>493.7</b>	<b>468.9</b>

\*This limit also incorporates a margin to allow for exceptional short-term movements in the Council's cash flow, bids from service departments to finance efficiencies, changes to the timing of capital payments and fluctuations in the realisation of capital receipts.

It is ultra vires to exceed the Authorised Limit so this should be set to avoid circumstances in which the Council would need to borrow more money than this limit. However, the Council can revise the limit during the course of the year and has done so in 2022/23. The forecast outturn is lower than the indicator as the Council does not currently anticipate any exceptional cashflow movements or borrowing in advance of need.

## 7. Indicator 7: Fixed Interest rate exposure

This indicator places an upper limit on the total amount of net borrowing which is at fixed rates secured against future interest rate movements. The upper limit for fixed interest rate exposure was set to allow for flexibility in applying a proportion of the investment portfolio to finance new capital expenditure. It also reflected a position where the majority of borrowing was at fixed rates to provide budget certainty.

<b>Upper limit for fixed rate exposure</b>	<b>2022/23 Indicator £m</b>	<b>2022/23 Actual at 30.09.2022 £m</b>	<b>2022/23 Forecast Outturn £m</b>
Upper Limit	663.1	446.5	421.7
% of fixed interest rate exposure	100%	100%	100%

## 8. Indicator 8: Variable interest rate exposure

The indicator for actual and forecast outturn is zero due to the current borrowing strategy of borrowing only at a fixed interest rate in the current economic climate of volatile interest rates. Borrowing at fixed interest rates provides budget certainty for the Council

Upper limit for variable rate exposure	2022/23 Indicator £m	2022/23 Actual at 30.09.2022 £m	2022/23 Forecast Outturn £m
Upper Limit	165.8	0	0
% of variable interest rate exposure	25%	0%	0%

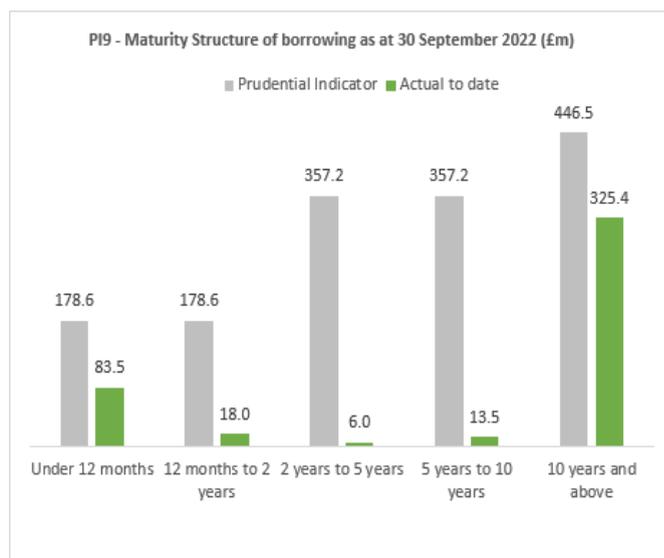
#### 9. Indicator 9: Maturity structure of borrowing

The prudential limits have been set with regard to the maturity structure of the Council's borrowing and reflected the relatively beneficial long-term rates that were expected to be available over the next few years. The borrowing that the Council has actually taken up to the end of September 2022 is £446.5m shown in the indicator below.

Period	Upper Limit	2022/23 Actual at 30.09.2022 (£m)	
Under 12 months*	40%	18.7%	83.5
1 – 2 years	40%	4.0%	18.0
3 – 5 years	80%	1.3%	6.0
6 – 10 years	80%	3.0%	13.5
Over 10 years	100%	72.9%	325.5
<b>Total Borrowing</b>			<b>446.5</b>

\* The borrowing for under 12 months includes £17.5m of Lenders Option Borrowers Option (LOBO) loans.

Although the loans are due to mature in 20-32 years' time, they are classed as loans repayable within the financial year due to LOBO's having a call-in date every 6 months.



#### 10. Indicator 10: Total Investments for periods longer than 365 days

Authorities are able to invest for longer than 365 days excluding loans. It would be unwise to lend a disproportionate amount of cash for too long a period particularly as the Council must maintain sufficient working capital for its operational needs, however if higher rates are available, it would be advantageous to consider other types of financial instruments to invest in.

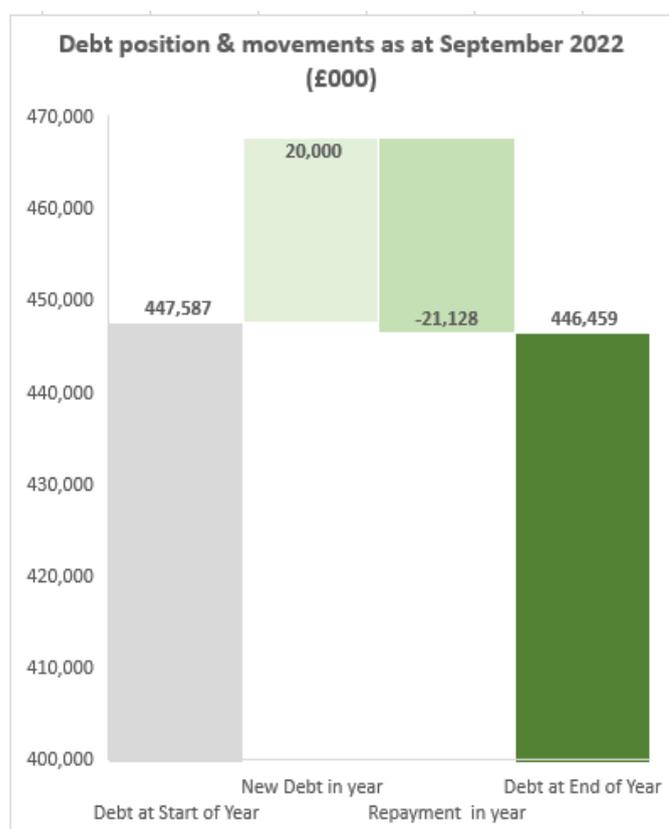
	2022/23 Indicator £m	2022/23 Actual at 30.09.2022 £m	2022/23 Forecast Outturn £m
Principal sums invested >365 days	10.0	0.0	10.0

This indicator reflects the Council's current lending policy of keeping investments short term for liquidity purposes. Also, the Council has minimised its available cash balances as an alternative to new borrowing. This is in line with the current strategy for revenue savings and avoids the 'cost of carry' associated with taking borrowing in advance of need.

## Borrowing Position

The Council's forecast capital financing requirement (CFR) for 2022/23 is £587.9m. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

The Council's borrowing has reduced by a net £1.1m in year to date:



Due to the overall financial position and the underlying need to borrow for capital purposes (the CFR), new external borrowing of £20m was undertaken to refinance maturing debt. The capital programme is being kept under regular review due to the effects of inflationary pressures, shortages of materials and labour. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, in order to achieve optimum value and risk exposure in the long-term.

### PWLB maturity certainty rates (gilts plus 80bps) year to date to 30th September 2022

Gilt yields and PWLB rates were on a generally rising trend throughout H1 2022, the exception being a short rally in gilts in July/August. However, they rose exceptionally sharply towards the end of September, when compared to the MTFS assumptions on refinancing of maturing loans. The Council continues to liaise with Link Group on actions to mitigate any potential increased costs, with the current strategy being to borrow from the inter-authority market which typically provides access to short term funding at rates lower than equivalent PWLB rates.

The 50-year PWLB target certainty rate for new long-term borrowing started 2022/23 at 2.20% and finished the half year at 4.80%, albeit Link Group forecast rates to fall back to 3.20% by the end of September 2025.

## Investment Portfolio

The Treasury Management Strategy Statement (TMSS) for 2022/23, which includes the Annual Investment Strategy, was approved by the Council on 2nd March 2022. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep the majority of investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link suggested creditworthiness approach.

In addition, the Council is also seeking approval to explore the options to invest longer term in non-specified investments (Property Funds, Bond Funds and other pooled funds)

## Investment Counterparty

The Council has begun to invest in a wider range of institutions to take advantage of rising interest rates. Surplus cash is invested for short periods with Barclays, the Churches, Charities and Local Authorities (CCLA) money market fund, and Federated Hermes Short Term Sterling Prime money market fund. The Council also currently has short term deposits with Standard Chartered, SMBC, Lloyds and Goldman Sachs banks and with other local authorities.

## Investment balances

The Council held £57m of investments as at 30<sup>th</sup> September 2022. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of Covid grants, receipt of other grants and progress on the capital programme.

Estimated interest earned on investments as at 30<sup>th</sup> September 2022 is £400k.

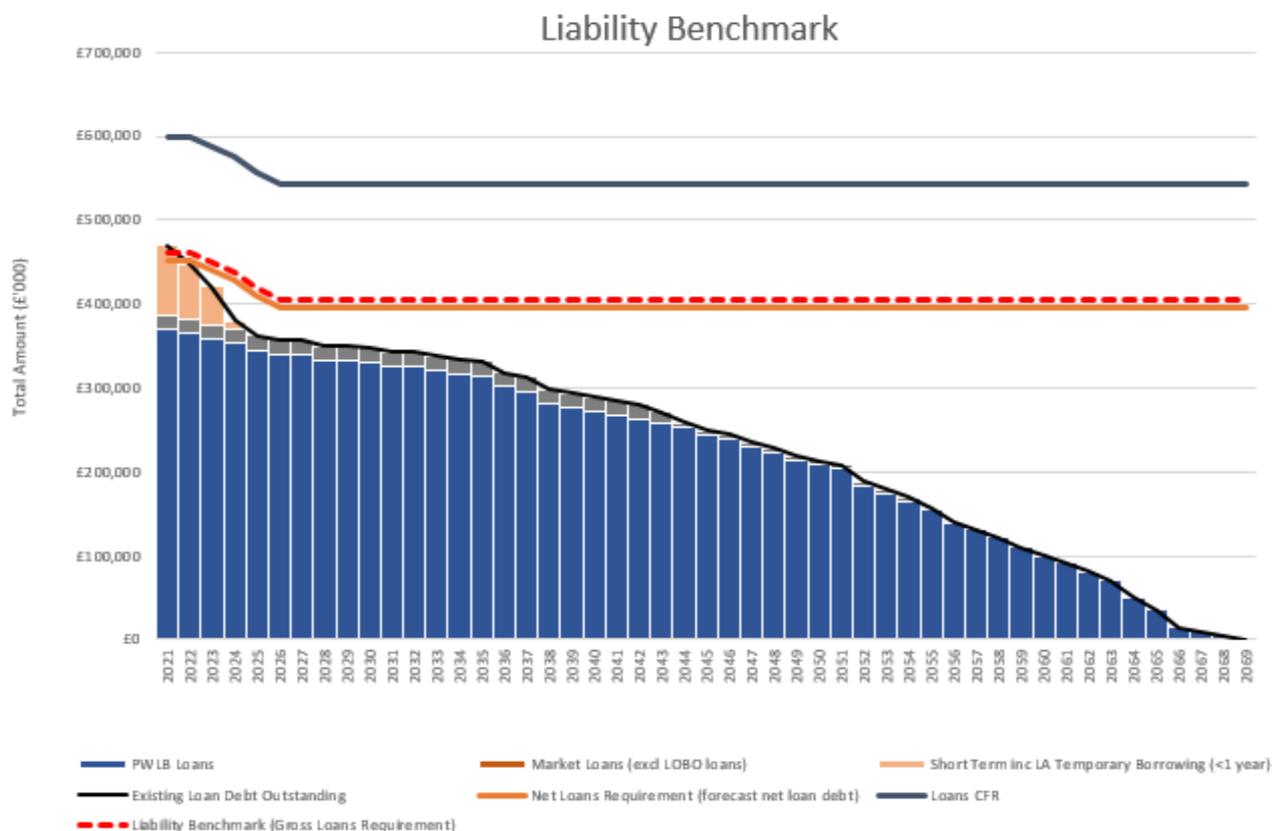
## Investment performance year to date as at 30<sup>th</sup> September 2022

Investment Portfolio £'000	30-Sep-22		
	Principal	Average Rate (%)	Average Life (days)
MMFs	17,500	2.07	1*
Banks	32,554	1.87	61
Local Authorities	7,000	2.75	63
<b>Total Investments</b>	<b>57,054</b>	<b>2.23</b>	<b>62</b>

\* MMFs have no set maturity date and can be accessed at short notice

### CFR, Debt Liability Benchmark and Borrowing

Comparison of borrowing parameters to actual external borrowing:



The liability benchmark is effectively the net borrowing requirement plus a liquidity allowance.

It is calculated by deducting the amount of investable resources available on the balance sheet (reserves, cash flow balances) from the amount of outstanding external debt and then adding the minimum level of investments required to manage day-to-day cash flow.

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<b>AIUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 9</b>
<b>28 NOVEMBER 2022</b>	<b>PUBLIC REPORT</b>

Report of:	Rochelle Tapping, Director of Legal and Governance (Monitoring Officer)	
Contact Officer(s):	Dan Kalley, Senior Democratic Services Officer	Tel. 296334

**AUDIT COMMITTEE START TIME 2022/23**

RECOMMENDATIONS	
<b>FROM:</b> <i>Director of Legal and Governance</i>	<b>Deadline date:</b> <b>January 2023</b>
<p>It is recommended that the Audit Committee:</p> <p>1. Agree and recommend to Council the start time for all Audit Committee meetings for the Municipal Year 2023-24.</p>	

**1. ORIGIN OF REPORT**

1.1 This report is submitted to the Audit Committee following the Full Council decision on 24 July 2019 to allow Committees to decide their own start times for the Municipal Year 2020-21.

**2. PURPOSE AND REASON FOR REPORT**

2.1 The purpose of this report is to allow the Audit Committee to discuss and agree the start time for meetings from the beginning of the Municipal Year 2023-24. The draft schedule of meetings will be agreed at Full Council on 25 January 2023.

2.2 This report is for the Audit Committee to consider under Part 4 Council Standing Order section 4.4.1

The timings of normal committee meetings will be agreed by the committee for the next municipal year in January of the preceding municipal year (or as near to this time as possible).

**3. TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	
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**4. BACKGROUND AND KEY ISSUES**

4.1 At the Constitution and Ethics Committee on 8 July 2019 the Committee agreed by majority to recommend to Council that all Committees can agree their start times for the Municipal Year 2020-21. This was again agreed by majority at the Full Council meeting on 24 July 2019.

4.2 The Council standing orders have been updated to reflect this decision and gives Committees the opportunity to decide their own start time.

- 4.3 In order for the start times to be incorporated into the draft meeting schedule it is important for the Committee to make a decision, on this before the January Full Council meeting. This is the only opportunity for the Committee to make this decision as the next meeting is after January Council meeting.
- 4.4 Council standing orders allow the Committee to agree its start time every Municipal Year, thereby allowing the Committee to change the start times if it is felt that the start time was not suitable or working.
- 4.5 The Committee will need to decide the best start time and will need to weigh up attendance at meetings and the impact on the Council and members of the public.
- 4.6 The Committee has previously met at 5pm in 2019/20. 2020/21 and 2021/22. For the municipal year 2022/23 all meetings of the committee changed to a 6pm start.

## **5. CONSULTATION**

- 5.1 Consultation on the start times for the committee is being presented to members at this meeting along with any suggestions with regards to meeting frequency. Any recommendations will be presented to Full Council as part of the meeting schedule report.

## **6. CORPORATE PRIORITIES**

- 6.1 The report impacts the Sustainable Future City Council arm of the Corporate Priorities outlined below:

1. Sustainable Future City Council
  - How we Work
  - How we Serve
  - How we Enable

This impact needs to be taken into account in order for the committee to be able to meet at the appropriate time to conduct business on behalf of the Council.

## **7. ANTICIPATED OUTCOMES OR IMPACT**

- 7.1 It is anticipated that the Committee will agree a start time for meetings for the Municipal Year 2023-24 and this will be proposed as part of the draft meeting schedule.

## **8. REASON FOR THE RECOMMENDATION**

- 8.1 The recommendation allows the Audit Committee to debate the start time of the meeting and make recommendations following debate.

## **9. ALTERNATIVE OPTIONS CONSIDERED**

- 9.1 N/A

## **10. IMPLICATIONS**

### **Financial Implications**

- 10.1 There are none.

### **Legal Implications**

10.2 There are none.

### **Equalities Implications**

10.3 There are none.

## **11. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

11.1 Minutes of the Constitution and Ethics Committee 8 July 2019  
Report to Full Council 24 July 2019

## **12. APPENDICES**

12.1 None.

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<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 11</b>
<b>28 NOVEMBER 2022</b>	<b>PUBLIC REPORT</b>

Report of:	Rochelle Tapping, Director of Legal & Governance	
Contact Officer(s):	Pippa Turvey, Democratic and Constitutional Services Manager	Tel. 452460

**DECISIONS MADE BY THE SHAREHOLDER CABINET COMMITTEE**

RECOMMENDATIONS	
<b>FROM:</b> <i>Shareholder Cabinet Committee</i>	<b>Deadline date:</b> 28 November 2022
It is recommended that the Audit Committee note the decisions made by the Shareholder Cabinet Committee as set out in the report.	

**1. ORIGIN OF REPORT**

- 1.1 This report is submitted to Audit Committee in line with the constitutional requirement for it to consider the performance of the Council's companies alongside comments from the Shareholder Cabinet Committee.

**2. PURPOSE AND REASON FOR REPORT**

- 2.1 The purpose of this report is to ensure that the Audit Committee is updated on the work of the Shareholder Cabinet Committee in relation the Council's companies.
- 2.2 This report is for Audit Committee to consider under its Terms of Reference No. 2.2.2.12, "To consider reports in relation to the performance of the Council's companies, alongside comments from the Shareholder Cabinet Committee."

**3. TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	<b>N/A</b>
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**BACKGROUND AND KEY ISSUES**

**4. [Shareholder Cabinet Committee – 7 November 2022](#)**

**4.1 NPS Peterborough Business Plan Strategy**

The Shareholder Cabinet Committee considered the report and RESOLVED to:

1. Note the contents of the NPS Peterborough Ltd presentation covering the 2022/23 period.

- 4.2 2. Note the comments in this report in respect of the future direction of the Property function relating to the decision to end the current joint venture with NPS (Peterborough) Ltd and the transition to providing the property function internally.

### **Opportunity Peterborough**

The Shareholder Cabinet Committee considered the report and RESOLVED to:

- 4.3
- Note the achievements and impact of Opportunity Peterborough with regards to support for the local economy and jobs creation, as well as plans for the financial year 2022/23.

### **Peterborough HE Property Company LTD**

The Shareholder Cabinet Committee considered the report and RESOLVED to:

1. Note the work of the Peterborough HE Property Company Ltd, and the council's role as shareholder in that company;
2. Assure itself that the role of the council as shareholder in that company was being fulfilled appropriately.

## **5. CORPORATE PRIORITIES**

5.1 The report links to the following Corporate Priorities of the Council:

1. The Economy and Inclusive Growth:
  - There are no Carbon Impact implications to consider, as this report is to note.
4. Sustainable Future City Council:
  - The reports outlines the manner in which the Council works with its partners and shareholder companies.

## **7. CONSULTATION**

7.1 None taken, as the report is to note.

## **8. ANTICIPATED OUTCOMES OR IMPACT**

8.1 That the Audit Committee maintain awareness of the decisions taken by the Shareholder Cabinet Committee.

## **9. REASON FOR THE RECOMMENDATION**

9.1 To ensure that the Audit Committee is aware and familiar with the recent decisions made by the Shareholder Cabinet Committee.

## **10. ALTERNATIVE OPTIONS CONSIDERED**

10.1 To not provide the information to the Audit Committee – this would not align with the requirements set out within the Council's constitution.

## **11. IMPLICATIONS**

11.1 As this report is for the Audit Committee to note there are no financial, legal, or equalities implications to consider

## **12. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

12.1 Shareholder Cabinet Committee Agenda:

- 7 Nov 2022

**13. APPENDICES**

13.1 None.



<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 12</b>
<b>28 NOVEMBER 2022</b>	<b>PUBLIC REPORT</b>

Report of:	Chair of Audit Committee	
Cabinet Member(s) responsible:	Councillor Coles, Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Dan Kalley, Senior Democratic Services Officer	Tel. 296 334

**WORK PROGRAMME 2022/23**

<b>R E C O M M E N D A T I O N S</b>
<p>It is recommended that the Audit Committee:</p> <ol style="list-style-type: none"> <li>1. Notes and agrees the Work Programme for the municipal year 2022/23 and matrix of terms of reference</li> </ol>

**1. ORIGIN OF REPORT**

1.1 This is a standard report to the Audit Committee which forms part of its agreed work programme. This report provides details of the Draft Work Programme for the following municipal year.

**2. PURPOSE AND REASON FOR REPORT**

2.1 The Work Programme is based on previous year's agendas. The programme can be refreshed throughout the year in consultation with senior officers and the Committee membership to ensure that it remains relevant and up to date. In addition, any delays in reporting issues are recorded so that they do not drop off the committee agenda.

**3. CORPORATE PRIORITIES**

3.1 This report links to the Corporate Priorities under the following heading:

1. Sustainable Future City Council

The work programme sets out the forward look of committee in assisting the Council in securing its future as a sustainable council for its residents.

**4. IMPLICATIONS**

**Financial Implications**

4.1 There are none

**Legal Implications**

4.2 There are none

**Equalities Implications**

4.3 There are none

**5. APPENDICES**

5.1 Appendix A – Rolling Work Programme 2022/23  
Appendix B – Committee matrix – terms of reference

Meeting date: Monday 28 November 2022

Training/Briefing dates: 22 November 2022

Agenda Item	Responsible Author(s)	Audit Committee Terms of Reference	Brief description	Relevant onward Committee and date (if applicable)
Internal Audit: Mid Year Progress Report	Steve Crabtree – Chief Internal Auditor	<p><b>2.2.2.1</b></p> <p>To consider the annual audit report and opinion of the Corporate Director of Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.</p>	<p>The purpose of this report provides an overall opinion on the soundness of the control environment in place to minimise risk to the council. It is based on the findings of the completed internal audits from the Annual Audit Plan 2022 / 2023 as at 30 September 2022.</p>	
Audit Committee start time 2023/24	Dan Kalley – Senior Democratic Services Officer	<p><b>Council Standing Order section 4.4.1</b></p> <p>The timings of normal committee meetings will be agreed by the committee for the next municipal year in January of the preceding municipal year (or as near to this time as possible).</p>	<p>The purpose of this report is to allow the Audit Committee to discuss and agree the start times for meetings from the beginning of the Municipal Year 2023-24.</p>	Full Council January/March 2023

Treasury Management Strategy (Half year report)	Cecilie Booth – Executive Director Corporate Services  Fiona Leverton – Capital Accounting & Treasury Manager	<b>2.2.1.18</b>  To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.	The purpose of this report is to report current performance and the forecast outturn position against the Prudential Indicators in the strategy.	
Council Complaints Procedure	Belinda Evans – Complaint Manager	<b>2.2.2.16</b>  To monitor Council policies on "raising concerns at work" and the anti-fraud and anticorruption strategy and the Council's complaints process	The purpose of the report is to update members on the Council's Complaints procedure.	
Decisions of the Shareholder Cabinet Committee	Pippa Turvey – Democratic & Constitutional Services Manager	<b>2.2.2.12</b>  To consider reports in relation to the performance of the Council's companies, alongside comments from the Shareholder Cabinet Committee.	The purpose of this report is to ensure that the Audit Committee is updated on the work of the Shareholder Cabinet Committee in relation to the Council's companies.	
FRC report from External Audit – EXEMPT	Sian Warren – Financial Accounting and Control Manager	<b>2.2.2.7</b>  To comment on the scope and depth of external audit work and to ensure it gives value for money.	To review for information the report presented by FRC.	

Meeting date: 30 January 2023

Training/Briefing dates: 24 January 2023

Agenda Item	Responsible Author(s)	Audit Committee Terms of Reference	Brief description	Relevant onward Committee and date (if applicable)
Audit Committee deep dive on Debt Write Offs	Chris Yates – Financial Manager (Business Manager)  Cecilie Booth – Executive Director Corporate Services	TBC	An opportunity for the Committee to have a deep dive into an area of interest to the Committee. Further details of the nature of the deep dive will be updated in the work programme.	
Internal Audit: Approach to Audit Planning	Steve Crabtree – Chief Internal Auditor	<b>2.2.2.9</b>  To commission work from internal and external audit.	The purpose of this report is to provide Members with details of Internal Audit's annual planning approach and emerging issues and risks that Internal Audit need to provide assurance over. It provides an opportunity for Members to consider these themes and provide input into the development of the Audit Plan.	
Council Reserves Policy	Emma Riding – Budget and Control Reporting Manager	<b>2.2.2.14</b>	To review any updates and work done to the Councils reserves policy	

	Cecilie Booth – Executive Director Corporate Services	To review any issue referred to it by the Chief Executive or a Director, or any Council body.		
Update on procurement activity (If applicable)	Mark Sandhu – Head of Procurement  Richard McCarthy -  Steve Crabtree – Chief Internal Auditor	<b>2.2.2.18</b>  To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.	To review any activity by directorates/teams that had not followed procurement guidelines.	

Meeting date: 20 March 2023

Training/Briefing dates: 16 March 2023

Agenda Item	Responsible Author(s)	Audit Committee Terms of Reference	Brief description	Relevant onward Committee and date (if applicable)
Audit Committee deep dive	TBC	TBC	An opportunity for the Committee to have a deep dive into an area of interest to the Committee. Further details of the nature of the deep dive will be updated in the work programme.	
Final Statement of Accounts 2020/21	Ernst & Young – External Auditors	<b>2.2.1.19</b>	To review the Audit results report from the External Auditors.	

	Cecilie Booth – Executive Director Corporate Services	To review the annual statement of accounts, specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.		
External Audit plan for year ended 31 March 2022	Ernst Young – External Auditors  Sian Warren/Cecilie Booth/Kirsty Nutton - Finance	<b>2.2.2.5</b>  To consider the external auditors annual letter, relevant reports and the report to those charged with governance.  <b>2.2.2.7</b>  To comment on the scope and depth of external audit work and to ensure it gives value for money.	The purpose of this report is to involve the Audit Committee in determining the audit approach and to identify any additional issues it considers relevant to the audit.	
Draft Annual Audit Committee report	Dan Kalley – Senior Democratic Services Officer  Cecilie Booth – Executive Director Corporate Services  Steve Crabtree – Chief Internal Auditor	<b>2.2.2.13</b>  To produce an annual report for consideration by Full Council.	The Audit Committee has been in operation since Annual Council in May 2006 (first meeting June 2006). The Committee has a wide ranging remit that underpins the Council's governance processes by providing	Full Council July 2023

	Chris Brooks - Chair		independent challenge and assurance of the adequacy of risk management, internal control including internal audit, anti-fraud and the financial reporting framework.	
Internal Audit: Draft Internal Audit Plan 2023 / 2024	Steve Crabtree – Chief Internal Auditor	<p><b>2.2.1.1</b></p> <p>To consider the annual report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.</p> <p><b>2.2.1.3</b></p> <p>To consider reports dealing with the management and performance of the providers of internal audit services.</p> <p><b>2.2.1.18</b></p> <p>To consider the council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.</p>	The purpose of this report is to ensure that the Council reviews and agrees the audit activity for the next audit year.	

Risk Management: Strategic Risks	Risk Management Manager (TBC)	<b>2.2.2.15</b> To monitor the effective development and operation of risk management and corporate governance in the council.	The purpose of this report is for the Audit Committee to note and comment on the Risk Management Report.	
Decisions of the Shareholder Cabinet Committee	Pippa Turvey – Democratic & Constitutional Services Manager	<b>2.2.2.12</b> To consider reports in relation to the performance of the Council's companies, alongside comments from the Shareholder Cabinet Committee.	The purpose of this report is to ensure that the Audit Committee is updated on the work of the Shareholder Cabinet Committee in relation the Council's companies.	

July 2023

Training/Briefing: TBC

<b>Agenda Item</b>	<b>Responsible Author(s)</b>	<b>Audit Committee Terms of Reference</b>	<b>Brief description</b>	<b>Relevant onward Committee and date (if applicable)</b>
Draft Annual Governance Statement	Steve Crabtree – Chief Internal Auditor Cecilie Booth – Executive Director Corporate Services	<b>2.2.1.17</b> To oversee the production of the authority's Annual Governance Statement and to recommend its adoption  <b>2.2.1.18</b>	The production of the Annual Governance Statement (AGS) forms part of the annual closure of accounts process. It is not a financial exercise, but represents a corporate overview of the processes and procedures adopted by	

		To consider the Councils arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.	Peterborough to manage its affairs.	
Risk Management Framework and Policies	Risk Management Manager (TBC)	<b>2.2.1.15</b> To monitor the effective development and operation of risk management and corporate governance in the Council.	Responsibility for the risk management framework	
Internal Audit: Annual Audit Opinion	Steve Crabtree – Chief Internal Auditor	<b>2.2.1.1</b> To consider the annual report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.	The purpose of this report provides an overall opinion on the soundness of the control environment in place to minimise risk to the Council. It is based on the findings of completed audits and activities undertaken by the Internal Audit Team during 2021 / 2022.	
Council Commercial Activities	Cecilie Booth – Executive Director Corporate Services		To review the Councils commercial activities and risks associated with this.	

Investigations Team Annual Report 2022 / 2023	Steve Crabtree – Chief Internal Auditor	<b>2.2.1.16</b>  To monitor council policies on “raising concern at work” and the anti-fraud and anti-corruption strategy and the Council’s complaints process.	The purpose of this report is to present the work carried out during the past year to minimise the risk of fraud, bribery and corruption occurring in the Council.	
Insurance: Annual Report 2022 / 2023	Steve Crabtree – Chief Internal Auditor	<b>2.2.1.15</b>  To monitor the effective development and operation of risk management and corporate governance in the Council.	The purpose of this report is to present the work carried out during the past year to provide an effective insurance function which provides cover for all aspects of the Council whilst minimising the cost.	
Draft Statement of Accounts and Audit Results report for year ended 31 March 2023	Ernst & Young – External Auditors  Cecilie Booth – Executive Director Corporate Services	<b>2.2.1.19</b>  To review the annual statement of accounts, specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.	To review the Audit results report from the External Auditors.	
Audit Committee Effectiveness	Steve Crabtree – Chief Internal Auditor	<b>2.2.1.18</b>	To provide Members with an update on progress in developing the audit plan.	

		To consider the Councils arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.		
Decisions of the Shareholder Cabinet Committee	Pippa Turvey – Democratic & Constitutional Services Manager	<b>2.2.2.12</b> To consider reports in relation to the performance of the Council's companies, alongside comments from the Shareholder Cabinet Committee.	The purpose of this report is to ensure that the Audit Committee is updated on the work of the Shareholder Cabinet Committee in relation the Council's companies.	

Meeting date: September 2023

Training/Briefing dates: TBC

<b>Agenda Item</b>	<b>Responsible Author(s)</b>	<b>Audit Committee Terms of Reference</b>	<b>Brief description</b>	<b>Relevant onward Committee and date (if applicable)</b>
Risk Management: Strategic Risks	Risk Management Manager (TBC)	<b>2.2.2.15</b> To monitor the effective development and operation of risk management and corporate governance in the council.	The purpose of this report is for the Audit Committee to note and comment on the Risk Management Report.	

Date for item TBC

<b>Agenda Item</b>	<b>Responsible Author(s)</b>	<b>Audit Committee Terms of Reference</b>	<b>Brief description</b>	<b>Relevant onward Committee and date (if applicable)</b>
Councils Value for Money position	Cecilie Booth – Executive Director Corporate Services			
Report on Shared Services	Cecilie Booth – Executive Director Corporate Services  Matt Gladstone – Chief Executive			

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## **Planning document linking constitution to delivery in meetings.**

### **Audit Committee**

2.2.1 It is advised that Members undertake relevant training within the past three years in order to hold a seat on this committee.

#### **2.2.2 Terms of Reference**

2.2.2.1 To consider the annual report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.

2.2.2.2 To consider summaries of specific internal audit reports as requested.

2.2.2.3 To consider reports dealing with the management and performance of the providers of internal audit services.

2.2.2.4 To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.

2.2.2.5 To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

2.2.2.6 To consider specific reports as agreed with the external auditor.

2.2.2.7 To comment on the scope and depth of external audit work and to ensure it gives value for money.

2.2.2.8 To liaise with the Public Sector Audit Appointments Ltd (PSAA) over the appointment of the council's external auditor.

2.2.2.9 To commission work from internal and external audit.

2.2.2.10 To have oversight of the Regulation of Investigatory Powers policy and processes.

2.2.2.11 Authority to approve any changes regarding the Council's Whistle-Blowing policy and arrangements.

2.2.2.12 To consider reports in relation to the performance of the Council's companies, alongside comments from the Shareholder Cabinet Committee.

2.2.2.13 To produce an annual report for consideration by Full Council.

## **Regulatory Framework**

- 2.2.2.14 To review any issue referred to it by the Chief Executive or a Director, or any Council body.
- 2.2.2.15 To monitor the effective development and operation of risk management and corporate governance in the council.
- 2.2.2.16 To monitor Council policies on "raising concerns at work" and the anti-fraud and anti-corruption strategy and the Council's complaints process.
- 2.2.2.17 To oversee the production of the authority's Statement on Internal Control and to recommend its adoption.
- 2.2.2.18 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

## **Accounts**

- 2.2.1.19 To review the annual statement of accounts, specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- 2.2.1.20 To consider the external auditors report to those charged with governance on issues arising from the audit of the accounts.

## **Independent Members of Audit Committee**

- 2.2.1.21 The Audit Committee will include up to 3 independent co-opted non-voting members sitting alongside 7 elected members. Independent members will be appointed by the Council to serve an initial 4 year term, which may be extended with the agreement of Council.
- 2.2.1.22 The Committee will be chaired by an Independent Member. In the absence of the appointed chair one of the remaining two Independent Members will be appointed as Chair by the Committee.
- 2.2.1.23 The Vice-Chair will be an elected member whose purpose will be to support the Chair and in the event of an equality of votes, to exercise a second or casting vote.
- 2.2.1.24 The role of an Independent Member is to support the Council's Audit Committee in its role to provide independent assurance to the members of Peterborough City Council, and its wider citizens and stakeholders.

- 2.2.1.25 Independent members will be expected to actively participate in meetings of the Audit Committee and demonstrate independence, integrity, objectivity and impartiality in their decision-making. They will support reporting as required to Full Council, including the Annual Audit Committee report.
- 2.2.1.26 Independent members will contribute to the work of the Audit Committee in its role in reviewing the Council's financial affairs, including making reports and recommendations, overseeing internal and external audit arrangements, reviewing and scrutinising financial statements, seeking assurances of compliance with the Treasury Management Strategy and practices and reviewing and assessing the governance, risk management and control of the authority.

Terms of reference	Meeting	Report title	Assurance activity
2.2.2.1 To consider the annual report and opinion of the Corporate Director Resources and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements.	<b>Mar 2022</b>	Internal Audit: Draft Internal Audit Plan 2022 / 2023	Provide Audit Committee with detailed planned audit coverage for the year.
	<b>July 2022</b>	Internal Audit: Annual Audit Opinion	Audit Plan 2021/22 outturn. Provide Audit Committee with all works completed together with an opinion of the level of control / governance in place. Details of resources utilised. Areas of concern and non-compliance will be highlighted.
		(Draft) Annual Governance Statement	Details of the governance arrangements in place at PCC. Reporting of the assurance framework to establish the AGS. Reporting of areas where improvements are required
	<b>Nov 2022</b>	Internal Audit: Mid-Year Progress Report	Audit Plan 2022/23. To provide progress against the agreed plan. Details of any

			changes made to audit risks and resources and how this is impacting on works.
	<b>Mar 2023</b>	Internal Audit: Draft Internal Audit Plan 2023 / 2024	Provide Audit Committee with detailed planned audit coverage for the year.
2.2.2.2 To consider summaries of specific internal audit reports as requested	<b>July 2022</b>	Internal Audit: Annual Audit Opinion	Audit Plan 2021/22 outturn. Provide Audit Committee with all works completed together with an opinion of the level of control / governance in place. Details of resources utilised. Areas of concern and non-compliance will be highlighted.
	<b>Nov 2022</b>	Internal Audit: Mid-Year Progress Report	Audit Plan 2022/23. To provide progress against the agreed plan. Details of any changes made to audit risks and resources and how this is impacting on works.
2.2.2.3 To consider reports dealing with the management and performance of the providers of internal audit services.	<b>Mar 2022</b>	Internal Audit: Draft Internal Audit Plan 2022 / 2023	Provide Audit Committee with detailed planned audit coverage for the year.
	<b>Mar 2023</b>	Internal Audit: Draft Internal Audit Plan 2023 / 2024	Provide Audit Committee with detailed planned audit coverage for the year.
2.2.2.4 To consider a report from audit on agreed	<b>July 2022</b>	Internal Audit: Annual Audit Opinion	Areas of non-compliance with timescales to implement change

	recommendations not implemented within a reasonable timescale	<b>Nov 2022</b>	Internal Audit: Mid-Year Progress Report	Areas of non-compliance with timescales to implement change
2.2.2.5	To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.	<b>Sept 2022</b>	External Audit plan for year ended 31 March 2022	External auditor presents reports
2.2.2.6	To consider specific reports as agreed with the external auditor.	<b>Jan 2023</b>	Council's Value for Money position	
			Medium Term Financial Strategy review and recommendations	
2.2.2.7	To comment on the scope and depth of external audit work and to ensure it gives value for money.	<b>TBC</b>	External Audit plan for year ended 31 March 2022	
		<b>Nov 2022</b>	FRC Report	To review the FRC's report on external auditing
2.2.2.8	To liaise with the Public Sector Audit Appointments Ltd (PSAA) over the appointment of the council's external auditor.	<b>As required – last done November 2021</b>		
2.2.2.9	To commission work from internal and external audit	<b>Jan 2023</b>	Internal Audit: Approach to Audit Planning	To set out future audit work based on the current issues impacting on PCC

2.2.2.10	To have oversight of the Regulation of Investigatory Powers policy and processes.	<b>Nov 2022</b>	Update on RIPA for Audit Committee members	To update the committee on the Councils RIPA policy.
2.2.2.11	Authority to approve any changes regarding the Council's Whistle-Blowing policy and arrangements.	<b>As required</b>		
2.2.2.12	To consider reports in relation to the performance of the Council's companies, alongside comments from the Shareholder Cabinet Committee.	<b>July 2022</b>	Decisions made by the Shareholder Cabinet Committee	
2.2.2.13	To produce an annual report for consideration by Full Council.	<b>Mar 2022</b>	Annual Audit Committee report	Draft report that currently gets presented to Full Council in July.
		<b>Mar 2023</b>	Annual Audit Committee report	Draft report that currently gets presented to Full Council in July.
2.2.2.14	To review any issue referred to it by the Chief Executive or a Director, or any Council body.	<b>Oct 2022</b>	Council Reserves Policy	To review the Councils Reserve Policy
		<b>Oct 2022</b>	Independent Improvement Panel Report	To review the first Independent Improvement Panel report presented to Cabinet.
		<b>Oct 2022</b>	Budget Setting Process	To review the Councils Budget Setting process

	<b>Jan 2023</b>	Council Reserves Policy	To review updates on the Councils Reserve Policy
2.2.2.15 To monitor the effective development and operation of risk management and corporate governance in the council.	<b>Mar 2022</b>	Risk Management Strategic Risks	Overview of current strategic risks.
	<b>July 2022</b>	Insurance: Annual Report 2021 / 2022	Sets out how insurance service has operated to ensure effective management and control of its assets, and provide cover to manage risks
	<b>Oct 2022</b>	Risk Management Strategic Risks	Overview of current strategic risks
	<b>Mar 2023</b>	Risk Management Strategic Risks	Overview of current strategic risks.
2.2.2.16 To monitor Council policies on "raising concerns at work" and the anti-fraud and anti-corruption strategy and the Council's complaints process.	<b>July 2022</b>	Investigations Team Annual Report 2021 / 2022	Annual report into Investigations Team works.
	<b>Nov 2022</b>	Council Complaints Procedure	To review and comment on the Councils complaints policies and processes
2.2.2.17 To oversee the production of the authority's Statement on	<b>July 2022</b>	(Draft) Annual Governance Statement	Details of the governance arrangements in place at PCC. Reporting of the assurance framework to establish the

Internal Control and to recommend its adoption.			AGS. Reporting of areas where improvements are required
2.2.2.18 To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.	<b>Mar 2022</b>	Internal Audit: Draft Internal Audit Plan 2022 / 2023	Provide Audit Committee with detailed planned audit coverage for the year.
	<b>July 2022</b>	Review of Effectiveness of Audit Committee	Overview of the operation of the Committee against the CIPFA standards.
		Annual Governance Statement	Details of the governance arrangements in place at PCC. Reporting of the assurance framework to establish the AGS. Reporting of areas where improvements are required
		National Fraud Initiative	Report to set out how the Council will look to tackle fraud and error as part of mandatory exercises from central government
Risk Management Framework			

	<b>Nov 2022</b>	Treasury Management Progress Report (including risks)		
	<b>Oct 2022</b>	Review of Procurement, reporting of single tender contracts		
	<b>TBC</b>	Shared services strategy, TMS monitoring report		
	<b>Nov 2022</b>	Treasury Management Strategy (Half year report)		
	<b>Jan 2023</b>	To review any updates on procurement issues identified where teams had not followed process.		
	<b>Mar 2023</b>	Internal Audit: Draft Internal Audit Plan 2023 / 2024	Provide Audit Committee with detailed planned audit coverage for the year.	
2.2.1.19	To review the annual statement of accounts, specifically, to consider whether appropriate accounting policies have been followed and	<b>June 2022</b>	Budget Monitoring Outturn 2021 / 2022	

whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.	<b>Mar 2023</b>	Audit Results report for year ended 31 March 2022	
	<b>Aug 2022</b>	Audit of Statement of Accounts year ended 2020/21	
2.2.1.20 To consider the external auditors report to those charged with governance on issues arising from the audit of the accounts.	<b>Mar 2022</b>	Statement of Accounts	
	<b>Aug 2022</b>	Audit of Statement of Accounts year ended 2020/21 update	
	<b>Mar 2023</b>	Statement of Accounts final for 2020/21	

<b>Independent Audit Committee Members feedback</b>	
2.2.1.25 Independent members will be expected to actively participate in meetings of the Audit Committee and demonstrate	

<p>independence, integrity, objectivity and impartiality in their decision-making. They will support reporting as required to Full Council, including the Annual Audit Committee report.</p>	
<p>2.2.1.26 Independent members will contribute to the work of the Audit Committee in its role in reviewing the Council's financial affairs, including making reports and recommendations, overseeing internal and external audit arrangements, reviewing and scrutinising financial statements, seeking assurances of compliance with the Treasury Management Strategy and practices and reviewing and assessing the governance, risk management and control of the authority.</p>	

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