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Lichfield, Staffordshire WS13 6YU**

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Wednesday, 14 July 2021

Dear Sir/Madam

## **AUDIT AND MEMBER STANDARDS COMMITTEE**

A meeting of the Audit and Member Standards Committee has been arranged to take place **THURSDAY, 22ND JULY, 2021 at 6.00 PM IN THE COUNCIL CHAMBER, FROG LANE, LICHFIELD** District Council House, Lichfield to consider the following business.

Access to the Council Chamber, Frog Lane, Lichfield is via the Members' Entrance.

In light of the current Covid-19 pandemic and government advice on social distancing, whilst this meeting will be held at the District Council Offices, a limited number of people can attend the meeting therefore it will be live streamed on the Council's [YouTube channel](#) for all members of the public to view. Only pre-agreed participants will be able to attend the meeting in addition to all the Members of the Committee and relevant Officers.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Christie Tims'.

Christie Tims  
**Head of Governance and Performance**

**To: Members of Audit and Member Standards Committee**

Councillors Spruce (Chair), Ho (Vice-Chair), Binney, Grange, Norman, Robertson, Silvester-Hall, White, M Wilcox, Sohal (External Auditor) and Rowley (External Auditor)



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## AGENDA

- |     |  |           |
|-----|--|-----------|
| 1.  | <b>Apologies for Absence</b>   |           |
| 2.  | <b>Declarations of Interest</b>  |           |
| 3.  | <b>Minutes of the Previous Meeting</b>   | 3 - 8     |
| 4.  | <b>Annual Treasury Management Report</b>   | 9 - 28    |
|     | <i>(Report of the Head of Finance &amp; Procurement – Mr Anthony Thomas)</i>               |           |
| 5.  | <b>CIPFA Resilience Index</b>  | 29 - 32   |
|     | <i>(Report of the Head of Finance &amp; Procurement – Mr Anthony Thomas)</i>               |           |
| 6.  | <b>Internal Audit Progress Report</b>  | 33 - 46   |
|     | <i>(Report of the Internal Audit Manager)</i>  |           |
| 7.  | <b>Quality Assurance and Improvement Programme /Public Sector Internal Audit Standards</b> | 47 - 60   |
|     | <i>(Report of the Internal Audit Manager)</i>  |           |
| 8.  | <b>Risk Management Update</b>  | 61 - 76   |
|     | <i>(Report of the Internal Audit Manager)</i>  |           |
| 9.  | <b>RIPA reports policy and monitoring</b>  | 77 - 102  |
|     | <i>(Report of the Head of Governance &amp; Performance/Monitoring Officer)</i>             |           |
| 10. | <b>Model Code of Conduct</b>   | 103 - 106 |
|     | <i>(Report of the Head of Governance &amp; Performance/Monitoring Officer)</i>             |           |
| 11. | <b>Leyfield &amp; Netherstowe Final Action Plan</b>  | 107 - 112 |
|     | <i>(Report of the Head of Governance &amp; Performance/Monitoring Officer)</i>             |           |
| 12. | <b>Work Programme</b>  | 113 - 116 |



## **AUDIT AND MEMBER STANDARDS COMMITTEE**

**27 APRIL 2021**

**PRESENT:**

Councillors Greateorex (Chairman), Ho (Vice-Chair), Checkland, Grange, A Little, Norman, Robertson, Spruce and White

Observer: Councillor Strachan, Cabinet Member for Finance, Procurement, Customer Services and Revenues & Benefits & Councillor Pullen, Leader of the Council

Officers In Attendance: Mrs J Irving, Miss W Johnson, Ms D Tilley, Mr A Thomas, Ms Christie Tims & Ms Tracey Tudor

Also Present: Mr Avtar Sohal (Grant Thornton UK LLP) (External Auditor) and Mr Stuart Evans (Anthony Collins Solicitors) for Minute no. 57

**47 APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**48 DECLARATIONS OF INTEREST**

There were no declarations of interest.

**49 MINUTES OF THE PREVIOUS MEETING**

The Minutes of the Meeting held on 25 March 2021 previously circulated, were taken as read and approved as a correct record.

**50 PAYMENT CARD INDUSTRY COMPLIANCE OUTSTANDING ACTION**

Ms Tracey Tudor (Head of Corporate Services) provided an update to the committee on the outstanding Payment Card Industry Data Security Standard (PCI-DSS) high priority recommendation as requested at the previous meeting. Ms Tudor advised that the council does comply with the PCI-DSS requirements for most payments and advised that the only area that was not compliant was where staff were taking payments over the telephone and typing the card details into the payments system. However, Ms Tudor assured members that the actual card information was not stored on any council IT system at any point as it was entered directly in to a PCI-DSS compliant website provided by a third party. Ms Tudor also said there was technology in Lichfield Connects that stopped the card details from being recorded.

Ms Tudor assured the committee that she was exploring new technology that will allow people to type in their own card details and maintain a high-quality contact experience as well as encouraging customers to continue to pay on a regular basis. She said that using the opportunities that Covid-19 had presented, customers would now be encouraged to pay by direct debits and alternative payment methods as we knew from the initial results of the live customer survey that digital channels were our customers preferred way to interact with us. Ms Tudor said a trial within the team at Lichfield Connects was underway where they no longer take payments but transfer the customers to a payment line instead and, if successful, this would be rolled out to all colleagues which would ensure PCI compliance. The trial

underway showed that of the 198 phone interactions in the first week 73% did not need intervention from staff and customers were either successfully transferred to the payment line or encouraged to use the website therefore mitigating the risk further.

Ms Tudor advised that a new finance system, a payments solution and a new telephone platform were all being shaped as part of the Digital Strategy which had a target delivery date of December 2021 following which the council would re-apply to become recognised as being PCI-DSS compliant.

**RESOLVED:** The Committee noted the update.

## **51 ANNUAL GOVERNANCE STATEMENT**

Mr Anthony Thomas (Head of Finance & Procurement) delivered a presentation on the key points of the final draft version of the Annual Governance Statement for 2020/21 and consideration was given by members. Mr Thomas explained that any relevant authority must each financial year conduct a review of the effectiveness of the system of internal control and prepare and approve an Annual Governance Statement. He explained that the Annual Governance Statement enables the council to explain to the community, service users, tax payers and other stakeholders its governance arrangements and how the controls it has in place manages risks of failure in delivering its outcomes. He stated the current committee were best placed to endorse the Statement as it related to the year 2020/21 and the committee had received all relevant information on internal control and governance throughout the financial year. Mr Thomas stated that the figures relating to the gender pay gap were not yet available for 2020/21 and so the AGS would need to be updated when these figures were available and the final version will be included in the Statement of Accounts. He explained that this Annual Governance Statement would then be signed by the Leader and Chief Executive and will ultimately form part of the 2020/21 Statement of Accounts.

Mr Thomas said that current best practice required a Local Code of Corporate Governance for 2021/22 to be produced also based on the seven core principles. Mr Thomas summarised and discussed the principles and explained that the drafting of the Annual Governance Statement takes place over the whole financial year and involves his team gathering and assessing the implications of the views of Internal Audit, an annual review of the effectiveness of Internal Audit, the views of the External Auditors, the views of the Head of Paid Service (Chief Executive), Monitoring Officer and himself as Section 151 Officer.

For 2020/21 the only one significant weakness on governance or internal control was highlighted in relation to the proposed disposal of an area of public open space. He said the findings and proposed actions from the independent investigation would be reported to this committee in due course. He was happy to report there had been no additional significant weaknesses in governance or internal controls highlighted.

It was noted that due to team pressures the Leader had not been provided with a draft of the Annual Governance Statement prior to its consideration by the committee, however, this had since been rectified.

Members asked questions and highlighted additional information for inclusion in relation to the approach to safeguarding in contracted-out services such as leisure centres, engagement as part of the sustainable physical activity and sports opportunities for the district options appraisal, the number of responses to the budget consultation, reference to the public open space weakness in the consultation section and the number of members that attended the Member Training Event. Mr Thomas agreed to provide answers to the questions raised and to update the draft Annual Governance Statement to take account of the committee's feedback.

In the Code of Corporate Governance at Appendix B, members commented that some of the outcomes were aspirational rather than reflecting the current position. It was agreed to update

the narrative in relation to confidential reports to reflect that in addition to justification, reasons should also be provided.

Councillor Grange believed that the Annual Governance Statement portrayed the position as overly positive and did not take into account a number of known significant governance weaknesses. However, Councillor White highlighted that although there were a couple of well documented issues these should not detract from the overall strong governance position of the Council.

Members raised the issue that the delegation was to the current Chair of the committee and the Chair and membership of the committee could change at Annual Council. It was noted that the changes to the Annual Governance Statement (excluding the Gender Pay Gap information for 2020/21) and Local Code of Corporate Governance were to be agreed prior to Annual Council.

**RESOLVED:** (1) The Committee reviewed and approved the draft Annual Governance Statement that will form part of the 2020/21 Statement of Accounts at Appendix A;  
(2) The Committee agreed to delegate authority to the Chair of the Committee and the Head of Finance & Procurement to make further minor amendments to the Annual Governance Statement prior to the inclusion of the final version in the 2020/21 Statement of Accounts;  
(3) The Committee reviewed and approved the Local Code of Corporate Governance 2021/22 at Appendix B.

## **52 ANNUAL REPORT FOR INTERNAL AUDIT (INCLUDING YEAR-END INTERNAL AUDIT PROGRESS REPORT)**

Mr Anthony Thomas (Head of Finance & Procurement) presented the Internal Audit Annual Report (including results for Quarter 4 to 31 March 2021). Mr Thomas said this detailed the work completed during 2020/21 being 18 audits which equated to 94% of the plan achieved at year-end with a customer satisfaction score of 4.2 (29 issued and 24 (83%) returned) compared to the target of 4.0 or more. Mr Thomas said performance against other KPI's had been affected due to allowing service areas to concentrate on business critical service delivery responding to Covid-19 which had resulted in exceeding timescales set as targets within the KPI's but no material matters of fraud or irregularity had been reported during the year.

A summary of the reports issued were included in Appendix 01 and members noted that the total open actions as at January 2020 were 24 high and 206 medium but had gone down to 10 high and 67 medium as at 31 March 2021. The committee members requested a detailed list of the outstanding 10 high priority actions and Mr Thomas agreed to provide this to the committee. This was noted but the progress to date was commended in the current circumstances.

**RESOLVED:** The Committee noted the Internal Audit's Annual Report including results for the quarter to 31 March 2021 and asked that performance measures continue to be reviewed by the new Internal Audit Manager to see if they remain appropriate.

## **53 RISK MANAGEMENT UPDATE**

Mr Anthony Thomas (Head of Finance & Procurement) presented the Risk Management update as at March 2021 and highlighted the changes made since the committee's last risk management update received in February 2021:-

- The current score in SR4 had been increased from 6 to 9 to account for the increasing likelihood of there being a failure to meet governance and/or statutory obligations;

- An additional strategic risk, SR8 (failure to safely, securely and legislative compliantly deliver the May 2021 Elections due to having to run them during pandemic conditions) had been upgraded from an “other horizon scanning risk” to a strategic risk;
- An additional strategic risk, SR9 (Council strategic leadership compromised by the change in Chief Executive) had been upgraded in part from an “other horizon scanning risk” to a strategic risk;
- Updates to mitigating controls, actions and lines of assurance had been updated on the register where applicable;
- “Other horizon scanning risks” arising at March 2021 which were not strategic risks currently but needed a watching brief had also been updated at the end of the register. (The change to procurement as a result of leaving the EU had been removed as there has been minimal changes to EU practice so SR8 and SDR9 had been upgraded from a scanning risk).

**RESOLVED:** The Committee noted the Internal Audit’s Risk Management update and received assurance on the actions taking place to manage the Council’s most significant risks.

#### **54 CHAIR OF THE AUDIT COMMITTEE’S ANNUAL REPORT TO COUNCIL**

The Chairman, Councillor Greateorex, introduced his Annual Report which CIPFA had recommended that Audit Committees produce. Councillor Greateorex said it set out to promote the role and purpose of the committee and detailed the committee’s performance, an evaluation on whether the committee is continuing to meet its terms of reference and document how the committee adds value. The member and officer attendance was highlighted for the year and a summary of the training undertaken, as well as a summary of the sources of assurance that the committee received during 2020/21 notably, internal and external audit/inspection, financial management, risk management and corporate governance. The Chairman asked members to note and endorse the contents thereof which would be circulated to all Councillors.

**RESOLVED:** The Committee noted and endorsed the proposed Annual Report 2020/21 and it was agreed that the Chair of the Audit & Member Standards Committee circulate the report to all Councillors. A vote of thanks was given to the Chairman for his excellent chairmanship throughout the year.

#### **55 REVIEW OF THE EFFECTIVENESS OF THE AUDIT & MEMBER STANDARDS COMMITTEE**

Members received a report on the annual self-assessment of the Audit & Member Standards Committee effectiveness from Ms Christie Tims, Head of Governance & Performance/Monitoring Officer. Ms Tims stated that the report also set out a review that incorporated the key principles set out in CIPFA’s Position Statement which were essential factors in developing an effective Audit Committee. She advised that the responses to the 2021 knowledge and skills self-assessment had been fed into the assessment and members were asked to consider it.

Ms Tims said that last year the actions had been to produce a Chair’s Annual Report to Council which was included in this agenda and to receive training on Governance, Internal Audit, Counter Fraud and Treasury. She advised that this action was still outstanding as, due to Covid-19, this had not been possible and will need to be carried out in the training plan going forward for 2021/22. Discussions then took place with regard to the appointment of an Independent Member on to this committee. The current committee unanimously agreed that there was already a diverse skillset in the current membership and therefore there was no reason to appoint an Independent Person at this time, however, if the current membership were to change a review would be needed.

**RESOLVED:** The Committee considered the attached self-assessment checklist and endorsed the actions to improve its effectiveness.

## **56 ANNUAL AUDIT FEE LETTER**

The Annual Audit Letter was presented by Mr Avtar Sohal from Grant Thornton setting out a variation to the external audit fee for 2020/21. Mr Sohal explained the reasons for the increase in the fee which had increased by £22,500.00. He referred to the major changes which had taken place over the last couple of years and set out the expected fees impact, the need for which had recently been acknowledged by both the Redmond Review and MHCLG's subsequent response. Mr Sohal referred to the additional work and the new audit requirements for 2020/21 which was due to the new NAO Code. He explained that there will have to be more extensive reporting and a new set of key criteria had been set covering governance, financial sustainability and improvements in economy, efficiency and effectiveness.

Although there was an increase in fees to enable Grant Thornton to achieve the financial reporting standards expected, the committee asked if any lobbying to the Treasury was being done to help with the higher costs. Mr Thomas stated that there was frustration echoed throughout the financial/audit sphere and a lot of questions had been asked regarding having to comply with some of the requirements set i.e. Property, Plant & Equipment - is this really local government activities?

**RESOLVED:** The Committee noted the Annual Audit Fee Letter 2020/21 for Lichfield District Council and accepted that the environment had changed for all External Auditors.

## **57 INVESTIGATION REPORT IN RELATION TO THE DISPOSAL OF PUBLIC OPEN SPACE - LAND AT LEYFIELDS & NETHERSTOWE, LICHFIELD**

Mr Stuart Evans, Legal Director of Anthony Collins Solicitors presented his Investigation Report in relation to the disposal of public open space land at Leyfields and Netherstowe, Lichfield and summarised the complaints, the legal position, and his findings and recommendations as follows:-

- (1) To ensure best consideration in all future contracts that reference should be made where time has elapsed to the need for a fresh valuation report being obtained.
- (2) To have in place a check list for the disposal of land. It is noted that there is now a new draft disposal of land and property assets policy in place and paragraph 5 specifically deals with open space land.
- (3) To have a checklist for land disposal that provides an audit trail of decision making and actions that are required to be taken.
- (4) To put in place an appropriate document signing process and sealing system that provides evidential proof that contracts have been appropriately signed and sealed where required and that signing of all procurement documentation should be supervised by a legal officer/monitoring officer.
- (5) To review whether there is a need for a decision review trigger to be written into the Constitution when there is either a period of time between Cabinet sign-off or the implementation of that decision or a change in Cabinet membership. This would deal with the issue where, for example, there has been a change in land value or central government policy on a particular matter.
- (6) Relevant professional input into the signing off of all reports and all decisions; that all Cabinet reports are signed off by the Section 151 Officer and Monitoring Officer.

- (7) Training is provided to Members and Officers setting out the importance of public consultation in such disposals and the statutory obligations to consult as detailed in the Local Government Act.
- (8) The decision of the 4 September 2018 should not be relied upon to authorise the sale of the two areas of open space land to Bromford Housing Association.
- (9) If the sale is now to take place it is recommended that a fresh process is commenced with district valuation reports and appropriate notices in the press and proper consultation prior to a decision being made by Cabinet to sell the open space land if it is considered this is the appropriate way forward.

Ms Christie Tims (Head of Governance & Performance/Monitoring Officer) advised that the report had been brought to committee as soon as practicable and further discussions are planned to deal with the findings and recommendations.

A number of questions were raised including whether the officers accepted the recommendations and the Chief Executive explained that the issues required further, more-detailed work. However, in principle the recommendations were accepted. Comments that the very basic things did not happen in ignorance of the 1972 Local Government Act and the lack of consultation was agreed by the committee to be very disappointing. Some Members wanted more political answers and hoped to get them at some point in the future.

In response to a question from Councillor Norman that there were still details on who had done what to be shared, Diane Tilley (Chief Executive) advised the committee that she would need to understand the value and purpose of naming individuals as this would not aid the ability to learn lessons from the episode and, as she had publicly stated before, none of the officers involved were any longer working for the council. She said she needed to protect the workforce and there was an exercise in learning for the council here. She confirmed that she accepted all the findings and recommendations in the Investigation Report in principle but said more detailed discussions were now required for their implementation. Councillor Pullen (Leader of the Council) also confirmed he accepted all the findings and recommendations and said the practical implications now needed to be looked at.

Ms Tilley said a report was due to come forward to Cabinet in May regarding the withdrawal of the deal to dispose of the land and further reports were due in June in respect of the implementation of the recommendations and July to consider the Disposal Policy.

**RESOLVED:** The Committee welcomed the report and looked forward to future updates regarding the lessons learnt.

(The Meeting closed at 8.00 pm)

CHAIRMAN

# Annual Treasury Management Report

Cabinet Member for Finance, Procurement and Revenues & Benefits

Date: 22 July 2021

Agenda Item:

Contact Officer: Anthony Thomas

Tel Number: 01543 308012

Email: Anthony.thomas@lichfielddc.gov.uk

Key Decision? YES

Local Ward Members : Full Council

Agenda Item 4

*Lichfield*  
district council

## AUDIT (AND MEMBER STANDARDS) COMMITTEE

### 1. Executive Summary

- 1.1 The report covers the Treasury Management performance for the financial year 2020/21.
- 1.2 The Capital Programme actual spend at **£3,287,773** was (**£691,227**) lower than the Approved Budget of **£3,979,000** with under performance on the Coach Park (**£255,428**), affordable housing monies (**£177,000**) and Asset Maintenance (**£140,000**) being the most significant projects.
- 1.3 Income from Capital Receipts at (**£434,070**) was higher than the Approved Budget of (**£207,000**) by (**£227,070**) due mainly to additional Bromford Right to Buy Sales achieved at the end of the financial year.
- 1.4 The funding of the Capital Programme in 2020/21 reflects the actual expenditure of (**£3,287,773**). This includes lower funding from capital receipts and corporate revenue because the use of funding from other sources, that have more restrictions, was prioritised.
- 1.5 The borrowing need of **£3,016,203** was **£289,203** higher than the Revised Budget of **£2,727,000** due to an element of the funding necessary, for the early repayment of the Burntwood Leisure Centre capital investment proposal, still to be identified.
- 1.6 Minimum Revenue Provision at **£746,978** was in line with the Approved Budget of **£705,000** with the element related to finance leases marginally higher than budget.
- 1.7 Assets less liabilities on the Balance Sheet at **£24,259,065** is (**£5,314,935**) lower than the budget of **£29,574,000** and this variance is offset in Total Equity (Usable and Unusable Reserves). These variances are explained at 3.20 and 3.21 however; are in the main related to an increase in the Long Term Pension Liability assessed by the Pension Fund Actuary that is statutorily offset by a reduction in the Unusable Pension Reserve.
- 1.8 Investments at **£37,329,500** were **£8,814,500** higher than the Approved Budget of **£28,515,000**. This was due to higher working capital (amounts owed to other bodies) and higher unapplied grants and contributions principally due to the impact of the pandemic. This is also reflected in the lower liability benchmark of (**£25.033m**) compared to the Approved Budget of (**£15.877m**) shown at **APPENDIX B**.
- 1.9 Cashflow was generally higher than originally forecast due to increased government support and lower spend as a result of the pandemic.
- 1.10 The net treasury position was in line with the Approved Budget.
- 1.11 The Council's investments achieved a risk status of **A+**, which was more secure than the aim of **A-**, and yield exceeded all four of the industry standard London Interbank (LIBID) yield benchmarks.
- 1.12 The report confirms the Council was compliant with all Treasury Limits and Prudential Indicators for 2020/21.

## 2. Recommendations

- 2.1 To review the report and issues raised within.
- 2.2 To review the actual 2020/21 Prudential Indicators contained within the report.

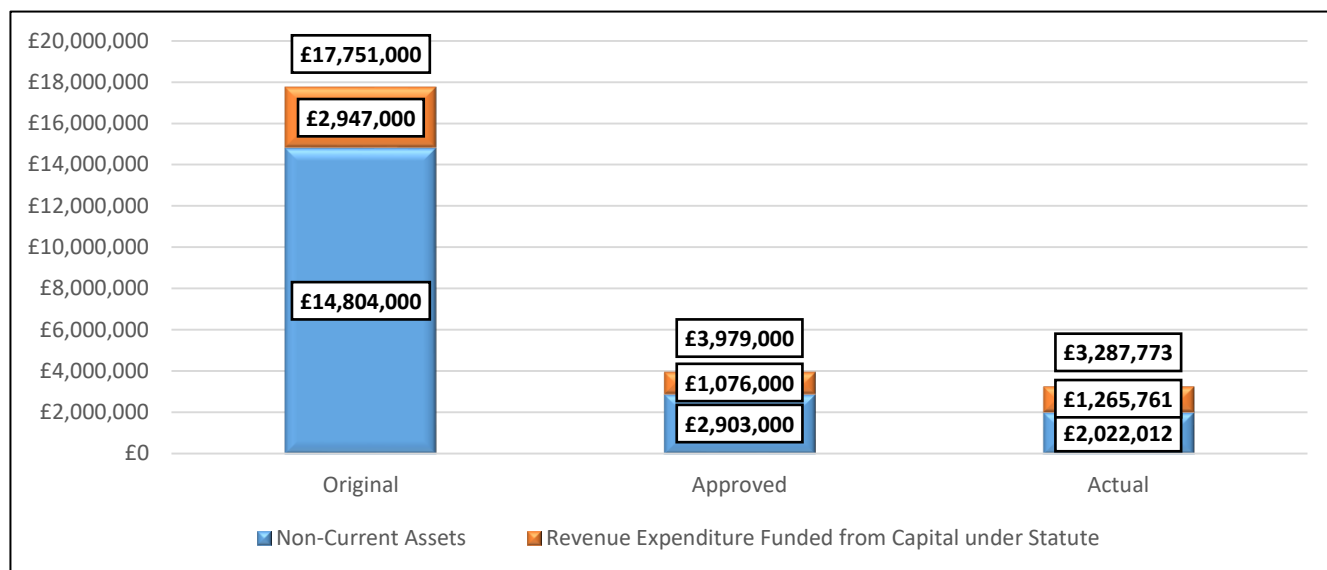
## 3. Background

### The Capital Programme and Treasury Management

- 3.1 This Annual Treasury Report is a requirement of the Council's reporting procedures. It covers the Treasury activity during 2020/21 and the actual Prudential Indicators for 2020/21.
- 3.2 Treasury Management is defined as: *"The management of the local authority's 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."*
- 3.3 Overall responsibility for Treasury Management remains with the Council. No Treasury Management activity is without risk; the effective identification and management of risk are integral to our Treasury Management objectives.
- 3.4 Our Treasury Management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members be informed of treasury management activities at least twice a year. We report regularly to the Cabinet and Audit and Member Standards Committee on Treasury policy; strategy and activity.
- 3.5 This report is prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential code and
  - presents details of capital spend, capital financing, borrowing and investment transactions;
  - reports on the risk implications of Treasury decisions and transactions;
  - gives details of the outturn position on Treasury Management transactions in 2020/21;
  - confirms compliance with Treasury limits and Prudential Indicators.
- 3.6 The performance of the Treasury Management function should be measured against the investment objectives of **Security** (the safe return of our monies), **Liquidity** (making sure we have sufficient money to pay for our services) and **Yield** (the return on our investments) contained in Statutory Guidance.
- 3.7 In addition, external borrowing is considered against the objectives of it being **affordable** (the impact on the budget and Council Tax), **prudent** and **sustainable** (over the whole life).

## The Capital Programme

3.8 A summary of the Capital Programme performance from the Revised Budget to the Actual for 2020/21 is shown in detail at **APPENDIX A** and in the chart below:



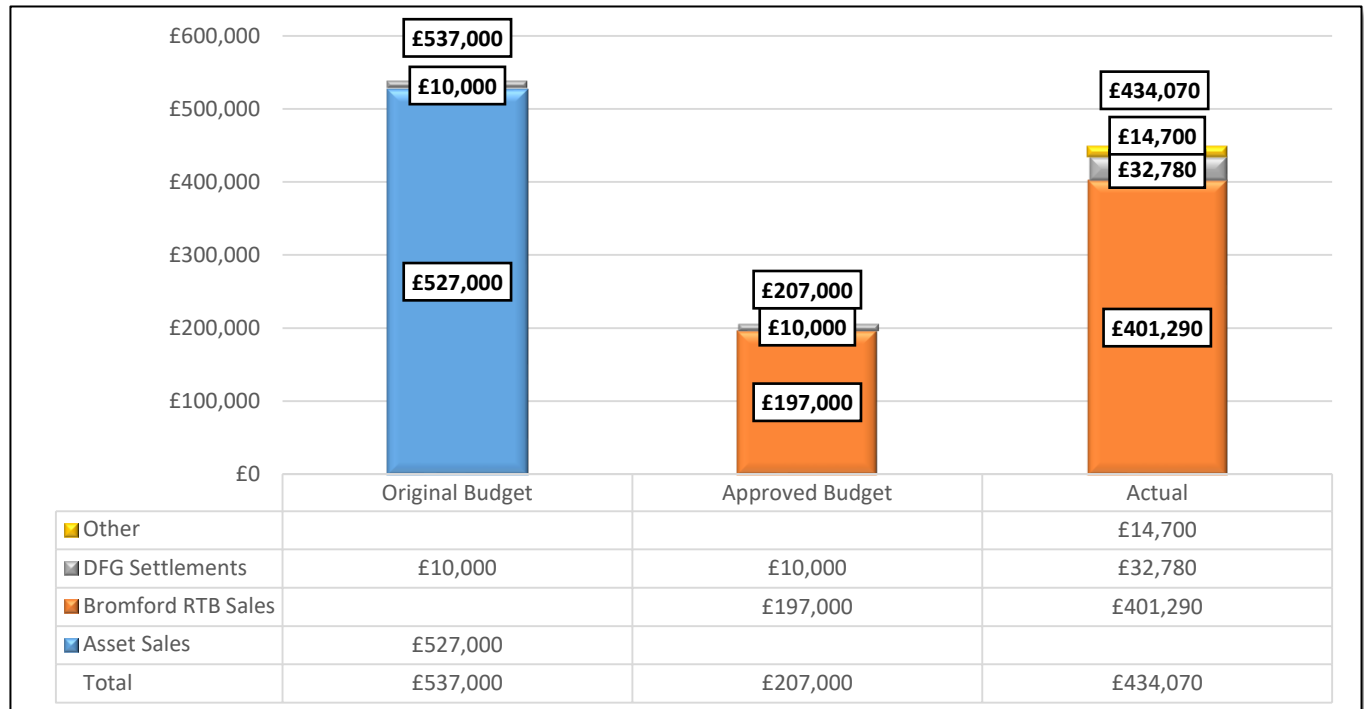
3.9 Capital expenditure was **£3,287,773** and this is **(£691,227)** less than the Revised Budget of **£3,979,000**.

3.10 There were variances compared to the Approved Budget related to the following:

	Variances	
	Slippage	Other
* <b>Accessible Homes (Disabled Facilities Grants)</b> - reflects delivery performance on the Support for Independent Living in Staffordshire Partnership	£172,000	
* <b>Unallocated S106 Affordable Housing Monies</b> - acquisitions have not been completed during the financial year as planned	(£177,000)	
* <b>Other Projects</b>	(£31,000)	(£5,880)
<b>Enabling People Total</b>	<b>(£36,000)</b>	<b>(£5,880)</b>
* <b>Bin Purchase</b> – Additional spend funded by reserves.		£53,898
* <b>Other Projects</b>	(£39,000)	(£708)
<b>Shaping Place Total</b>	<b>(£39,000)</b>	<b>£53,190</b>
* <b>Birmingham Road Site - Coach Park</b> - acquisition was not completed and therefore the enhancement works did not take place	(£255,000)	
* <b>Multi Storey Car Park Refurbishment Project</b> - the programming of the works was adjusted to reflect the short term redevelopment works on the adjacent site	(£49,000)	
* <b>Other Projects</b>	(£13,000)	(£556)
<b>Developing Prosperity Total</b>	<b>(£317,000)</b>	<b>(£556)</b>
* <b>Beacon Park Equipment Storage</b> - project delayed until 2021/22	(£100,000)	
* <b>Asset Maintenance projects</b> – projects delayed until 2021/22	(£140,000)	
* <b>Other Projects</b>	(£130,000)	£24,019
<b>A Good Council Total</b>	<b>(£370,000)</b>	<b>£24,019</b>
<b>Total Variance</b>	<b>(£762,000)</b>	<b>£70,773</b>
	<b>(£691,227)</b>	

## Capital Receipts

3.11 The Original Budget, Approved Budget and actual capital receipts received are shown below:

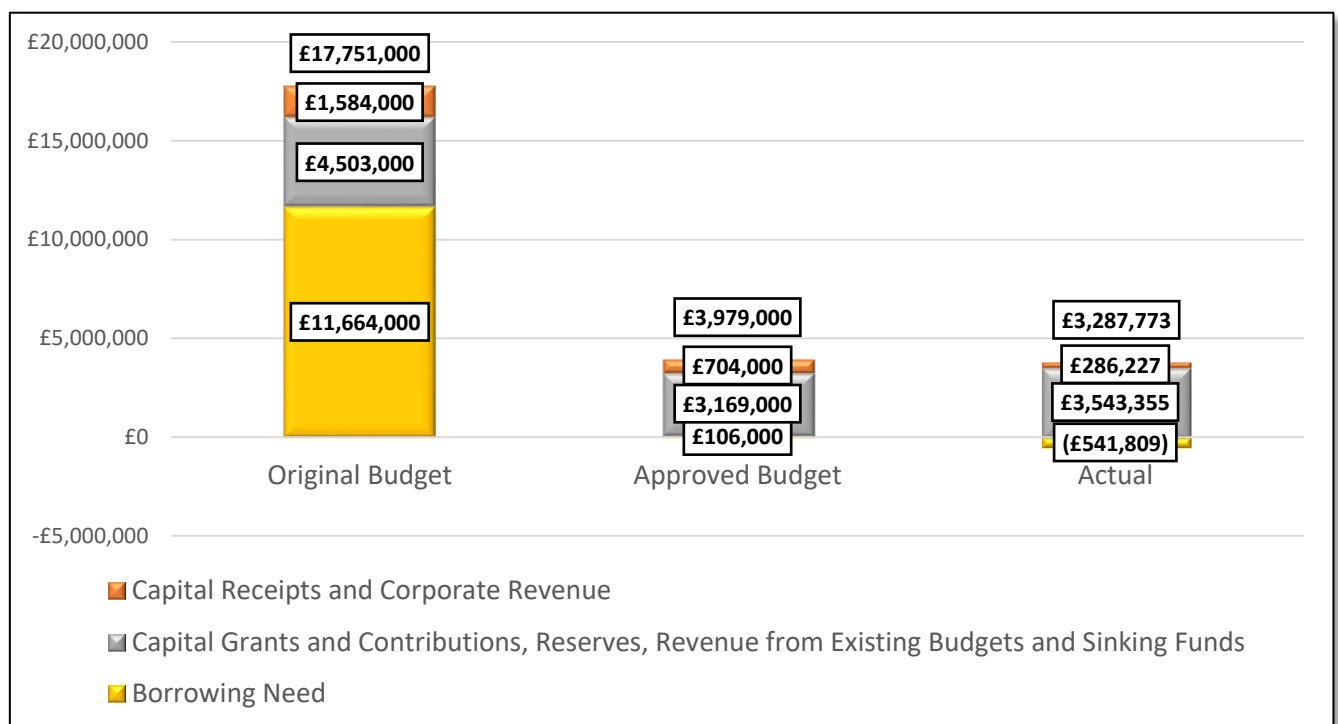


3.12 Capital receipts were **(£227,070)** higher than the Approved Budget. The main reason is that Bromford RTB Sales were higher than estimated.

3.13 These additional capital receipts, under the policy approved by Council on 14 July 2020, will be earmarked towards capital investment to support delivery of the Housing, Homelessness and Rough Sleeping Strategy.

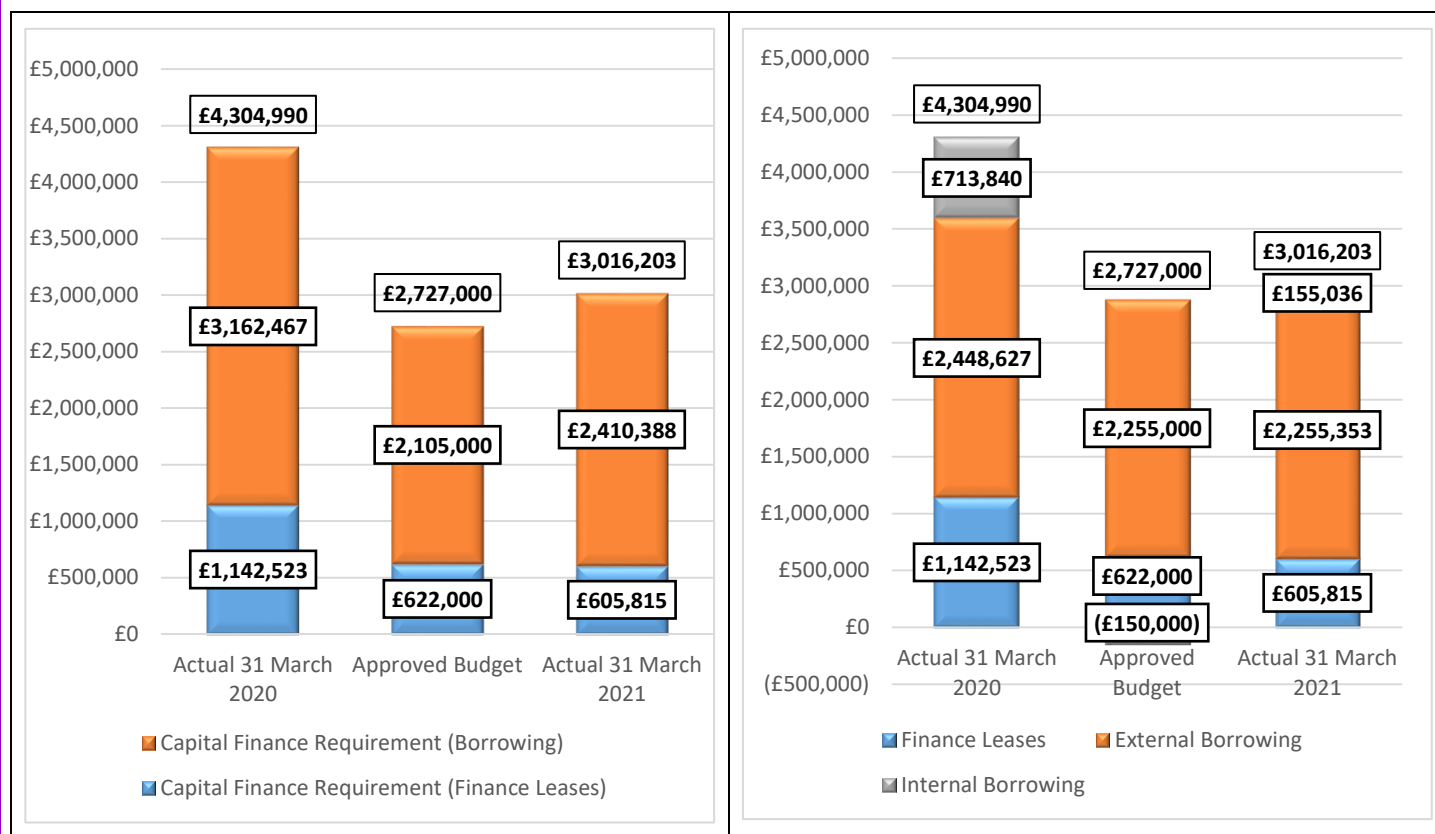
## The Funding of the Capital Programme

3.14 The budgeted and actual sources of funding for the Capital Programme are shown below:



## The Capital Financing Requirement (Borrowing Need) and its Financing

3.15 The actual and Budgeted Borrowing Need and its financing for 2019/20 and 2020/21 is shown below:

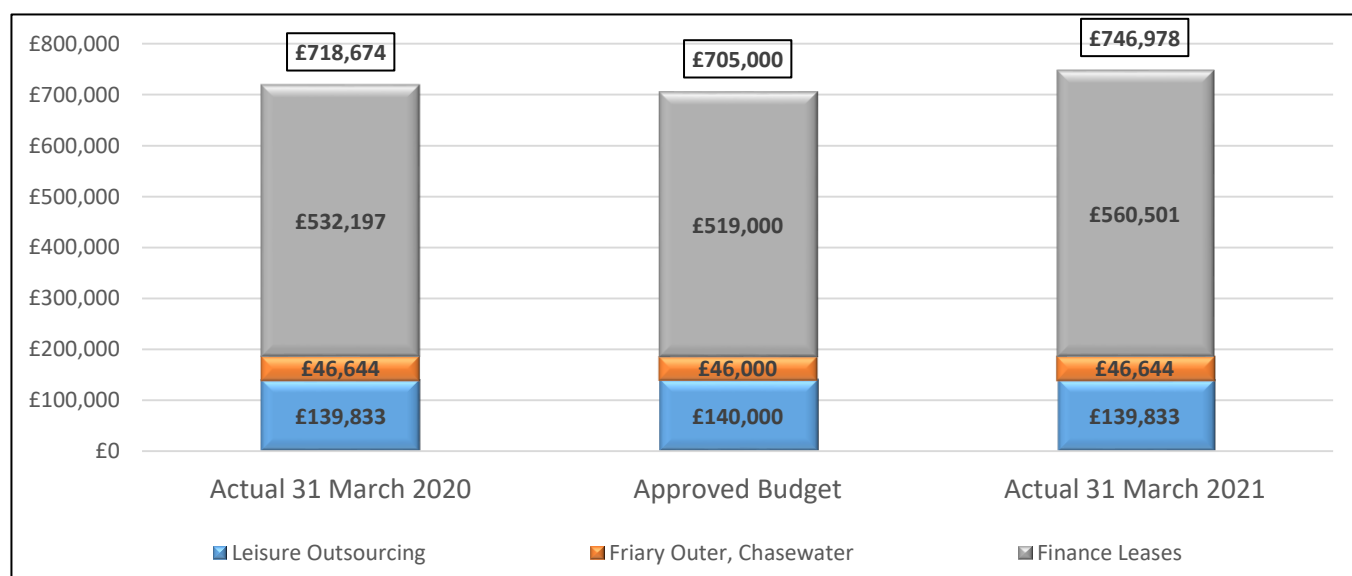


3.16 The Liability Benchmark (the lowest risk level of borrowing) was **(£25,033,000)** and is lower compared to the Approved Budget of **(£15,877,000)** as shown at **APPENDIX B**. This is due to higher useable reserves and working capital.

3.17 It indicates that the Council does not currently need to externally borrow to fund its Capital Financing Requirement.

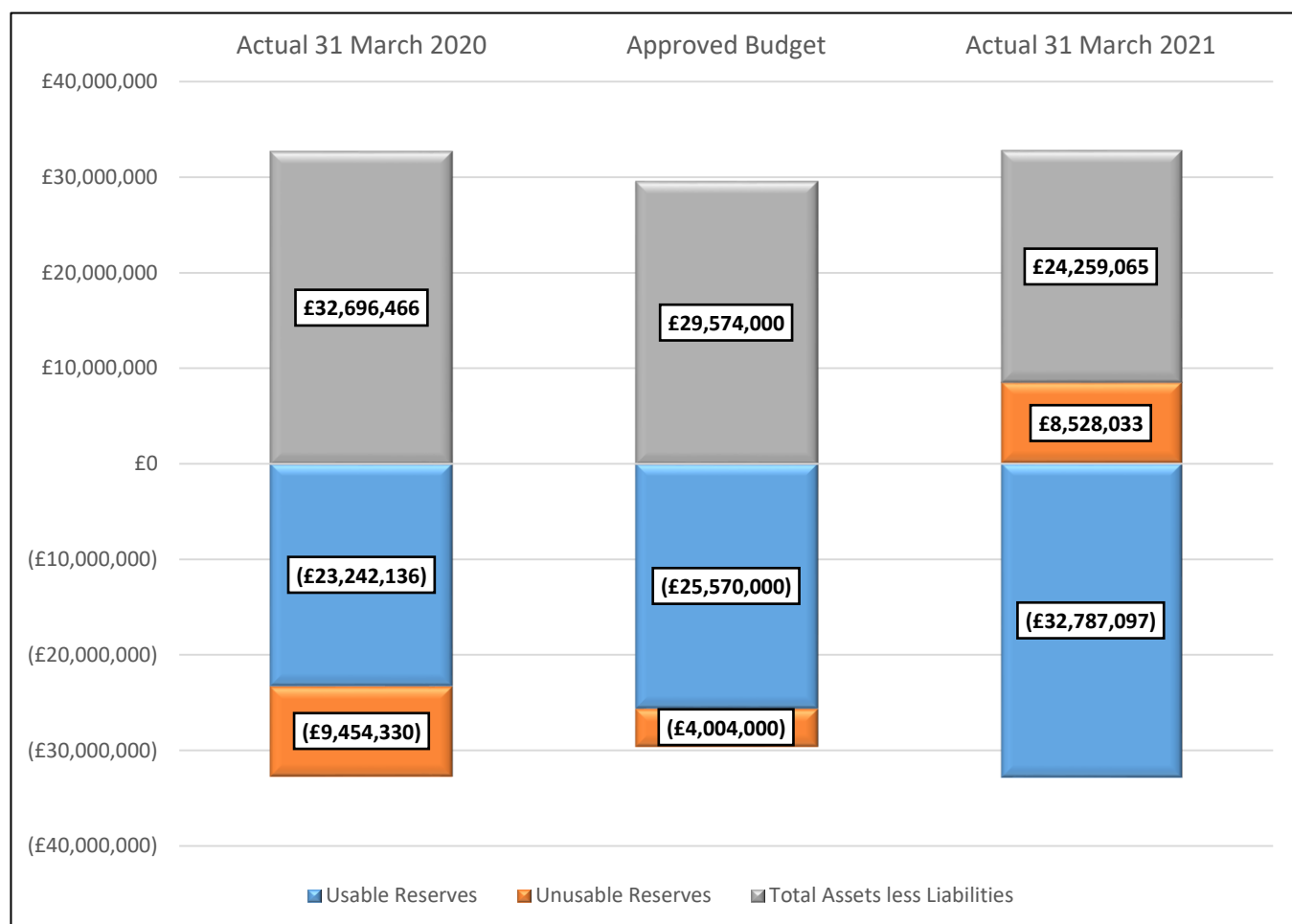
## Minimum Revenue Provision in 2020/21

3.18 The Minimum Revenue Provision charged to revenue in 2019/20, budgeted in 2020/21 and the actual in 2020/21 is shown below:



## The Balance Sheet

3.19 The actual Balance Sheet for 2019/20 together with the budgeted and actual Balance Sheet for 2020/21 are shown in detail at **APPENDIX B** and are summarised below:



3.20 The main reasons for the variance between the budgeted and actual Balance Sheet for 2020/21 are:

### Total Assets Less Liabilities – lower than the budget by (£5,315,000) (18%)

- The Actuary has increased the Long Term Liability for Pensions by (£10,184,000) due to **actuarial** gains/losses arising from demographic and financial assumptions that have been offset by re-measurement gains on plan assets.
- There was an increase in investments of £9,158,000 partly due to higher working capital and usable reserves.
- Non-current assets are lower by (£2,318,000) due to lower asset valuations from the annual valuation exercise undertaken by the external valuer.
- Working Capital (debtors less creditors) was (£2,011,000) higher than the budget.

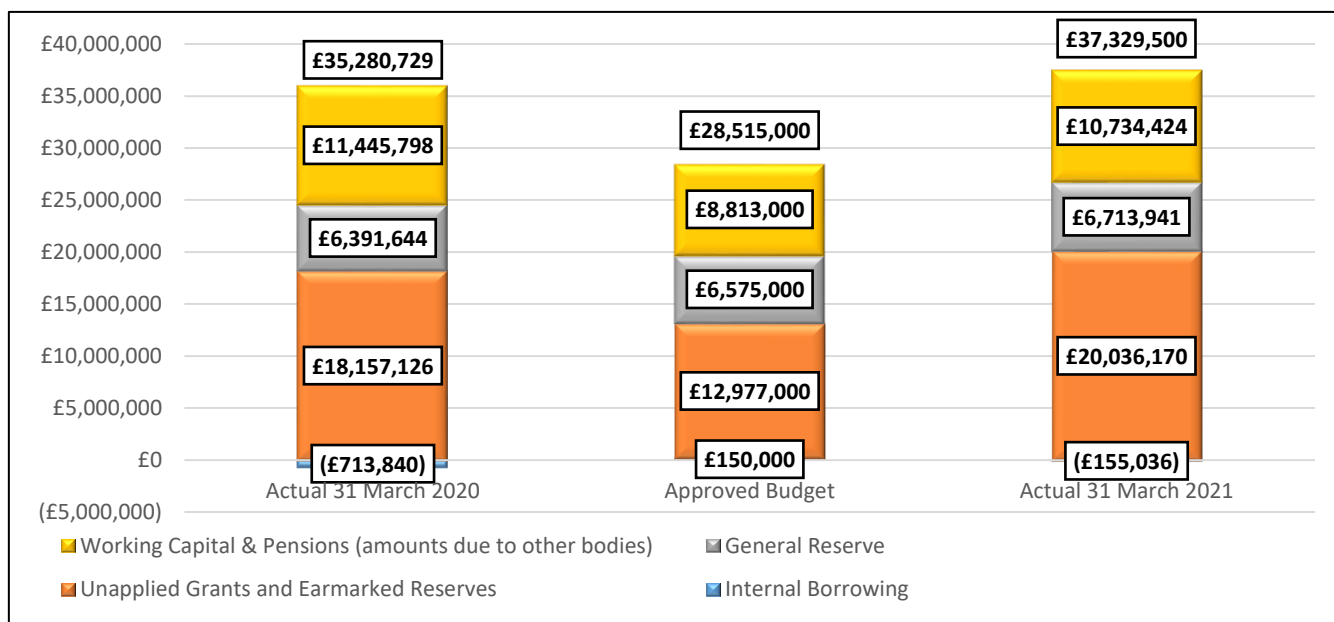
### Usable Reserves – higher than budget by (£7,217,000) (28%)

- An increase in the level of earmarked reserves of (£4,791,000) due to COVID grants.
- A higher level of capital receipts and Burntwood Sinking Fund of (£1,232,000) due to higher Right to Buy sales and lower capital spend funded from these sources.
- A higher level of unapplied and capital grants of (£1,055,000) due mainly to new CIL receipts.

### Unusable Reserves – lower than budget by £12,532,000 (313%)

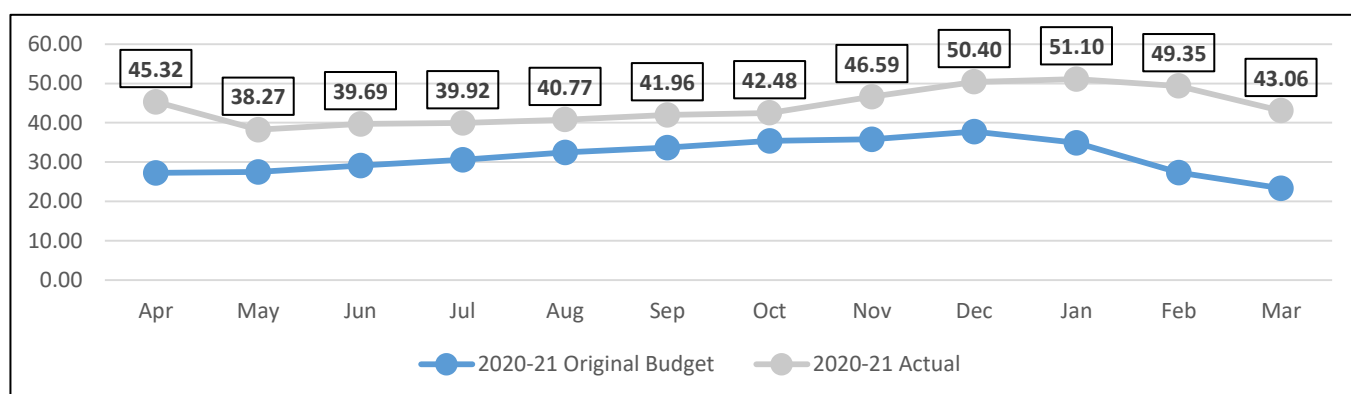
- There was mainly due to an increase in the Pension Reserve of £10,121,000 to offset the increase in the long term liability.

3.21 The level of investments and the sources of cash are shown in the chart below:



## Cash Flow Forecasts

3.22 The graph below shows the average investment levels (in £m) throughout the 2020/21 financial year compared to the Original budget:



3.23 The cash flow variance is due to underspend on the capital programme compared to original budget and the Government support received in 2020/21 to offset the impact of the pandemic.

3.24 The Treasury Management Performance for 2020/21 for both investment income and borrowing was:

Treasury Management	2020/21			
	Revised Budget		Actual	
	Investment Income	Borrowing	Investment Income	Borrowing
Average Balance	£41.09m	£2.35m	£43.7m	£2.35m
Average Rate	0.84%	2.17%	0.82%	2.17%
Gross Investment Income	(£346,000)		(£360,170)	
COVID Variance	(£130,000)		(£124,607)	
Pooled Fund Transfer to Reserves	£76,000		£91,120	
External Interest		£52,000		£50,213
Internal Interest		£4,000		£1,941
Minimum Revenue Provision (less Finance Leases)		£187,000		£186,477
Net Treasury Position	(£400,000)	£243,000	(£393,656)	£238,630
	(£157,000)		(£155,026)	

## Investment Strategy

3.25 The Council undertakes investments for three broad purposes:

- It approves the support of public services by lending or buying shares in other organisations – **Service Investments**.
- To earn investment income – **Commercial Investments**.
- It has surplus cash, as a result of its day to day activities, when income is received in advance of expenditure or where it holds cash on behalf of another body ready for payment in the future – **Treasury Management Investments**.

3.26 The Government has recognised in recent Ministry of Housing, Community and Local Government (MHCLG) guidance, as a result of increased commercial activity, that the principles included in Statutory Guidance requiring that all investments should prioritise security and liquidity over yield must also be applied to service and commercial investments.

3.27 The MHCLG Guidance requires the approval by Council of an Investment Strategy Report to increase the transparency around service and commercial investment activity. The Council approved its Investment Strategy Report on **18 February 2020**.

### Service Investments

3.28 There was one investment of a service nature budgeted to take place in 2020/21. The investment and net return included in the Approved Budget is detailed below:

	Original Budget	Revised Budget	Actual	Variance
<b>Approved Loan to the Local Authority Company</b>	<b>£675,000</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
Net Income	£0	£0	£0	£0
Net Return	0.00%	0.00%	0.00%	

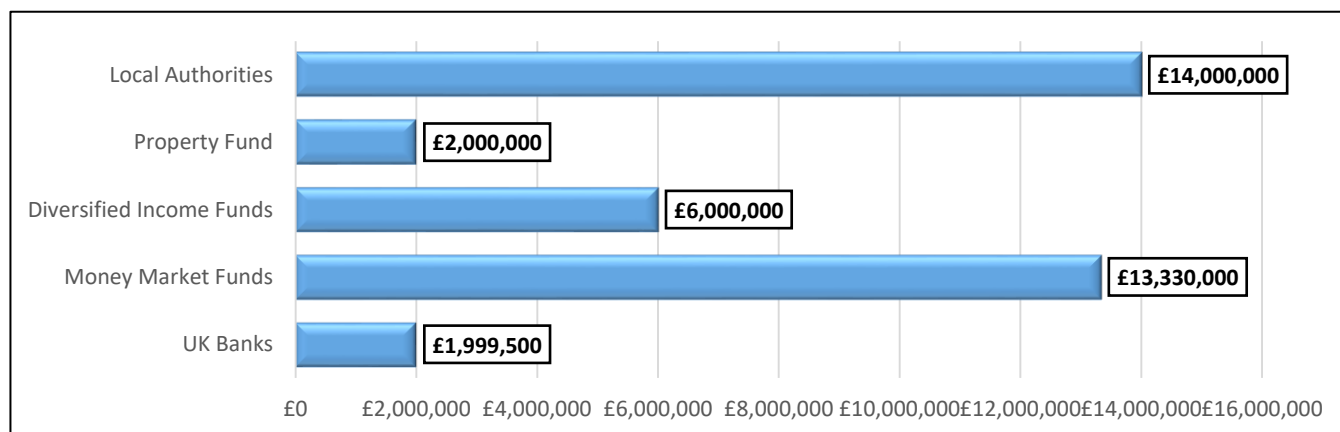
### Commercial Investments

3.29 Council on 13 October 2020 approved the removal of all budgets related to Investment in Property and therefore currently there are no commercial investments planned.

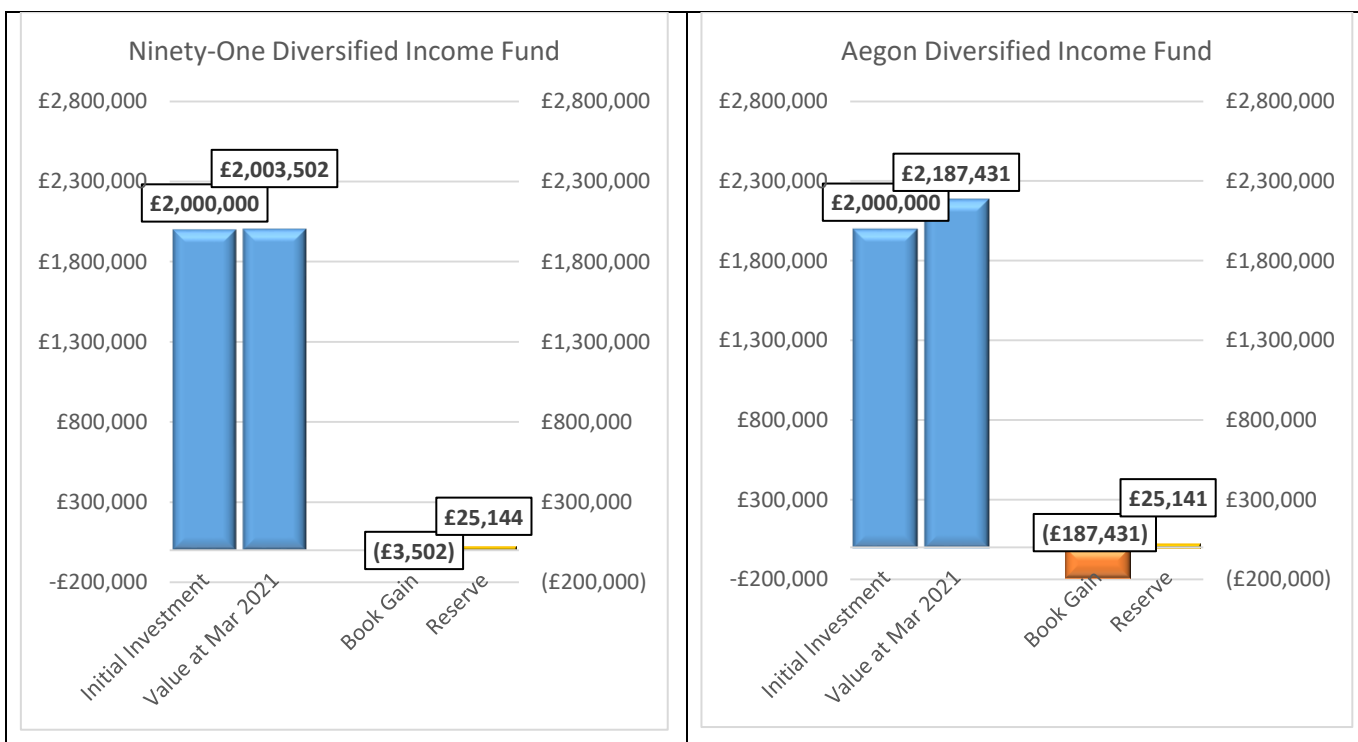
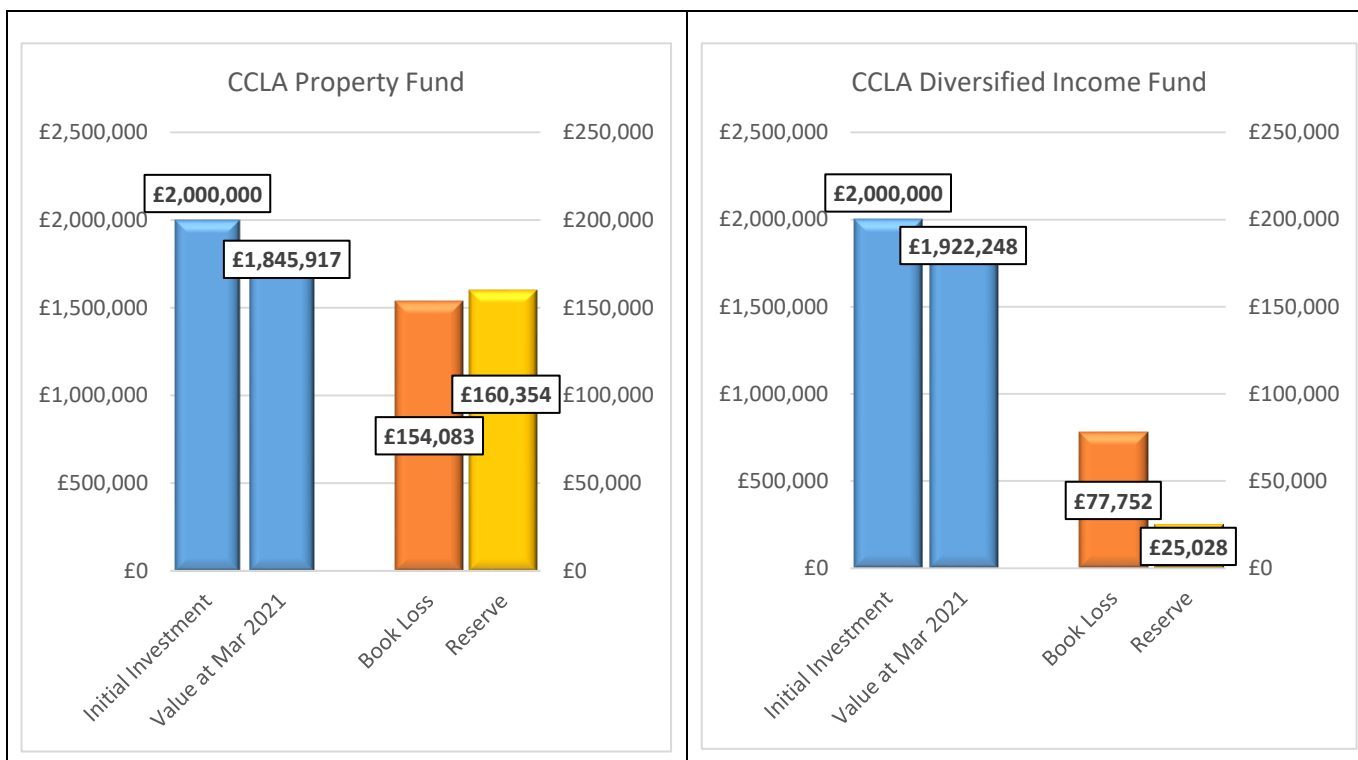
### Treasury Management Investments

#### The Security of Our Investments

3.30 The investments the Council had at the 31 March 2021 of **£37.33m** (with the property fund and diversified income funds valued at original investment value of **£2m**), by type and Country, are summarised below and in detail at **APPENDIX C**:



3.31 The current value of the Property Fund and Diversified Income Fund investments, together with the value of the earmarked reserve at the end of 2020/21 intended to offset reductions in value, is shown below:

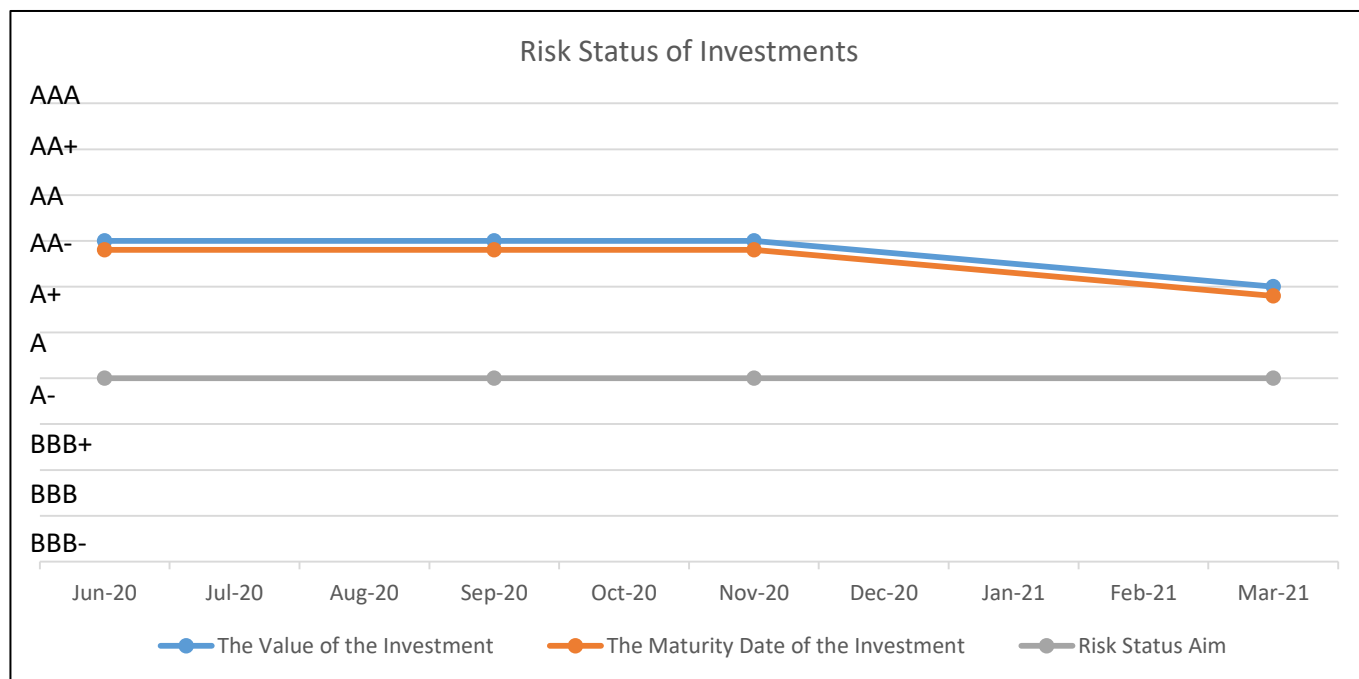


3.32 In April 2021, the Council invested a further £1m in each of the Ninety One and Aegon Diversified Income Funds to take the total investment level for Strategic Investments to £10m in line with the approved level in the Treasury Management Strategy Statement.

3.33 The Council's portfolio size (with the property fund and diversified investment funds valued at their current values of **£7.9m**), average credit score, diversification and exposure to 'Bail in' risk compared to Arlingclose Clients is shown below:

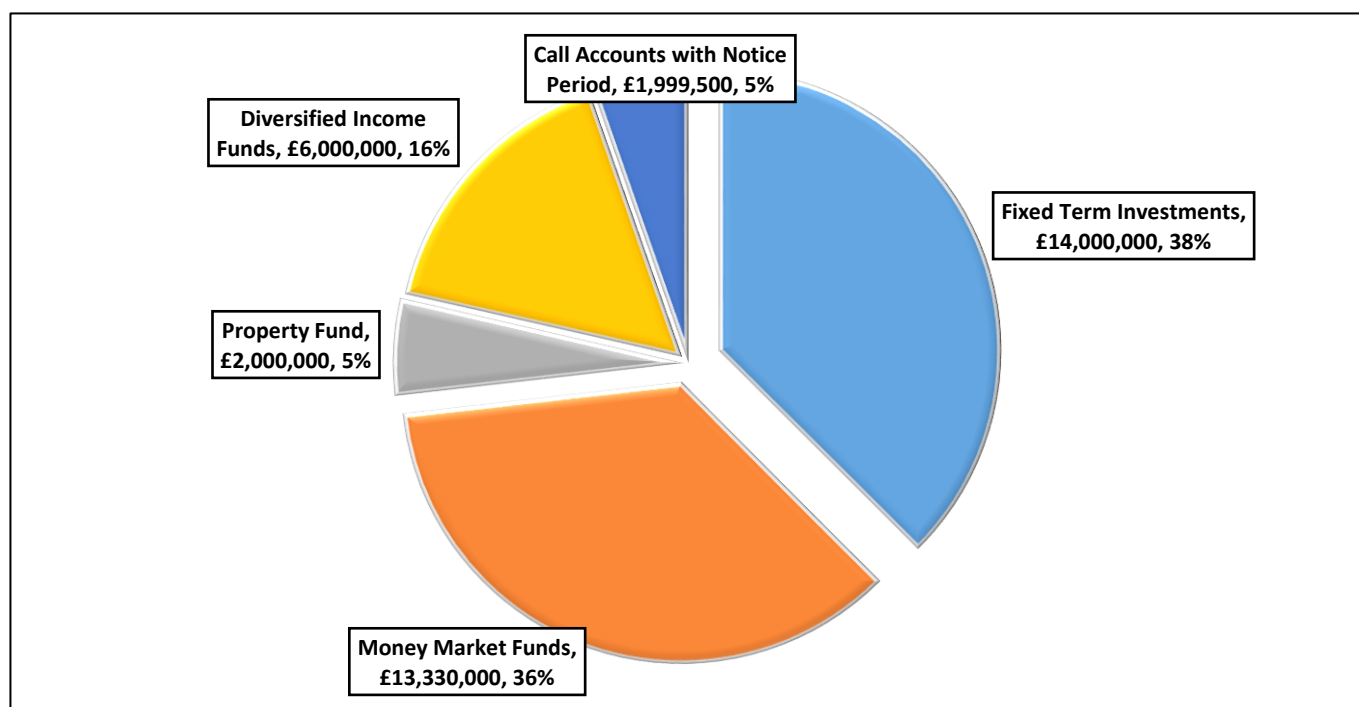


3.34 Our aim for the risk status of our investments was **A-** or higher. The risk status based on the length of the investment and the value from June 2020 to March 2021 is summarised in the graph below:

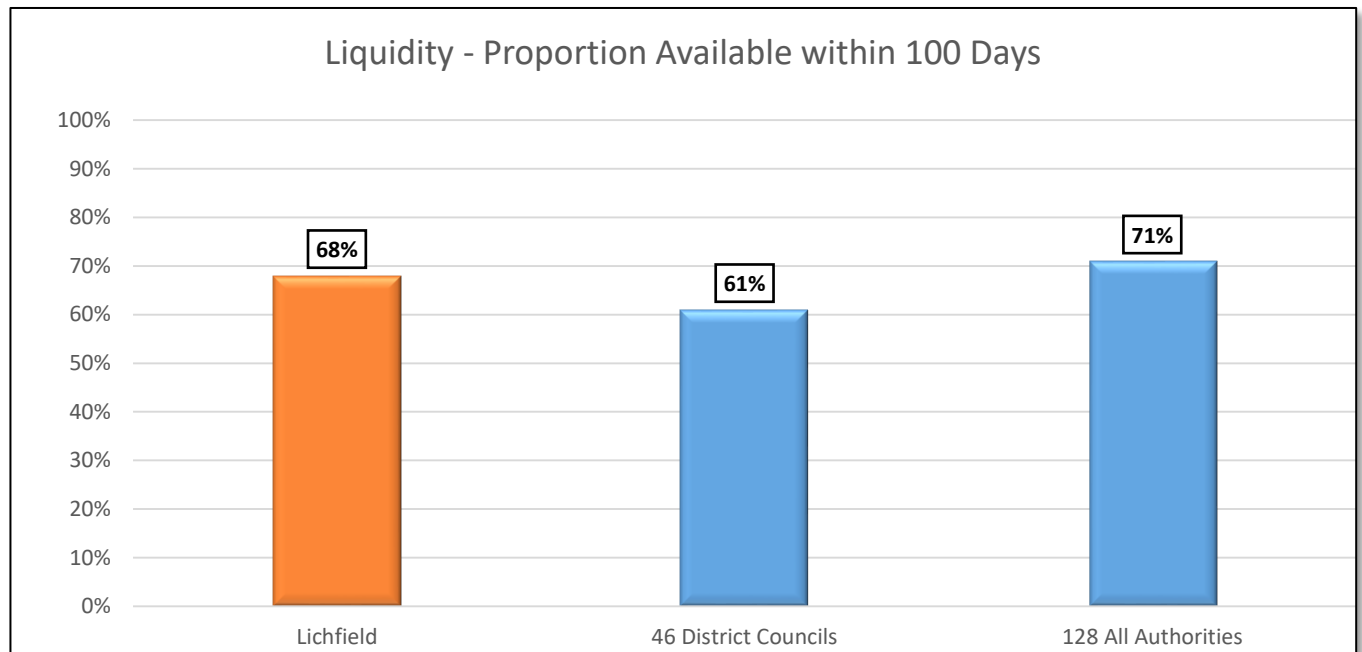


### The Liquidity of our Investments

3.35 The Council briefly had to temporarily borrow during 2020/21. It retains a proportion of its investments in instant access Money Market Fund investments to ensure there is sufficient cash available to pay for goods and services. The investments by type are shown below:

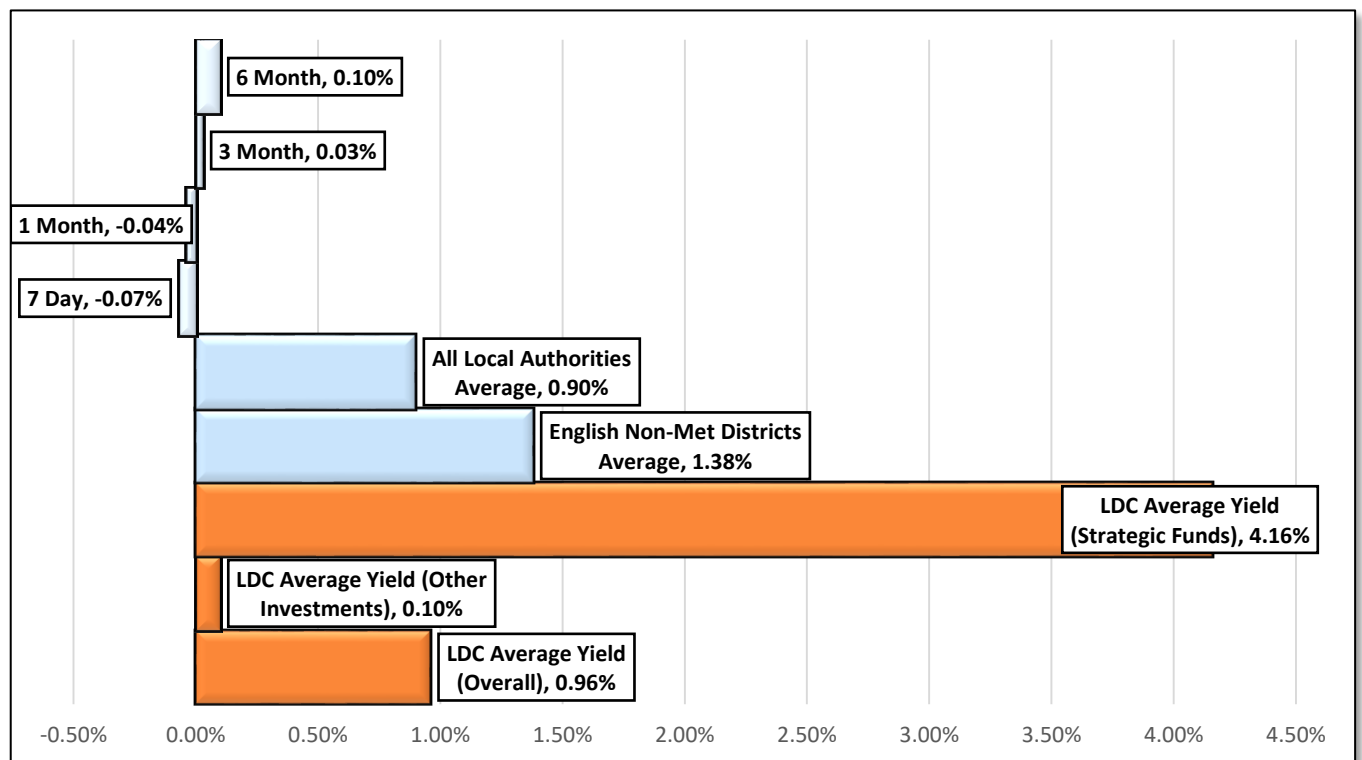


3.36 The proportion of the investment portfolio available within 100 days compared to all Arlingclose clients is below:



### The Return or Yield of our Investments

3.37 The yield the Council was achieving as at 31 March 2021 compared to a number of industry standard benchmarks (including our preferred benchmark of the seven day LIBID rate) and all Arlingclose clients is shown below:



3.38 This graph shows a different figure for average yield to the table at 3.24 as this is the rate we achieved on 31 March 2021, whereas the table at 3.24 shows the average yield for the whole financial year.

3.39 The investment activity during the financial year generated **(£360,170)** of gross investment income compared to a budget of **(£346,000)**.

## External Borrowing

3.40 The Council has two long-dated PWLB loans totalling **£2,255,353** that were largely unchanged over the year, other than for the scheduled semi-annual principal repayments, at an average cost of **2.17%** and on average **13.4** years to maturity. These are shown in detail at **APPENDIX C**.

## Consultations

3.41 CIPFA issued two consultations related to the Prudential Code and the Treasury Management Code during 2020/21.

3.42 The Prudential Code consultation focussed on proposed changes to the Code in relation to the use of borrowing in advance of need to purely profit from the investment (i.e. property investment), commercial investment, the objectives of the Code, its status and the Prudential Indicators. The Council responded on 10 March 2021 to this consultation.

3.43 The Treasury management Code consultation focussed on proposed changes to competencies, knowledge and skills, Environmental, Social and Governance Risk Management, the establishment of a specialist Treasury Management Committee, the Liability benchmark and Prudential Indicators. The Council responded on 10 March 2021 to this consultation.

3.44 CIPFA published feedback on these two consultations in June 2021 and intends to consult further in July 2021 on proposed new wording.

3.45 The key elements of the feedback are:

- There will be a revised definition in relation to acceptable purposes for borrowing “an authority must not borrow to invest for the primary purpose of commercial return”.
- Proportionality will be included as an objective of the Prudential Code including an assessment of risk to resources such as commercial activity that may arise from a regeneration scheme.
- There will be new indicators related to net income from commercial and service investments to net revenue stream.
- The liability benchmark (currently included in our MTFS) will become a mandatory treasury indicator.
- There will be a treasury management knowledge and skills framework with scalability for organisations of differing sizes.
- There will be no requirement for a dedicated Treasury Management Committee.

3.46 The intention is that revised Codes will be published in December 2021.

## Alternative Options

There are no alternative options.

## Consultation

Consultation is undertaken as part of the Strategic Plan and with Leadership Team.

## Financial Implications

### Prudential indicators (PI) 2020/21:

- We can confirm that the Council has complied with its Prudential and Local Indicators for 2020/21; these were originally approved by Council at its meeting on 18 February 2020 and were fully revised and approved by Council on 16 February 2021.
- In compliance with the requirements of the CIPFA Code of Practice this report provides members with a Summary Report of the Treasury Management Activity during 2020/21.
- None of the other Prudential and Local Indicators have been breached. The Prudential and Local Indicators are summarised in the table below:

Capital Strategy Indicators					
Prudential Indicators					
Indicators	2019/20 Actual	2020/21 Original	2020/21 Revised	2020/21 Actual	Compliant
<b><u>Capital Investment</u></b>					
Capital Expenditure (£m)	£2.297	£14.804	£3.979	£3.264	✓
Capital Financing Requirement (£m)	£4.305	£25.432	£2.727	£3.016 <sup>1</sup>	✓
<b><u>Gross Debt and the Capital Financing Requirement</u></b>					
Gross Debt	(£3.590)	(£19.091)	(£2.878)	(£2.295)	✓
Borrowing in Advance - Gross Debt in excess of the Capital Financing Requirement	No	No	Yes	No	✓
<b><u>Total Debt</u></b>					
Authorised Limit (£m)	£4.315	£31.906	£15.404	£6.591	✓
Operational Boundary (£m)	£4.315	£23.088	£7.203	£6.591	✓
Proportion of Financing Costs to Net Revenue Stream (%)	4%	10%	5%	5%	✓

Local Indicators					
Indicators	2019/20 Actual	2020/21 Original	2020/21 Revised	2020/21 Actual	Compliant
Replacement of Debt Finance or MRP (£m)	(£0.719)	(£1.041)	(£1.684)	(£1.289)	✓
Capital Receipts (£m)	(£1.005)	(£0.537)	(£0.207)	(£0.434)	✓
Liability Benchmark (£m)	(£22.652)	£11.249	(£15.877)	(£25.033)	✓
Treasury Management Investments (£m)	£34.554	£16.759	£28.131	£37.330	✓

Treasury Management Indicators				
Prudential Indicators				
	Lower Limit	Upper Limit	2020/21 Actual	Compliant
<b><u>Refinancing Rate Risk Indicator</u></b>				
Under 12 months	0%	100%	9%	✓
12 months and within 24 months	0%	100%	9%	
24 months and within 5 years	0%	100%	27%	
5 years and within 10 years	0%	100%	30%	
10 years and within 20 years	0%	100%	26%	
20 years and within 30 years	0%	100%	0%	
30 years and within 40 years	0%	100%	0%	
40 years and within 50 years	0%	100%	0%	
50 years and above	0%	100%	0%	

Indicators	2019/20 Actual	2020/21 Original	2020/21 Revised	2020/21 Actual	Compliant
Principal Sums invested for periods longer than a year (£m)	£6.000	£10.000	£10.000	£8.000	✓

<sup>1</sup> The higher level is due to an element of the funding, to enable the early repayment of capital investment at Burntwood Leisure Centre, still needing to be identified in 2021/22 of £357,628.

## Local Indicators

Indicators	2019/20 Actual £m	2020/21 Original £m	2020/21 Revised £m	2020/21 Actual £m	Compliant
<b>Balance Sheet Summary and Forecast</b>					
Borrowing Capital Financing Requirement	£3.163	£24.871	£2.105	£2.410 <sup>2</sup>	✓
Internal or (over) Borrowing	£0.715	£6.340	(£0.150)	(£0.155)	✓
(Investments) or New Borrowing	(£34.959)	(£16.093)	(£28.131)	(£37.330)	✓
Liability Benchmark	(£22.652)	£11.249	(£15.877)	(£25.033) <sup>3</sup>	✓
	Target	2020/21 Actual	Compliant		
<b>Security</b>					
Portfolio average credit rating	A-	A+	✓		
<b>Liquidity</b>					
Temporary Borrowing undertaken	£0.000	£3.000	✓		
Total Cash Available within 100 days (maximum)	90%	76%	✓		

Figures shaded in blue have been updated from the Cabinet version of the Report due to more up to date information being available and these will be reflected in the Report to Council.

### Contribution to the Delivery of the Strategic Plan

The MTFS underpins the delivery of the Strategic Plan.

### Equality, Diversity and Human Rights Implications

There are no additional Equality, Diversity or Human Rights implications.

### Crime & Safety Issues

There are no additional Crime and Safety Issues.

### Environmental Impact

There are no additional Environmental Impacts.  
CIPFA is undertaking a consultation that includes the potential for Environmental, Social and Governance (ESG) of counterparties to form part of the revised Treasury Management Code.

### GDPR/Privacy Impact Assessment

There are no additional GDPR/Privacy Impact Assessment Impacts.

	Risk Description	How We Manage It	Severity of Risk
<b>Strategic Risk SR1 - Non achievement of the Council's key priorities contained in the Strategic Plan due to the availability of finance.</b>			
A	Council Tax is not set by the Statutory Date of <b>11 March 2021</b>	Full Council set with reference to when major preceptors and Parishes have approved their Council Tax Requirements.	Likelihood : Green Impact : Red Severity of Risk : Yellow
B	Implementation of the Check, Challenge and Appeal Business Rates Appeals and more frequent revaluations	To closely monitor the level of appeals. An allowance for appeals has been included in the Business Rate Estimates.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
C	The review of the New Homes Bonus regime	Not all of the projected New Homes Bonus is included as core funding in the Base Budget. In 2021/22 £500,000 is included and in 2022/23 £400,000 is included. At this stage, no income is assumed from 2023/24 onwards.	Likelihood : Red Impact : Yellow Severity of Risk : Yellow
D	The increased Localisation of Business Rates and the Fair Funding Review in 2022/2023	To assess the implications of proposed changes and respond to consultations to attempt to influence the policy direction in the Council's favour.	Likelihood : Red Impact : Red Severity of Risk : Red

<sup>2</sup> The higher level is due to an element of the funding, to enable the early repayment of capital investment at Burntwood Leisure Centre, still needing to be identified in 2021/22.

<sup>3</sup> This has changed from £25,077 in the Outturn due to final figures not being available at that time.

	Risk Description	How We Manage It	Severity of Risk
E	The affordability and risk associated with the Capital Strategy	An estates management team has been recruited to provide professional expertise and advice in relation to property and to continue to take a prudent approach to budgeting.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
<b>Strategic Risk SR3: Capacity and capability to deliver / adapt the new strategic plan to emerging landscape.</b>			
F	The financial impact of COVID-19 is not fully reimbursed by Government and exceeds the reserves available resulting in a Section 114 notice	The use of general and earmarked reserves to fund any shortfall.	Likelihood : Green Impact : Red Severity of Risk : Yellow
G	The Council cannot achieve its approved Delivery Plan for 2021/22	There will need to be consideration of additional resourcing and/or reprioritisation to reflect the ongoing impact of the pandemic.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
H	The resources available in the medium to longer term to deliver the Strategic Plan are diminished	The MTFS will be updated through the normal review and approval process.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
I	Government and Regulatory Bodies introduce significant changes to the operating environment	To review all proposed policy changes and respond to all consultations to influence outcomes in the Council's favour.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow

<b>Background Documents</b>	<ul style="list-style-type: none"> <li>• CIPFA Code of Practice for Treasury Management in the Public Services</li> <li>• The Prudential Code for Capital Finance in Local Authorities</li> <li>• The Treasury Management Strategy Statement (TMSS) 2020/21 – Audit and Member Standards Committee 5 February 2020</li> <li>• Mid-Year Treasury Management Report – Audit and Member Standards Committee 12 November 2020</li> <li>• The Treasury Management Strategy Statement (TMSS) 2021/22 – Audit and Member Standards Committee 3 February 2021</li> </ul>
<b>Relevant web link</b>	

## Capital Programme Performance in 2020/21

Project	Type	Original Budget	Approved Budget	Actual	Variance
New Build Parish Office/Community Hub	REFCUS	92,000	0	0	0
Armitage with Handsacre Village Hall storage container	REFCUS	6,000	0	0	0
Armitage War Memorial and surrounding area	REFCUS	120,000	0	0	0
Play Equipment at Hill Ridware Village Hall	REFCUS	0	0	(4,897)	(4,897)
Burntwood LC CHP Unit	ASSET	0	223,000	159,125	(63,875)
Burntwood Leisure Centre - Decarbonisation Scheme	ASSET	0	531,000	619,835	88,835
King Edwards VI School (CIL)	REFCUS	0	101,000	101,000	0
Friary Grange - Short Term Refurbishment	REFCUS	521,000	400,000	430,812	30,812
Replacement Leisure Centre	ASSET	164,000	106,000	55,600	(50,400)
St. Stephen's School, Fradley (S106)	REFCUS	0	22,000	21,464	(536)
Beacon Park Pathway	ASSET	0	30,000	0	(30,000)
Gym Equipment at Burntwood Parks	ASSET	0	34,000	34,000	0
Accessible Homes (Disabled Facilities Grants)	REFCUS	1,698,000	511,000	682,601	171,601
Home Repair Assistance Grants	REFCUS	15,000	10,000	3,365	(6,635)
Decent Homes Standard	REFCUS	172,000	0	0	0
Energy Insulation Programme	REFCUS	10,000	0	0	0
DCLG Monies	REFCUS	212,000	0	0	0
Unallocated S106 Affordable Housing Monies	ASSET	414,000	255,000	78,215	(176,786)
<b>Enabling People Total</b>		<b>3,424,000</b>	<b>2,223,000</b>	<b>2,181,120</b>	<b>(41,880)</b>
Darnford Park (S106)	ASSET	13,000	18,000	17,784	(216)
Loan to Council Dev Co.	ASSET	675,000	0	0	0
Lichfield St Johns Community Link (CIL)	REFCUS	35,000	0	0	0
Staffordshire Countryside Explorer (CIL)	REFCUS	44,000	0	0	0
Equity in Council Dev Co.	ASSET	0	225,000	225,000	0
Bin Purchase	ASSET	150,000	210,000	263,898	53,898
Dam Street Toilets	ASSET	0	40,000	0	(40,000)
Vehicle Replacement Programme (Waste)	ASSET	0	22,000	21,995	(5)
Vehicle Replacement Programme (Other)	ASSET	56,000	66,000	67,277	1,277
Stowe Pool Improvements (S106) (Jul 2012)	ASSET	50,000	57,000	56,820	(180)
Cannock Chase SAC	REFCUS	22,000	32,000	31,416	(584)
<b>Shaping Place Total</b>		<b>1,045,000</b>	<b>670,000</b>	<b>684,190</b>	<b>14,190</b>
Multi Storey Car Park Refurbishment Project	ASSET	0	50,000	1,313	(48,688)
Birmingham Road Site - Coach Park	ASSET	625,000	250,000	(5,428)	(255,428)
Birmingham Road Site - Short Term Redevelopment	ASSET	0	222,000	208,559	(13,441)
<b>Developing Prosperity Total</b>		<b>625,000</b>	<b>522,000</b>	<b>204,444</b>	<b>(317,556)</b>
Property Investment Strategy	ASSET	11,500,000	0	0	0
Property Planned Maintenance	ASSET	125,000	90,000	0	(90,000)
New Financial Information System	ASSET	250,000	75,000	30,712	(44,288)
Multi-Functional Printers	ASSET	0	0	23,793	23,793
Depot Sinking Fund	ASSET	11,000	0	0	0
Equipment Storage	ASSET	0	100,000	0	(100,000)
IT Infrastructure	ASSET	55,000	154,000	66,369	(87,631)
IT Cloud	ASSET	100,000	0	0	0
ICT Hardware	ASSET	202,000	0	0	0
IT Innovation	ASSET	250,000	95,000	97,145	2,145
District Council House Repair Programme	ASSET	164,000	50,000	0	(50,000)
<b>Good Council Total</b>		<b>12,657,000</b>	<b>564,000</b>	<b>218,020</b>	<b>(345,980)</b>
<b>Capital Programme Total</b>		<b>17,751,000</b>	<b>3,979,000</b>	<b>3,287,773</b>	<b>(691,227)</b>

## APPENDIX A

Type		Original Budget	Approved Budget	Actual	Variance
Non-Current Assets	ASSET	14,804,000	2,903,000	2,022,012	(880,988)
Revenue Expenditure Funded from Capital under Statute	REFCUS	2,947,000	1,076,000	1,265,761	189,761
<b>Capital Programme Total</b>		<b>17,751,000</b>	<b>3,979,000</b>	<b>3,287,773</b>	<b>(691,227)</b>

Funding Source	Original Budget	Approved Budget	Actual	Variance
Capital Receipts	1,402,000	522,000	104,227	(417,773)
Corporate Revenue	182,000	182,000	182,000	0
Borrowing Need - Borrowing and Finance Leases	11,664,000	106,000	(541,809)	(647,809)
Capital Grants and Contributions	3,287,000	1,754,000	1,830,867	76,867
Reserves, Existing Revenue Budgets and Sinking Funds	1,216,000	1,415,000	1,712,488	297,488
<b>Capital Programme Total</b>	<b>17,751,000</b>	<b>3,979,000</b>	<b>3,287,773</b>	<b>(691,227)</b>

## The Council's Balance Sheet

	Type	2019/20 Actual £000s	2020/21 Actual £000s	2020/21 Approved Budget £000s	Variance to Revised Budget £000s
Non-Current Assets	ASSET	46,000	44,575	46,893	(2,318)
Equity Investment in Local Authority Company	ASSET	0	225	225	0
Long Term Debtors	DEBT	141	165	141	24
Investments	INV	34,737	37,289	28,131	9,158
Borrowing	BOLE	(2,449)	(2,255)	(2,255)	(1)
Finance Leases	BOLE	(1,143)	(606)	(623)	17
Working Capital	CRED	(11,872)	(13,580)	(11,569)	(2,011)
Pensions	CRED	(32,718)	(41,554)	(31,370)	(10,184)
<b>TOTAL ASSETS LESS LIABILITIES</b>		<b>32,696</b>	<b>24,259</b>	<b>29,574</b>	<b>(5,315)</b>

<u>Unusable Reserves</u>					
Revaluation Reserve	REV	(9,426)	(10,131)	(9,425)	(706)
Capital Adjustment Account	CAP	(32,269)	(31,653)	(34,966)	3,313
Deferred Credits	CRED	(47)	(47)	(47)	(0)
Pension Scheme	CRED	32,718	43,821	33,700	10,121
Benefits Payable During Employment Adjustment Account	CRED	332	460	332	128
Collection Fund	CRED	(1,307)	6,037	6,018	19
Available for Sale Financial Instruments Reserve	CRED	544	41	384	(343)
<u>Usable Reserves</u>		0			0
Unapplied Grants and Contributions	UGER	(2,938)	(3,618)	(2,563)	(1,055)
Usable Capital Receipts	UGER	(2,698)	(3,042)	(1,874)	(1,168)
Sinking Funds	UGER	(223)	(64)	0	(64)
Earmarked Reserves - Unrestricted	UGER	(6,794)	(15,145)	(10,508)	(4,636)
Earmarked Reserves - Restricted	UGER	(4,197)	(4,204)	(4,050)	(154)
General Fund Balance	GEN	(6,392)	(6,714)	(6,575)	(139)
<b>TOTAL EQUITY</b>		<b>(32,696)</b>	<b>(24,259)</b>	<b>(29,574)</b>	<b>5,315</b>

<b>Reserves Available to cover Investment Losses</b>	<b>(13,185)</b>	<b>(21,859)</b>	<b>(17,083)</b>	<b>(4,775)</b>
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<u>Summary</u>					
Capital Funding	CAP	(32,269)	(31,653)	(34,966)	3,313
Revaluation Reserve	REV	(9,426)	(10,131)	(9,425)	(706)
Borrowing and Leasing	BOLE	(3,591)	(2,861)	(2,878)	16
Non-Current Assets	ASSET	46,000	44,800	47,118	(2,318)
Investments	INV	34,737	37,289	28,131	9,158
Unapplied Grants & Earmarked Reserves	UGER	(16,850)	(26,073)	(18,995)	(7,078)
General Reserve	GEN	(6,392)	(6,714)	(6,575)	(139)
Long Term Debtors	DEBT	141	165	141	24
Working Capital & Pensions	CRED	(12,350)	(4,822)	(2,552)	(2,270)
<b>Total</b>		<b>0</b>	<b>0</b>	<b>(0)</b>	<b>0</b>
<b>Internal Borrowing</b>		<b>714</b>	<b>155</b>	<b>(150)</b>	<b>305</b>

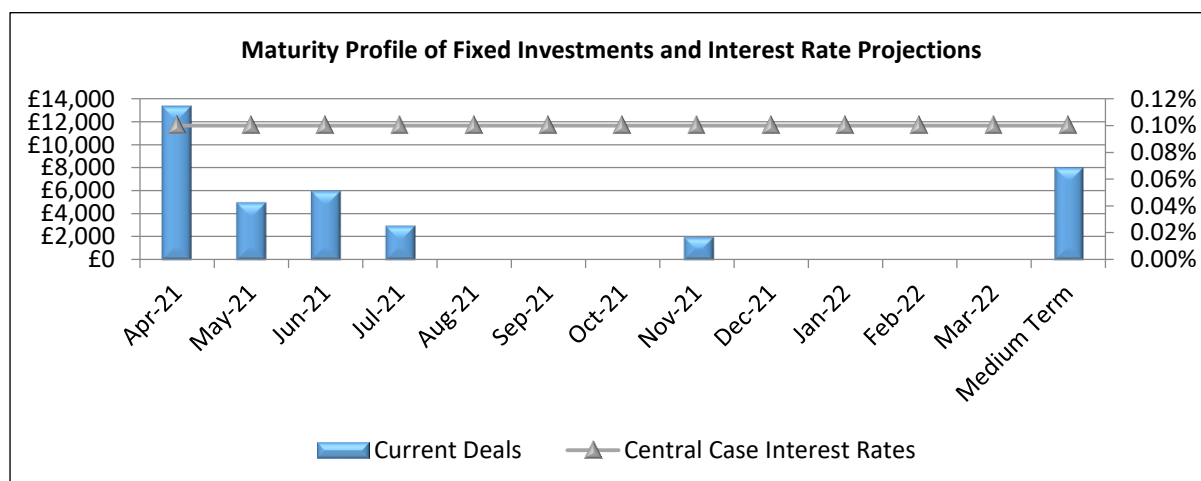
<u>Liability Benchmark</u>					
Capital Financing Requirement (Borrowing)		3,162	2,410	2,105	306
Working Capital		(12,572)	(4,657)	(2,411)	(2,246)
Usable Reserves		(23,242)	(32,787)	(25,570)	(7,217)
Minimum Level of Investments		10,000	10,000	10,000	0
<b>Total</b>		<b>(22,652)</b>	<b>(25,033)</b>	<b>(15,877)</b>	<b>(9,156)</b>

## Investments in the 2020/21 Financial Year

The table below shows a breakdown of our investments at the end of March 2021:

Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Non-UK Organisation
<b>Money Market Funds</b>						
Federated	£1,780,000	01-Apr-21	Instant Access	0.01%	0	N/A
Aberdeen	£4,000,000	01-Apr-21	Instant Access	0.01%	0	N/A
BNP Paribas MMF	£2,550,000	01-Apr-21	Instant Access	0.01%	0	N/A
CCLA MMF	£5,000,000	01-Apr-21	Instant Access	0.05%	0	N/A
<b>Strategic Funds</b>						
CCLA Property Fund	£2,000,000	N/A	N/A	4.34%	N/A	No
Ninety-One Diversified Income Fund	£2,000,000	N/A	N/A	4.11%	N/A	No
CCLA Diversified Income Fund	£2,000,000	N/A	N/A	3.44%	N/A	No
Aegon Diversified Income Fund	£2,000,000	N/A	N/A	3.67%	N/A	No
<b>Fixed Term Investments</b>						
Monmouthshire Council	£2,000,000	28-Jun-21	89	0.25%	LOCAL	
Cheltenham Borough Council	£2,000,000	12-May-21	42	0.15%	LOCAL	
Highland Council	£2,000,000	17-May-21	47	0.13%	LOCAL	
Conwy County Borough Council	£2,000,000	30-Jun-21	91	0.15%	LOCAL	
Staffordshire Moorlands District Council	£2,000,000	18-Nov-21	232	0.25%	LOCAL	
Surrey Heath Borough Council	£2,000,000	15-Jun-21	76	0.10%	LOCAL	
Ashford Borough Council	£2,000,000	19-Jul-21	110	0.10%	LOCAL	
<b>Call Accounts with Notice Period</b>						
Lloyds	£1,000,000	04-Jul-21	95	0.04%	A+	
HSBC	£999,500	01-May-21	31	0.20%	A+	
<b>Total Investments</b>	<b>£37,329,500</b>					

The maturity profile of these investments at 31 March 2021, compared to our Treasury Management advisor Arlingclose interest rate forecasts, is shown in the graph below:



## External Borrowing

Source	Loan Amount	Maturity Date	Interest Rate	Outstanding Balance as at 31 March 2021
Public Works Loan Board	£1,522,000	08-Apr-40	2.59%	£1,187,160
Public Works Loan Board	£1,395,000	31-May-28	1.71%	£1,068,193

# Chartered Institute of Public Finance and Accountancy (CIPFA) Resilience Index

Cabinet Member for Finance, Procurement and Revenues & Benefits

Date: 22 July 2021

Agenda Item:

Contact Officer: Anthony Thomas

Tel Number: 01543 308012

Email: [Anthony.thomas@lichfielddc.gov.uk](mailto:Anthony.thomas@lichfielddc.gov.uk)

Key Decision? NO

Local Ward Full Council

Members



**Audit and  
Member  
Standards**

## 1. Executive Summary

- 1.1. The latest CIPFA resilience Index for 2021 was published in February 2021 and this reports shows the Council's performance compared to a range of measures associated with financial risk.
- 1.2. The timing of the index follows the release of Ministry of Housing, Communities and Local Government (MHCLG) statistics (i.e., Revenue Outturn 2019-20 on 21st January 2021). These statistics were originally expected in November 2020.
- 1.3. The data compares the Council to nearest statistical neighbours and all District Councils and will also provide a pre-COVID baseline showing the resilience of authorities as they entered the pandemic.

## 2. Recommendations

- 2.1. The Committee note the results of the CIPFA Resilience Index for 2021.

## 3. Background

- 3.1. CIPFA's Financial Resilience Index is a comparative analytical tool that may be used by Chief Financial Officers to support good financial management and providing a common understanding within a Council of their financial position.
- 3.2. The Index shows a Council's position on a range of measures associated with financial risk. The selection of indicators has been informed by extensive financial resilience work undertaken by CIPFA over a number of years, public consultation and technical stakeholder engagement.
- 3.3. The index is designed to support and improve discussions surrounding local authority financial resilience by showing a Council's performance against a range of measures associated with financial risk.
- 3.4. While the impact of COVID-19 resulted in a delay to the publication of the index, it is still able to provide a comprehensive pre-COVID baseline, illustrating the financial resilience of Councils as they entered the pandemic.

- 3.5. There are eight indicators of financial stress for District Councils and these are explained in the table below (the Head of Finance and Procurement's commentary on specific indicators is shown in red text):

Indicators of Financial Stress	Explanation of the Indicator	What does each Indicator show
Reserves sustainability measure	How long an authority's reserves will last if they continue drawing them down at the same rate	The longer an authority's reserves will last, the less risk – <b>reductions may also be due to planned reductions such as use to fund capital expenditure</b>
Level of reserves	Earmarked + unallocated general reserves	Lower levels of reserves imply higher risk
Change in reserves	Percentage change in reserves over the past three years	Negative changes imply higher risk – <b>reductions may also be due to planned reductions such as use to fund capital expenditure</b>

Gross external debt	Level of gross external debt	The higher the gross debt level, the higher the risk – <b>high debt results in higher fixed debt costs that will need to be serviced from reducing revenue budgets</b>
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Fees and charges	Total fees and charges as a proportion of service expenditure	The higher the ratio the lower the risk (income) - <b>the Council has in theory a greater influence over the level of income (Pre COVID-19) through pricing</b>
Council tax	Council tax requirement/net revenue expenditure	Higher the ratio the lower the risk (income) - <b>the Council has a greater influence over the level of income through housing growth in the Local Plan and setting the Council Tax</b>
Business rates	Percentage growth in business rates above the baseline	The higher the ratio the higher the risk - <b>the greater the risk exposure if there is a Business Rate Reset or decline in the local economy</b>

Auditors VFM assessment	Auditors VFM assessment	Lower assessment, the higher the risk
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- 3.6. The CIPFA Resilience Index provides comparisons against both nearest statistical neighbours and all District Councils. The nearest statistical neighbours identified are:

South Staffordshire	Hinckley and Bosworth
Bromsgrove	East Northamptonshire
Blaby	Tewksbury
High Peak	Babergh
South Ribble	Stroud
Staffordshire Moorlands	Mendip
Mid Devon	Stafford
Newark and Sherwood	

- 3.7. The results of the last two CIPFA Resilience Index statistical releases are shown in the table below compared to nearest statistical neighbours and all District Councils:

Indicators of Financial Stress	Nearest Neighbours		District Councils	
	2018/19	2019/20	2018/19	2019/20
Reserves sustainability measure	Medium Risk	Medium Risk	Lower Risk	Lower Risk
Level of reserves	Lower Risk	Lower Risk	Lower Risk	Lower Risk
Change in reserves	Lower Risk	Lower Risk	Lower Risk	Lower Risk
Gross external debt	Lower Risk	Lower Risk	Lower Risk	Lower Risk
Fees and charges	Lower Risk	Lower Risk	Lower Risk	Lower Risk
Council tax	Lower Risk	Lower Risk	Lower Risk	Lower Risk
Business rates	Higher Risk	Higher Risk	Higher Risk	Medium Risk
Auditors VFM assessment	Unqualified	Unqualified	Unqualified	Unqualified

- 3.8. There is further commentary and explanation provided for those indicators where the Council is shown as medium or higher risk:

Indicators of Financial Stress	Commentary
Reserves sustainability measure	<p>The Council is medium risk when compared to nearest statistical neighbours and lower risk when compared to all District Councils.</p> <p>It is likely that the different levels of risk are because the subset of nearest statistical neighbours have higher levels of reserves relative to the wider group of all District Councils.</p> <p><b>In terms of reserves, the Council was in a much stronger position than many other District Councils and therefore better able to manage the financial impact of COVID-19.</b></p>
Business rates	<p>The Council is shown as higher risk when compared to nearest statistical neighbours and higher/medium risk when compared to all District Councils.</p> <p>This indicator is based on the level of business income growth the Council has achieved compared to the Government Set Baseline from 2013/14 (uprated annually by inflation). Higher levels of growth show the Council has been successful from an Economic Growth perspective in growing business rate income in the District.</p> <p>However, the indicator assesses the level of risk exposure to for instance a Business Rate reset as part of Local Government Finance reform or decline in the local economy. A Business Rate reset would redistribute growth in the wider Local Government Sector primarily to Upper Tier Authorities based predominantly on Adult Social Care and Children's Services assessed need.</p> <p><b>To manage this risk in terms of the Medium Term Financial Strategy, from 2022/23 it is assumed that only a proportion of business rate growth is retained by the Council as part of a Business Rate reset.</b></p>

- 3.9. The next release of the CIPFA Resilience Index 2022 will cover the period impacted significantly by COVID-19 and therefore there are likely to be a number of significant changes compared to previous years.
- 3.10. It is likely to show adverse impacts on income from fees and charges, Council Tax and Business Rates. In addition there will likely be an impact on the level of reserves including a significant increase in earmarked reserves due to the receipt of Section 31 grants for Business Rates Reliefs in 2020/21 that will be applied to offset Collection Fund deficits in 2021/22, 2022/23 and 2023/24.
- 3.11. The COVID-19 impact will also show significant movements compared to previous years making trend analysis difficult. However it will be possible to see how the Council has been financially impacted by COVID-19 relative to both nearest statistical neighbours and all District Councils.

Alternative Options	No alternative options.
Consultation	The Chief Financial Officer is provided with a pre-release version to check the information is correct prior to publication.
Financial Implications	The CIPFA Resilience Index is part of the CIPFA Financial Management Code and informs the Chief Financial Officer's Section 25 Report on the level of reserves as part of the Medium Term Financial Strategy.
Contribution to the Delivery of the Strategic Plan	The MTFS underpins the delivery of the Strategic Plan.
Equality, Diversity and Human Rights Implications	There are no additional Equality, Diversity or Human Rights implications.

Crime & Safety Issues	There are no additional Crime and Safety Issues.
Environmental Impact	There are no additional environmental impacts.
GDPR/Privacy Impact Assessment	There are no additional GDPR/Privacy Impact Assessment impacts.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	If compliance with the CIPFA Financial Management Code is not demonstrated, the Council's financial sustainability could be brought into question which in turn could result in a negative impact on its reputation with stakeholders.	<p>The Finance Team contains experienced qualified Accountants and Accounting Technicians who are required to undertake regular Continuing Professional Development in line with the requirements of their qualifications.</p> <p>The Council has a strong, effective Leadership Team supported by experienced officers.</p> <p>There is also the role played by both Internal and External Audit both of which offer challenge and ensure compliance with laws and regulations (the challenges presented by COVID-19 on capacity and priorities are also having to be considered).</p>	<p>Likelihood : Green Impact : Yellow Severity of Risk : Green</p>

#### Background documents

The CIPFA Financial Management Code – Audit and Member Standards Committee 12 November 2020

#### Relevant web links

# INTERNAL AUDIT PROGRESS REPORT

Cabinet Member Finance, Procurement, Revenues & Benefits

Date: 22 July 2021

Agenda Item:

Contact Officer: Andrew Wood

Tel Number: 01543 308030

Email: andrew.wood@lichfielddc.gov.uk

Key Decision? NO

Local Ward Members If any Wards are particularly affected insert the name of the Ward Members and their Ward. Ensure that the Ward Members have been consulted.



## AUDIT & MEMBER STANDARDS COMMITTEE

### 1. Executive Summary

- 1.1 This report comprises Internal Audit's progress report for the period to 30 June 2021 (to Quarter 1) (**Appendix 1**).
- 1.2 Quarter 1 audit work performance has identified that 6% of the Audit Plan has been completed against profiled completion of 22.5%. Historically quarter 1 coverage is low, attributable factors include; reduced availability of staff (final accounts, Covid related work, other work priorities, staff leave etc.) and implementing new system processes/ changes delaying audit commencement.
- 1.3 In addition, during the quarter, staff resources were depleted due to the departure of the Head of Audit, the Senior Auditor and the Trainee Audit Assistant. The Audit Manager commenced in post in June 21 and has reviewed the Audit Plan.
- 1.4 To ensure completion of the planned audit work for 2021/2022 a procurement exercise is underway to appoint both a specialist IT Auditor and a general audit contractor to support the current Internal Audit team.
- 1.5 The Audit Manager will continue to review current work plans to ensure completion of the 2021/2022 Audit Plan.

### 2. Recommendations

- 2.1 To note the attached report.

### 3. Background

- 3.1 The Accounts and Audit Regulations require councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Audit Standards.
- 3.2 Internal Audit's progress report for the period to Quarter 1 is detailed at **Appendix 1** for members to consider.

Alternative Options	N/A
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Consultation	N/A
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Financial Implications	The audit service has been delivered within budget during the year.
Contribution to the Delivery of the Strategic Plan	Delivery of the audit plan contributes to all aspects of the Strategic Plan, but notably 'a good Council'.
Equality, Diversity and Human Rights Implications	No equality, diversity or human rights implications arising from this report.
Crime & Safety Issues	None arising.
Environmental Impact	None arising.
GDPR/Privacy Impact Assessment	None required.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Significant / high risk systems of internal control fail and go un-addressed.	The audit planning process ensures that audit resources are directed to areas of most significance / highest risk.	Likelihood – Green Impact - Yellow Severity of risk - Green (tolerable)
B			
C			
D			
E			

<b>Background documents</b> Audit & Member Standards Committee routine reports, internal audit reports
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Relevant web links
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Appendix 1

Internal Audit Progress Report (To Quarter 1)  
July 2021



# Contents

**01 Introduction**

**02 Internal Audit Work Undertaken**

**03 Opinion**

**04 Follow Up**

**05 Performance of Internal Audit**

**Appendices**

**01 Summary of Internal Audit Work Undertaken**

**02 Assurance and Recommendation Classifications**

If you have any questions about this report, please contact Andrew Wood, Audit Manager [andrew.wood@lichfielddc.gov.uk](mailto:andrew.wood@lichfielddc.gov.uk)

The matters raised in this report are the ones that came to our attention during our internal audit work. While every care has been taken to make sure the information is as accurate as possible, internal audit has only been able to base these findings on the information and documentation provided. Consequently, no complete guarantee can be given that this report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be needed. This report was produced solely for the use and benefit of Lichfield District Council. The council accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification.

## 01 INTRODUCTION

### BACKGROUND

This report summarises internal audit activity and performance for the period to 30 June 2021.

### SCOPE AND PURPOSE OF INTERNAL AUDIT

The Accounts and Audit Regulations require councils to undertake an effective internal audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

This progress report and opinion forms part of the framework of assurances that is received by the council and should be used to help inform the annual governance statement. Internal audit also has an independent and objective consultancy role to help managers improve risk management, governance and control.

Internal audit's professional responsibilities as internal auditors are set out within Public Sector Internal Audit Standards (PSIAS) produced by the Internal Audit Standards Advisory Board.

### ACKNOWLEDGEMENTS

Internal audit is grateful to the heads of service, service managers and other staff throughout the council for their help during the period.

## 02 INTERNAL AUDIT WORK UNDERTAKEN

The internal audit plan for 2021/22 was approved by the Audit & Member Standards Committee in March 2021. The plan is for a total of 16 audits.

Much of quarter one work has been centred on completing committee reports, risk management work and supporting elections staff during the May 21 elections. Performance indicators (Section 05) show there is a reduced coverage of the plan during quarter one (6% achieved against a profiled 22.5%) Historically quarter 1 coverage is low, attributable factors include reduced availability of staff (final accounts, Covid related work, other work priorities, staff leave etc.) and implementing new system processes/ changes delaying audit commencement. In addition during the quarter staff resources were depleted due to the departure of the Head of Audit, the Senior Auditor and the Trainee Audit Assistant. The Audit Manager commenced in post in June 21 and has reviewed the Audit Plan. To ensure completion of the planned audit work for 2021/2022 a procurement exercise is underway to appoint both a specialist IT Auditor and a general audit contractor to support the current Internal Audit team. Performance against internal audits KPI's is at section 05.

The audit findings of each review, together with recommendations for action and the management response are set out in our detailed reports. A summary of the reports we have issued during the period is included at **Appendix 01**.

## 03 OPINION

### SCOPE OF THE OPINION

In giving an opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the council is a reasonable assurance that there are no major

weaknesses in risk management, governance and control processes. The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at an opinion, following matters have been taken into account:

- The outcomes of all audit activity undertaken during the period.
- The effects of any material changes in the organisation's objectives or activities.
- Whether or not any limitations have been placed on the scope of internal audit.
- Whether there have been any resource constraints imposed upon us which may have impinged our ability to meet the full internal audit needs of the organisation.
- What proportion of the organisation's internal audit needs have been covered to date.

## INTERNAL AUDIT OPINION

**On the basis of audit work completed, our opinion on the council's framework of governance, risk management and internal control is reasonable in its overall design and effectiveness. Certain weaknesses and exceptions were highlighted by our audit work. These matters have been discussed with management, to whom we have made recommendations. All of these have been, or are in the process of being addressed.**

## SPECIFIC ISSUES

No specific issues have been highlighted during the period.

## FRAUD & IRREGULARITY

No matters of fraud or irregularity have been reported during the year. Also see the fraud update on this Committee's agenda.

## CONSULTANCY & ADVICE

The audit team may be requested by managers to undertake consultancy and advice on governance, risk management and internal control matters. During the period to 30 June 2021, the following was undertaken:

- Attending project board for payroll and new finance system.
- Review of draft Contract Procedure Rules.
- Attending elections core meeting.
- NFI data match investigations.

## 04 FOLLOW UP

Internal audit follow up all high priority actions and those arising from no and limited overall assurance, manager's confirmation applies to the rest. There were five high priority recommendations due to be followed up during the period, of which one was implemented (see KPI section 05).

Of those receiving a no or limited assurance opinion which require follow up, a summary of progress to date on these audits is given at Appendix 01.

Currently there are 92 outstanding recommendations at 30 June 2021, shown in the table below:

Action Priority Rating	Total Open Actions at 1 April 2021	Actions Raised Since April 2021	Total Overall	Total Closed out at 30 June 2021	Total Open at 30 June 2021	% Implemented in the period
High	10	0	10	1	9	10%
Medium	67	7	74	10	64	14%
Low	18	2	20	1	19	5%

## 05 PERFORMANCE OF INTERNAL AUDIT

### Compliance with professional standards

We employ a risk-based approach in planning and conducting our audit assignments. Our work has been performed in accordance with PSIAS.

### Conflicts of interest

There have been no instances during the year which have impacted on our independence that have led us to declare any interest.

### Performance of internal audit

#### Internal audit quality assurance

To make sure the quality of the work we perform, we have a programme of quality measures which includes:

- Supervision of staff conducting audit work.
- Review of files of working papers and reports by managers.
- Regular meetings of our networking groups, which issue technical and sector updates.

#### Performance Measures




- Complete 90% (profiled 22.5%) of the audit plan – 6%
- 100% Draft reports issued within 6 weeks of start date – none issued
- 100% Closure meetings conducted within 5 days of completion of audit work – 100%
- 100% draft reports to be issued within 10 working days of closure meeting – none issued
- 100% of all high priority actions are implemented at follow up – 20%
- All no and limited assurance reports have a revised assurance rating of substantial or reasonable on follow up - 100%
- Achieve an average customer satisfaction score of 4 or more – 100%
- Added value – Annual measure

## APPENDIX 01: SUMMARY OF INTERNAL AUDIT WORK UNDERTAKEN

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
Core Financial Systems	Debtors	Risk based review covering the adequacy and effectiveness of controls around debtors, including account set up / amendment, invoice requisitioning, invoicing, fees and charges and recovery. To accommodate the change to the new Civica Financials Live financial system.	Q3		
	Assets & Inventory	Risk based review covering the adequacy and effectiveness of controls regarding the Council's assets and inventory.	Q2		
	Grants	Risk based review of the adequacy of controls surrounding grants awarded to the authority. To include compliance with accountable body agreements including arrangements for third party compliance where appropriate.	Q2		
	Council Tax	Risk based review of council tax including assurance over the adequacy of controls around the maintenance of systems recording taxable properties and liable persons, billing, discounts and reliefs, collection, refunds and write offs.	Q4		


Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
Strategic & Operational Risks	Strategic Risk Register	Risk based review of the adequacy and effectiveness of the controls in place to mitigate the Council's strategic risks.	Q1-Q4		
	Pandemic risks	'Flash' audits of dynamic risks arising from the Council's pandemic response. To include continuity and recovery arrangements, business grants, productivity and performance.	Q1-Q4	Audit in progress	
	Replacement Financial System	Programme assurance based review of the replacement financial system programme to Civica Financials Live. To include income management system replacement. Programme assurance includes programme planning, governance structure and controls, delivery, change management, RAIDD management (Risk, Action, Issue, Decision, Dependency), testing and reporting.	Q1-Q2		
	Payroll transition	Assurance based review on the effectiveness of payroll controls following the transition from Stafford Borough Council to Stoke City Council, the new payroll agency provider.	Q3		
	Development Control (Planning)	Risk based review of systems of internal control for planning (using CIPFA control matrices), to include applications, appeals, fee	Q2	Audit completed to draft	

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
Page 43		management. Audit carried forward from 2020/21.			
	Shared Services	Risk based review of controls in place for effective delivery of shared services e.g. waste management, legal services, building control, internal audit.	Q1	Audit in progress	
	Elections	Risk based review of elections processes and in particular financial returns.	Q2		
	Climate Change	Risk based review looking at the Council's preparation to de-carbonisation / climate change agenda.	Q3		
T	TBC		Q2-4		
T	TBC		Q2-4		
Governance, Fraud & Other Assurance	Disabled Facilities Grant	Assurance statement	Q3		
	Housing Benefit Memorandum of Understanding	Assurance statement to enable the Chief Finance Officer sign off to DWP.	Q3		
	Counter Fraud	Work to support the mitigation of fraud risk, the provision of fraud awareness training, pro-active fraud exercises and reactive investigations.	Q1-Q4	Ongoing	
	Annual Audit Opinion	Production of the Annual Audit Opinion.	Q2		
	Management and Planning	Management, planning and assurance reporting to Leadership Team and Audit & Member	Q1-Q4	Ongoing	

Assurance	Audit	Scope	Planned Quarter	Assurance Summary	Assurance Opinion
		Standards Committee.			
	Ad hoc / Consultancy / Contingency	Contingency allocation to be utilised upon agreement of the Chief Finance Officer.	Q1-Q4	Ongoing	
	Risk Management	Supporting the Council's risk management systems.	Q1-Q4	In progress	
	Election Support	Support to May 2021 Elections	Q1	Complete. Auditors provided support to the May 2021 Elections across a number of roles.	
Follow up all no and limited assurance reports and high priority recommendations.	GDPR	Limited Assurance Follow up	Q1	A third follow up audit has now been undertaken and the full follow up audit report was issued to accountable officers and members of the Committee on 20 May 2021. In summary: Of the 2 outstanding actions (1 high and 1 medium). It can be confirmed that 1 has now been fully implemented with the remaining 1 (1 high) partially implemented.	 Substantial Assurance
	Procurement	Limited Assurance Follow up	Q1	Originally 9 recommendations were made, 8 of which were agreed to be implemented by management. The findings of the follow up review show 5 of the recommendations have been implemented and 3 have been partially implemented.	 Reasonable Assurance
	Beacon Park	Limited Assurance Follow up	Q1	Originally 4 medium risk recommendations were made. The findings of this follow up review show 3 of the recommendations have been implemented, with 1 not implemented but has a due date not until January 2022.	 Reasonable Assurance

## ASSURANCE AND RECOMMENDATION CLASSIFICATIONS

Overall Audit Assurance Opinion	Definition
Substantial	There is a sound system of internal control designed to achieve the organisation's objectives. The control processes tested are being consistently applied.
Reasonable	While there is a basically sound system of internal control, there are some weaknesses which may put the organisation's objectives in this area at risk. There is a low level of non-compliance with some of the control processes applied.
Limited	Weaknesses in the system of internal controls are such as to put the organisation's objectives in this area at risk. There is a moderate level of non-compliance with some of the control processes applied.
No	Significant weakness in the design and application of controls mean that no assurance can be given that the organisation will meet its objectives in this area.

Priority	Definition
	High priority recommendation representing a fundamental control weakness which exposes the organisation to a high degree of unnecessary risk.
	Medium priority recommendation representing a significant control weakness which exposes the organisation to a moderate degree of unnecessary risk.
	Low priority (housekeeping) recommendation highlighted opportunities to implement a good or better practice, to add value, improve efficiency or further reduce the organisation's exposure to risk.

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# PUBLIC SECTOR INTERNAL AUDIT STANDARDS / QUALITY ASSURANCE & IMPROVEMENT PROGRAMME



Cabinet Member Finance, Procurement, Revenues & Benefits

Date: 22 July 2021

Agenda Item:

Contact Officer: Andrew Wood

Tel Number: 01543 308030

Email: andrew.wood@lichfielddc.gov.uk

Key Decision? NO

Local Ward

Members

## AUDIT & MEMBER STANDARDS COMMITTEE

### 1. Executive Summary

- 1.1 To report to the Audit & Member Standards Committee on Internal Audit's compliance with the Public Sector Internal Audit Standards (PSIAS) and the Quality Assurance and Improvement Programme (QAIP).

### 2. Recommendations

- 2.1 That the Committee notes Internal Audit's compliance with the PSIAS (Appendix 1); and the QAIP (Appendix 2).

### 3. Background

- 3.1 The PSIAS has been in place since April 2013. Internal Audit's compliance with the PSIAS is required under the Accounts & Audit Regulations 2015. The PSIAS require that Internal Audit comply with professional best practice and assess themselves against the requirements on an annual basis and that an External Quality Assessment (EQA) should be completed at least every 5 years.
- 3.2 An EQA was last completed in 2017 and was reported to this Committee. The next EQA is due in 2022. As required for the annual self-assessment, Internal Audit operations have been reviewed by the Shared Audit Manager against the standards as specified in the code. An overview of current compliance with the PSIAS is attached at **Appendix 1** which shows Internal Audit operations as being compliant with this code.
- 3.3 Part of the requirement of the PSIAS is for the Shared Audit Manager to develop a QAIP. Under the QAIP, quality should be assessed at both an individual audit engagement level as well as a broader operational level. A well-developed QAIP is to ensure that quality is built in to, rather than on to, the way Internal Audit operates.
- 3.4 The QAIP should conclude on the quality of the Internal Audit activity and lead to recommendations for appropriate improvements. It is an evaluation of:

- conformance with Definition of Internal Auditing, the Code of Ethics and the Standards;
- the adequacy of the Internal Audit activity's charter, goals, objectives, policies and procedures;
- the contribution to the organisation's governance, risk management and control processes;
- completeness of coverage of the entire audit universe;
- compliance with applicable laws, regulations, and government or industry standards to which the Internal Audit activity may be subject;
- the risks affecting the operation of the Internal Audit activity itself;
- the effectiveness of continuous improvement activities and adoption of best practices; and
- whether the Internal Audit activity adds value, improves the organisation's operations, and contributes to the attainment of objectives.

3.5 Attached as **Appendix 2** is the Quality Assurance & Improvement Programme (QAIP). No actions have been carried forward from last year's QAIP and no further actions have been identified this year. Minor changes have been highlighted on the document.

Alternative Options	1. None.
Consultation	1. The Council's Section 151 Officer has been consulted on the PSIAS and QAIP.
Financial Implications	1. None, not otherwise covered from existing Internal Audit budgets.
Contribution to the Delivery of the Strategic Plan	1. Delivery of an effective internal audit contributes to all aspects of the Council's Strategic Plan.
Equality, Diversity and Human Rights Implications	1. None arising
Crime & Safety Issues	1. None arising
Environmental Impact	1. None arising.
GDPR/Privacy Impact Assessment	1. None required.

	Risk Description	How We Manage It	Severity of Risk
A	Significant / high risk of non compliance with the PSIAS which leads to non compliance with the Accounts & Audit Regulations 2015.	Regular review of the QAIP to ensure full compliance with the PSIAS.  External Quality Assessment against the standards every 5 years and annual self-assessment.	Likelihood: Green Impact: Green Severity of Risk: Green
B			
C			

## Background documents

PSIAS

## Relevant web links

<https://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards>

## Appendix 1

# Public Sector Internal Audit Standards Compliance Overview

### Mission Statement, Definition of Internal Auditing and Code of Ethics

Mission Statement & Definition of Internal Auditing



Integrity



Objectivity



Confidentiality



Competency



### Performance Standards

1000 – 1322 Attribute Standards

1000 – 1110 Purpose, Authority and responsibility

Purpose, Authority, and Responsibility



Recognising Mandatory Guidance in the Internal Audit Charter



## 1110 – 1130 Independence and Objectivity

Organisational Independence



Independence and Objectivity



Direct Interaction with the Board



Chief Audit Executive Roles Beyond Internal Auditing



Individual Objectivity



Impairment to Independence or Objectivity



## 1210 – 1230 Proficiency and Due Professional Care

Proficiency



Due Professional Care



Continuing Professional Development



## 1300 – 1322 Quality Assurance and Improvement Programme (QAIP)

Quality Assurance and Improvement Programme (QAIP)



Requirements of the Quality Assurance and Improvement Programme



Internal Assessments



External Assessments



Reporting on the Quality Assurance and Improvement Programme



Use of Conforms with the International Standards for the Professional Practice of Internal Auditing



Disclosure of Non-conformance



## 2000 – 2600 Performance Standards

### 2000 – 2060 Managing the Internal Audit Activity

Managing the Internal Audit Activity



Planning



Communication and Approval



Resource Management



Policies and Procedures



Coordination



Reporting to Senior Management and the Board



### 2070 External Service Provider and Organisational Responsibility for Internal Audit

External Service Provider and Organisational Responsibility for Internal Audit



2100 – 2130 Nature of Work

Nature of Work



Governance



Risk Management



Control



2200 – 2240 Engagement Planning

Engagement Planning



Planning Considerations



Engagement Objectives



Engagement Scope



Engagement Resource Allocation



Engagement Work Programme



2300 – 2340 Performing the Engagement

Performing the Engagement



Identifying Information



Analysis and Evaluation



Documenting Information



Engagement Supervision



## 2400 – 2440 Communicating Results

Communicating the Results



Criteria for Communicating



Qualities of Communications



Errors and Omissions



Use of "Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing"



Engagement Disclosure of Non-conformance



Disseminating Results



## 2450 Overall Opinions

Overall Opinions



## 2500 Monitoring Progress

Monitoring Progress



2600 Communicating the Acceptance of Risks

Communicating the Acceptance of Risks



## Appendix 2

# Internal Audit Quality Assurance & Improvement Programme

## 1 Introduction

Internal Audit's Quality Assurance Improvement Programme (QAIP) is designed to provide reasonable assurance to the various stakeholders (the Board, Senior Management, the External Auditor and Operational Managers etc) that Internal Audit:

- conforms with the Definition of Internal Auditing, the Code of Ethics and the Standards;
- has an adequate Internal Audit Activity's Charter, Goals, Objectives, Policies and Procedures;
- contributes to the organisations governance, risk management and control processes;
- has complete coverage of the audit universe;
- complies with applicable laws, regulations and other standards that the internal audit activity may be subject to;
- has identified the risks affecting the operation of the internal audit activity itself;
- has an effective continuous improvement activity in place and adopts best practice; and
- adds value to improve the organisations operations and contributes the attainment of the organisations objectives.

The Chief Audit Executive (CAE), who at the Council is the **Shared Audit Manager with Tamworth Borough Council**, is ultimately responsible for the QAIP, which covers all types of Internal Audit activities, including consultancy and those engagements delivered by a third party. The QAIP must include both internal and external assessments. Internal assessments are both ongoing and periodical and external assessments must be undertaken at least once every five years.

The QAIP is reviewed on an annual basis.

## 2 Internal Assessments

Internal Assessments are made up of both ongoing reviews and periodic reviews.

### Ongoing reviews

Ongoing reviews provide assurance that the processes in place are working effectively to ensure that quality is delivered on an audit by audit basis. This includes continuous monitoring of:

- Engagement planning and supervision (preapproval of the audit scope, innovative best practices, budgeted hours, and assigned staff).
- Standard working practices (including working paper procedures, sign off, report review, checklists to ensure that the audit process has been followed).
- Feedback from other clients and stakeholders.
- Analysing performance metrics to measure audit plan completion and stakeholder value.

### Periodic reviews

Periodic assessments are designed to assess conformance with Internal Audit's Charter, the Standards, Definition of Internal Auditing, the Code of Ethics, the quality of the audit work and supervision, policies and procedures supporting the internal audit activity, the added value to the organisation and the achievement of performance standards.

Periodic assessments will be conducted through:

- Working paper reviews for conformance to the definition of Internal Auditing, the Code of Ethics, the Standards, and internal audit policies and procedures
- Self-assessment of the internal audit activity with objectives established as part of the QAIP components – Governance, Professional Practice and Communication

- Review of internal audit performance measure and benchmarking of best practices. Periodic activity and performance reporting to the board and other stakeholders as deemed necessary.
- Annual self-review of conformance to the PSIAS.

The periodic self assessment should identify the quality of ongoing performance and opportunities for improvement and to check and validate the objectives and criteria used in the QAIP. The self assessment will be completed on an annual basis and the results reported to the Board and Senior Management.

### 3 External Assessment

The External Assessment will consist of a broad scope of coverage that includes the following:

- Conformance with the Standards, Definition of Internal Auditing, the Code of Ethics, and internal audit's Charter, plans, policies, procedures, practices, and any applicable legislative and regulatory requirements.
- Expectations of Internal Audit as expressed by the Board and Senior Management.
- Integration of the Internal Audit activity into the governance process.
- The mix of staff knowledge, experiences, and disciplines, including use of tools and techniques, and process improvements.
- A determination whether Internal Audit adds value and improves the Council's operations.

An external assessment will be conducted every five years by a qualified, independent assessor from outside the Council. The assessment will be in the form of a full external assessment, or a self-assessment with independent external validation. The format of the external assessment will be agreed with the Board.

### 4 Assessment scale

The scale to assess the level of conformance of the Internal Audit activity with the standards is as follows:

Generally Conforms/Partially Conforms/Does Not Conform.  
(IIA Quality Assessment Manual Scale).

### 5 Reporting on the Quality Programme

Internal Assessments – reported to the Board and Senior Management on an annual basis. The internal assessment report will be accompanied by a written action plan in response to significant findings and recommendation contained in the report.

External Assessments – reported to the Board and Senior Management. The external assessment report will be accompanied by a written action plan in response to significant findings and recommendations contained in the report.

Follow up – The CAE will implement appropriate follow up actions to ensure that recommendations made in the reports and action plans developed are implemented in a reasonable timeframe.

Quality Assurance & Improvement Programme			
Ongoing Monitoring of Performance			
Activity	Frequency	Responsibility	Reporting
Review of the audit universe	Annual	Shared Audit Manager	N/A
Identification of risks affecting the operation of the Internal Audit Service	Quarterly	Shared Audit Manager	N/A

Review of audit engagements	Each engagement	Shared Audit Manager / Principal Auditor. Where audit engagements are delivered by a third party, their Quality Review processes will be used, with all final reports requiring sign off from Shared Audit Manager.	N/A
Progress against the audit plan	Quarterly	Shared Audit Manager / Principal Auditor	Quarterly report to Audit & Member Standards Committee
Progress against Key Performance Indicators	Quarterly	Shared Audit Manager / Principal Auditor	Quarterly report to Audit & Member Standards Committee
Discuss performance of internal audit activity	Monthly	Shared Audit Manager and Head of Finance & Procurement	Annual report to Audit & Member Standards Committee
Customer survey/questionnaire	For each engagement	Shared Audit Manager/ Principal Auditor	Annual report to Audit & Member Standards Committee
Review of Internal Audit Charter, policies & procedures	Annual	Shared Audit Manager	Annual report to Audit & Member Standards Committee
Personal Development Review	Annual	Appropriate line manager	Documentation to HR
Continuous improvement activity and adoption of best practice	Continuous	Shared Audit Manager / Principal Auditor	Annual report to the Audit & Member Standards Committee
Identification of added value to the authority's operations	Continuous	Shared Audit Manager / Principal Auditor	Annual report to the Audit & Member Standards Committee
<b>Periodic Self Assessments</b>			
Self assessment against the Public Sector Internal Audit Standards (PSIAS)	Annual	Shared Audit Manager	Annual report to the Audit & Member Standards Committee
Compliance with applicable laws, regulations and other standards that the	Continuous review	Shared Audit Manager	Report to Audit & Member Standards Committee when applicable

Internal Audit activity may be subject to			
Benchmarking review of Internal Audit Services	When practical	Shared Audit Manager	Report to Audit & Member Standards Committee
<b>External Assessments</b>			
Assessment against the PSIAS	Every 5 years	Shared Audit Manager and external reviewer	Report to the Audit & Member Standards Committee

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## RISK MANAGEMENT UPDATE

Cabinet Member Finance, Procurement, Revenues & Benefits

Date: 22 July 2021

Agenda Item:

Contact Officer: Andrew Wood

Tel Number: 01543 308030

Email: Andrew.wood@lichfielddc.gov.uk

Key Decision? NO

Local Ward

Members



## AUDIT & MEMBER STANDARDS COMMITTEE

### 1. Executive Summary

- 1.1 To provide the Committee with their routine risk management update.

### 2. Recommendations

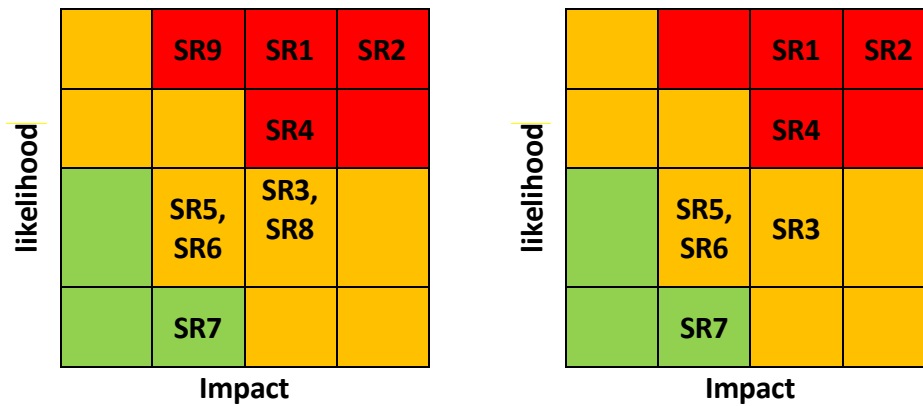
- 2.1 That Members note the risk management update and receive assurance on actions taking place to manage the Council's most significant risks.

### 3. Background

- 3.1 The purpose of risk management is to effectively manage potential opportunities and threats to the Council achieving its objectives. Part of the Audit & Member Standards Committee's terms of reference is 'to monitor the effectiveness of the Council's risk management arrangements, including the actions taken to manage risks and to receive regular reports on risk management'. This report supports the Committee in achieving this objective.
- 3.2 The strategic risk register is produced by assessing the risk factors that could potentially impact on the Council's ability to deliver its strategic plan. This assessment ensures that there are the right measures in place to control the potential risks to our business objectives. Risks are assessed based on their likelihood of occurrence and their potential impact. Each of these are rated on a scale of 1 (Low), 2 (Medium), 3 (Significant) and 4 (High). By multiplying the two scores together, each risk receives a score.
- 3.3 The Council's approach to risk is detailed within the [risk policy](#) approved by the Committee on 14 November 2019.
- 3.4 The Strategic Risk Register as at June 2021 (agreed with Leadership Team) is detailed at Appendix 1. The key changes since the Committee's last risk update (March 2021) are:
- **Removal of strategic risk, SR8** (Failure to safely, securely and legislatively compliantly deliver the May 2021 elections due to having to run them during pandemic conditions). Elections run.
  - **Removal of strategic risk, SR9** (Council strategic leadership compromised by the change in Chief Executive). Chief Executive appointed.
  - Updates to mitigating controls, actions and lines of assurance have been updated on the Register where applicable.
  - 'Other Horizon Scanning Risks Arising at June 2021' (at the end of the register) are risks which are not strategic risks currently, but that need a 'watching brief' have been reviewed and updated.

All changes have been highlighted on the Risk Register at **Appendix 1**.

3.5 The Council's 9 strategic risks at March 2021 (left) and the current 7 strategic risks (right) are shown below:



- **SR1:** Pressures on the availability of finance may mean the Council is not able to deliver the key priorities of the strategic plan.
- **SR2:** Resilience of teams to effectively respond to a further serious disruption to services.
- **SR3:** Capacity and capability to deliver / adapt the new strategic plan to emerging landscape.
- **SR4:** Failure to meet governance and / or statutory obligations e.g. breach of the law.
- **SR5:** Failure to adequately respond to the wider socio-economic environment over which the Council may have little control, but which may impact on the growth and prosperity of the local area.
- **SR6:** Failure to innovate and build on positives / opportunities / learning arising (including from the Covid-19 situation) to maximise outcomes for the Council, e.g. technological solutions.
- **SR7:** Threat to the Council's ICT systems of a cyber-attack.

3.6 SR1, SR2, SR4 remain outside of appetite (within the red zone) and are therefore being actively managed with the aim to bring them back within tolerance. However, there are many external factors associated with these risks, which are beyond the Council's control.

3.7 Work to review of the effectiveness of our sub strategic (service / operational) and project risk has now been completed. In summary:

- The 3 lines of assurance approach (as used in the Strategic Risk Register) has now been adopted for sub-strategic risks (i.e. service level risks).
- Heads of Service have compiled service risk registers using the new approach. Quarterly update meetings to be scheduled with Heads of Service and Shared Audit Manager.
- There is no longer a requirement to record and manage risks below service level (services or teams are, however, at liberty to do so if it meets their business requirement).
- Project risks continue to be managed in accordance with accepted project methodology (i.e. PRINCE2).

Alternative Options	None.
Consultation	Leadership Team have been consulted on this Strategic Risk Update.
Financial Implications	Risk management processes consider value for money at all times of the process. Failure to manage risks could lead to the Council being faced with costs that could impact on its ability to achieve its objectives

Contribution to the Delivery of the Strategic Plan	Sound risk management ensures that risks affecting the delivery of the strategic plan are identified and managed.
Equality, Diversity and Human Rights Implications	None.
Crime & Safety Issues	None.
Environmental Impact	Risks arising from climate change and the green agenda are currently a 'watching brief' item for the strategic risk register.
GDPR / Privacy Impact Assessment	Risks associated with non-compliance with GDPR are included within SR4: Failure to meet governance and / or statutory obligations e.g. breach of the law (e.g. Health & Safety, GDPR, procurement, Safeguarding).

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Failure to manage known risks and opportunities proactively	<p>Strategic risks are closely monitored by the Audit &amp; Member Standards Committee, Cabinet Member and Leadership Team.</p> <p>Reports to Audit &amp; Member Standards Committee provide assurance that active steps are being taken to control risks.</p>	<p>Likelihood – Green</p> <p>Impact - Yellow</p> <p>Severity of risk - Green (tolerable)</p>

<p>Background documents:</p> <p>Risk Management Update - Audit &amp; Member Standards Committee 27<sup>th</sup> April 2021.</p> <p>Risk Management Update including the Risk Management Policy – Audit and Member Standards Committee 14 November 2019</p>
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Relevant web links
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## Appendix 1: Strategic Risk Register – June 2021

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
A good council, developing prosperity, shaping place, enabling people  Page 64	<b>SR1 Pressures on the availability of finance may mean the Council is not able to deliver the key priorities of the strategic plan.</b> The risk is influenced by: <ul style="list-style-type: none"> <li>• The spending review.</li> <li>• Local Government Finance Reform including New Homes Bonus, Business Rates and the Fair Funding Review.</li> <li>• The financial impact of the Covid-19 pandemic in the current year and beyond.</li> <li>• Other Government Policy announcements impacting on Local Government such as the Call for Evidence on Business Rates and Procurement Policy Notes.</li> </ul>	16 (L4xI4)	<ul style="list-style-type: none"> <li>• Prudent estimates for Business Rates and New Homes Bonus based on modelling provided by Local Government Finance experts.</li> <li>• Risk assessed minimum level of reserves set at £1.6m.</li> <li>• Routine budget monitoring reported to Leadership Team, Cabinet and Strategic (OS) Committee.</li> <li>• Requirements of the new CIPFA Financial Management Code, information contained in the CIPFA Resilience Index and benchmarking reports from LG Futures.</li> <li>• In terms of the Covid-19 pandemic – introduction of enhanced monthly income monitoring and receipt of financial assistance from Government.</li> </ul>	12 (L4xI3) ↔	4 (L2xI2)	<ul style="list-style-type: none"> <li>• Update of the Medium Term Financial Strategy <b>Responsibility: Head of Finance and Procurement /will commence in July 2021 and approval in February 2022</b></li> </ul>	<b>1<sup>st</sup> Line:</b> <ul style="list-style-type: none"> <li>• Approved Medium Term Financial Strategy including the Capital Strategy covering 5 years plus a 25 year capital investment model.</li> <li>• A longer term financial plan covering a 25 year horizon for revenue budgets.</li> <li>• Approved Treasury Management Strategy.</li> <li>• Production of monthly budget reports to Managers.</li> <li>• Procurement Strategy</li> </ul>
							<b>2<sup>nd</sup> Line:</b> <ul style="list-style-type: none"> <li>• Leadership team review of 3, 6, 8 and 12 month reports to Cabinet and Strategic (OS) Committee.</li> <li>• Mid-year and outturn Treasury Management reports to Audit and Member Standards Committee.</li> <li>• Initial assessment of LDC's level of compliance with the FM Code to Audit and Member Standards Committee 12/11/2020.</li> </ul>

## Appendix 1: Strategic Risk Register – June 2021


Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
Page 65	<b>Owner:</b> Head of Finance & Procurement (Section 151 Officer).						<ul style="list-style-type: none"> <li>CIPFA Resilience Index with comparative information to nearest statistical neighbours and all District Councils.</li> <li>Cabinet and Leadership Team are undertaking work to look at options to address the Funding Gap.</li> </ul>
							<b>3<sup>rd</sup> Line:</b> <ul style="list-style-type: none"> <li>External Audit – going concern test and sign off of financial statements 2019/20. Unqualified VFM assessment.</li> <li>Internal Audits of Accountancy and Budgetary Control 2018/19 -substantial assurance, Capital Strategy 2020/21 – reasonable assurance, Capital Accounting 2020/21 – substantial assurance, Income Management 20/21 – reasonable assurance, Procurement 20/21 limited assurance</li> </ul>

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
A good council, developing prosperity, shaping place, enabling people	<b>SR2 Resilience of teams to effectively respond to a further serious disruption to services</b> (e.g. multiple layer disruption arising from flooding, coupled with a local outbreak / subsequent waves of Covid-19 (including the increased risk of transmission of new variants), other pressures - such as seasonal flu).  <b>Owner:</b> Leadership Team	8 (L2xI4)	<ul style="list-style-type: none"> <li>Mutual aid assistance</li> <li>Local Resilience Forum (LRF).</li> <li>Tested business continuity arrangements in place.</li> <li>Strong links with the Staffordshire CCU and wider LRF.</li> <li>Actively engaged in ongoing Local Resilience Forum response and recovery work streams.</li> <li>Experienced (from previous waves / national lockdowns re Covid-19) Leadership Team and supporting teams in place to respond.</li> <li>Clear structure and plan in place for Covid-19 waves.</li> <li>Ongoing dialogue with CCU re D20 'BREXIT' risks.</li> <li>Strategic and tactical flood planning work across LRF, to assist in our response and the</li> </ul>	16 (L4xI4) ↔	6 (L2xI3)	<ul style="list-style-type: none"> <li>Links to actions arising from recovery strategy e.g. Encourage digital contact, harness and encourage the spirit and commitment shown by the Council and the Community in response to response <b>Leadership Team / October 2021</b></li> <li>Monitor and build on learning from subsequent pandemic waves and D20 Brexit risks (no significant impacts have arisen since the end of the transition period, however this is being monitored) and ongoing involvement in LRF structures such as SCG and TCG is continuing.</li> </ul>	<b>1st Line:</b> <ul style="list-style-type: none"> <li>Day to day business continuity plans in place.</li> <li>Training programme.</li> </ul>
							<b>2nd Line:</b> <ul style="list-style-type: none"> <li>Annual Report to Leadership Team.</li> <li>CCU test of arrangements feedback.</li> <li>Response and learning from recent incident at Ridware House.</li> <li>Report on recovery plan and climate change to Overview &amp; Scrutiny (O&amp;S).</li> </ul>
							<b>3rd Line:</b> <ul style="list-style-type: none"> <li>Internal Audit of business continuity 2019/20 – reasonable assurance, ICT – remote working 20/21 – reasonable assurance.</li> <li>Flash Covid-19 Risk Assurance Business Continuity, Emergency Planning and Recovery 20/21 substantial assurance</li> </ul>
							<b>3rd Line:</b>

## Appendix 1: Strategic Risk Register – June 2021

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
Page 67			multi-agency response to such events. This includes identifying 'at risk' areas in the District and specific actions required.			<b>Leadership Team/ October 2021</b>	<ul style="list-style-type: none"> <li>External Audit – going concern test and sign off of financial statements 2019/20. Unqualified VFM assessment.</li> <li>Internal Audits of Accountancy and Budgetary Control 2018/19 -substantial assurance, Capital Strategy 2020/21 – reasonable assurance, Capital Accounting 2020/21 – substantial assurance, Income Management 20/21 – reasonable assurance, Procurement 20/21 limited assurance</li> </ul>
	<p>A good council, developing prosperity, shaping place, enabling people</p> <p><b>SR3: Capacity and capability to deliver / adapt the new strategic plan to emerging landscape.</b></p> <p><b>Owner:</b> Leadership Team</p>	6 (L2xI3)	<ul style="list-style-type: none"> <li>Regular review of progress against delivery plan outcomes and prioritisation process agreed between Leadership Team and Cabinet.</li> <li>Robust project management.</li> <li>People strategy.</li> </ul>	6 (L2xI3) ↔	4 (L2xI2)	<ul style="list-style-type: none"> <li>Finalisation of people strategy and Workforce development plan to take account of Covid-19 (<i>initial drafts to be updated for agile working and also for new Chief Executive's steer, when appointed</i>)</li> </ul>	<p><b>1<sup>st</sup> Line:</b></p> <ul style="list-style-type: none"> <li>Day to day business / service planning, financial planning and performance management.</li> </ul> <p><b>2<sup>nd</sup> Line:</b></p> <ul style="list-style-type: none"> <li>Delivery Plan reported 6 monthly to Cabinet and shared with Overview &amp; Scrutiny.</li> <li>Quarterly updates to LT on people strategy.</li> </ul>

## Appendix 1: Strategic Risk Register – June 2021

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
			<ul style="list-style-type: none"> <li>Communications to all staff.</li> <li>PDRs linked to Strategic and Delivery Plans.</li> <li>Recruitment activity.</li> <li>PDR completion leading to identifying training and development needs.</li> <li>Monitoring resource demands.</li> <li>Mental health / wellbeing systems in place.</li> </ul>			Head of Governance & Performance / July 2021	<b>3<sup>rd</sup> Line:</b> <ul style="list-style-type: none"> <li>Internal Audits of People Strategy and Workforce Development 2019/20 – reasonable assurance, Performance Management 19/20 – substantial assurance.</li> </ul>
good council	<b>SR4: Failure to meet governance and / or statutory obligations e.g. breach of the law</b> (e.g. Health & Safety, GDPR, procurement, Safeguarding), lack of openness / transparency in decision making, breach of the constitution. This could lead to fines as well as reputational damage.  <b>Owner:</b> Head of Governance & Performance	9 (L3xI3)	<ul style="list-style-type: none"> <li>Regularly reviewed constitution, policies and procedures.</li> <li>Meta compliance policy training, testing and acceptance systems.</li> <li>Training and awareness for all staff and members.</li> <li>Effective Overview and Scrutiny and Audit &amp; Member Standards Committee oversight.</li> <li>Codes of Conduct.</li> <li>Internal audit.</li> </ul>	9 (L3xI3)  Was 6 (L2xL3)	6 (L2xI3)	<ul style="list-style-type: none"> <li>Annual Health &amp; Safety Report to be produced for Employment Committee <b>Head of Governance &amp; Performance / October 2021.</b></li> </ul>	<b>1<sup>st</sup> Line:</b> <ul style="list-style-type: none"> <li>Day to day processes and Local Code of Governance</li> <li>Forward plans/committee work plans/ delivery plan and service planning.</li> <li>Use of Mod Gov and publication scheme.</li> </ul> <b>2<sup>nd</sup> Line:</b> <ul style="list-style-type: none"> <li>Annual reports to Audit and Member Standards Committee.</li> <li>Regular reports to leadership team.</li> <li>Transparency data publication.</li> </ul>

## Appendix 1: Strategic Risk Register – June 2021

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
			<ul style="list-style-type: none"> <li>Roles of Section 151 Officer and Monitoring Officer.</li> <li>Shared legal services.</li> <li>New procurement team.</li> <li>New Governance Team with additional capacity being recruited.</li> <li>Review of document storage and filing systems.</li> <li>Electronic retention of documentation.</li> </ul>				<ul style="list-style-type: none"> <li>Completed review of document storage.</li> </ul>
							<b>3<sup>rd</sup> Line:</b> <ul style="list-style-type: none"> <li>RIPA, ICO and Ombudsman reports/returns.</li> <li>External audit of Annual Governance Statement as part of the financial statements.</li> <li>Internal Audits of Ethics 2019/20 – adequate assurance, Health and Safety 2019/20 – adequate assurance, GDPR follow up 2019/20 – limited assurance, Transparency code follow up 2019/20 reasonable assurance, Safeguarding Inc. modern slavery 2019/20 – reasonable assurance, Committee Reporting 2019/20 – substantial assurance, Legal Compliance (shared service agreement) 2019/20 – reasonable assurance, Equalities 2019/20 – substantial assurance, Management of Property (LA</li> </ul>

## Appendix 1: Strategic Risk Register – June 2021

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
							<p>Trading Company) 20/21 – substantial assurance, Procurement 20/21 limited assurance.</p> <ul style="list-style-type: none"> <li>External investigations and lessons learnt exercises to address internal control weaknesses.</li> </ul>
<p>A good council, developing prosperity, shaping place,</p>	<p><b>SR5: Failure to adequately respond to the wider socio-economic environment over which the Council may have little control, but which may impact on the growth and prosperity of the local area,</b> for example, the UK withdrawal from the European Union / Covid-19 crisis, results in an increase in unemployment, business closures coupled with emergence of higher expectation of ongoing support from the Council. Increased demand on Council services such as benefits via increased Universal Credit claims, at</p>	<p>9 (L3xI3)</p>	<ul style="list-style-type: none"> <li>Financial assistance from Government to businesses and the public (Grants, Test &amp; Trace Support Payments) particularly in terms of furlough scheme end Oct 20, potential further implications for individuals and businesses arising from potential local lockdowns and Brexit.</li> <li>Prosperity is a key theme in the new Strategic Plan.</li> <li>Economic Development Strategy is in place.</li> <li>Council's effective presence on the Local Enterprise Partnerships.</li> </ul>	<p>4 (L2xI2)</p> <p>↔</p>	<p>4 (L2xI2)</p>	<ul style="list-style-type: none"> <li>Continued delivery of immediate actions to support high street economy and business (including visitor economy and hospitality sector).</li> <li>Further government support – the Welcome back Fund - received to extend timescales and assist with the reopening of high streets and support to local businesses through to March 2022. Additional spend on a variety of projects</li> </ul>	<p><b>1<sup>st</sup> Line:</b></p> <ul style="list-style-type: none"> <li>Day to day delivery of economic development, housing and health and wellbeing strategies.</li> </ul>
							<p><b>2<sup>nd</sup> Line:</b></p> <ul style="list-style-type: none"> <li>Leadership team review of 3, 6, 8 and 12 month Money Matters reports to Cabinet, Strategic (OS) Committee.</li> <li>Health and Wellbeing Strategy delivery reports.</li> </ul>
							<p><b>3<sup>rd</sup> Line:</b></p> <ul style="list-style-type: none"> <li>Internal Audit of Economic Development Partnership Arrangements 2017/18 – adequate assurance, Tourism 2019/20 – reasonable assurance, Housing Benefits – overpayments 2017/18 –</li> </ul>

## Appendix 1: Strategic Risk Register – June 2021

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
Page 71	the same time that Council suffering reduced income.  <b>Owner:</b> Leadership Team		<ul style="list-style-type: none"> <li>Strong partnership working e.g. Lichfield District Board, Staffs CC, Birmingham Chambers. Lichfield City BID, Burntwood Business Community LGA, DCN,</li> <li>New burdens funding.</li> <li>Partnership influences built into business case considerations.</li> <li>Work with redundancy task force</li> <li>Continue to develop and improve the business contact and relationships locally.</li> </ul>			<p>currently in process of being identified.</p> <ul style="list-style-type: none"> <li>Economic Development, Finance and Revenues and Benefits Services distributing government grants to support businesses impacted by Covid-19 pandemic. Discretionary Additional Restricted Grant scheme providing for direct business support, start up assistance and skills/training. ARG top up monies to be allocated shortly subject to member agreement.</li> <li>Decision taken to defer preparation of new ED Strategy to focus on Covid-19 recovery via the Corporate Recovery</li> </ul>	adequate assurance, Housing Benefits – verification and performance 2016/17 – substantial assurance, Housing Benefits and Council Tax Relief 20/21 substantial assurance


## Appendix 1: Strategic Risk Register – June 2021

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
Page 72						Plan and use time to gather intelligence to inform new strategy. <ul style="list-style-type: none"> <li>Council continues to be a member of the County Redundancy Task Group identifying impacts of Covid-19 on local employment levels and particular demographic groups and agreeing responses. <b>Head of Economic Growth and Development/LT</b></li> </ul>	
A good council, enabling people	<b>SR6: Failure to innovate and build on positives / opportunities / learning arising (including from the Covid-19 situation) to maximise outcomes for the Council, e.g. technological solutions</b>  <b>Owner:</b> Leadership Team	9 (L3xI3)	<ul style="list-style-type: none"> <li>ICT service plan.</li> <li>ICT hardware replacement programme.</li> <li>Migration to HIS and implementing of O365.</li> <li>Refurbishment and reorganisation of office spaces.</li> <li>Cyber security e-learning.</li> <li>Engagement Strategy.</li> <li>Capture best practice</li> </ul>	4 (L2xI2) ↔	1 L1xI1	<ul style="list-style-type: none"> <li>Roll out of MS teams and all functions in train for completion later this year, <b>Information &amp; Communications Technology Manager / October 2021</b></li> <li>Acceleration of agile working processes, terms and conditions. <b>Head of Governance</b></li> </ul>	<b>1<sup>st</sup> Line:</b> <ul style="list-style-type: none"> <li>ICT hardware replacement programme providing the right equipment for mobile and flexible working.</li> <li>Ongoing monitoring of customer (internal and external) feedback.</li> </ul> <b>2<sup>nd</sup> Line:</b> <ul style="list-style-type: none"> <li>Monitoring of Lichfield Connects contact levels, trends and reporting on</li> </ul>

## Appendix 1: Strategic Risk Register – June 2021

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
Page 73			<ul style="list-style-type: none"> <li>Reinforce a culture of innovation.</li> <li>People strategy.</li> <li>Virtual committee meetings.</li> <li>Business cases required for all major projects.</li> <li>Drive to find ongoing efficiencies as part of service / financial planning process.</li> <li>Customer promise.</li> </ul>			<b>&amp; Performance / As part of recovery planning processes – July 2021</b> <ul style="list-style-type: none"> <li>Links to actions arising from recovery strategy e.g. Encourage digital contact, harness and encourage the spirit and commitment shown by the Council and the Community in response to recovery</li> </ul> <b>Leadership Team / Sept 2021</b>	complaints and compliments to Leadership Team.
							<b>3<sup>rd</sup> Line:</b> <ul style="list-style-type: none"> <li>Local Government Ombudsman.</li> <li>Flash Covid-19 Risk Assurance Staff Wellbeing 20/21 substantial assurance</li> </ul>

## Appendix 1: Strategic Risk Register – June 2021

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
A good council	<b>SR7: Threat to the Council's ICT systems of a cyber-attack</b> following dramatic increase in remote working which if successful could result in loss of data / loss of access to applications – which may incur fines / reputational damage.  <b>Owner:</b> Head of Corporate Services	3 (L1xI3)	<ul style="list-style-type: none"> <li>• Use of firewalls and virus protection to manage cyber security, including penetration testing.</li> <li>• Strong access level controls (including remote access).</li> <li>• Training and regular awareness raising to staff of risks.</li> <li>• Digital strategy.</li> <li>• PSN compliance checklist.</li> <li>• Revision of Service Business Continuity Plans to incorporate lessons learnt from COVID-19.</li> </ul>	2 (L1xI2) 	2 (L1xI2)	<ul style="list-style-type: none"> <li>• The move to Health is sufficiently complete that we have been able to end the contract for our hardware maintenance and support with ANS. The migration has presented the opportunity to also upgrade some of our servers to the latest version of Windows Server and close down the oldest servers with the additional security benefits that this brings.</li> <li>• The email migration to Office 365 has been</li> </ul>	<b>1<sup>st</sup> Line:</b> <ul style="list-style-type: none"> <li>• Day to day operation of ICT Training programme for all staff.</li> <li>• Up to date versions of software and implement all IT security patches.</li> </ul>
							<b>2<sup>nd</sup> Line:</b> <ul style="list-style-type: none"> <li>• Regular monitoring and reporting on security issues to Leadership Team.</li> <li>• External penetration testing.</li> </ul>

## Appendix 1: Strategic Risk Register – June 2021

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
Page 75						<p>completed and the next stage will be to roll out the Office 365 desktop software along with Teams and starting the migration of our file server to Microsoft OneDrive.</p> <ul style="list-style-type: none"> <li>Bringing these elements together opens further opportunities in relation to security and to look at how people log into our systems with the intention of reducing our reliance on passwords and</li> </ul>	<p><b>3<sup>rd</sup> Line:</b></p> <ul style="list-style-type: none"> <li>Internal Audit of business continuity 2019/20 – significant assurance (DR plan noted as an action), Cyber Security 2019/20 – reasonable assurance, IT Governance 2019/20 – adequate assurance, IT Application Controls – follow up 2019/20 – reasonable assurance, ICT – remote working 20/21 – reasonable assurance. Flash Covid-19 Business Continuity 20/21 substantial assurance.</li> <li>ICT Audit Procurement to review risk environment.</li> </ul>

## Appendix 1: Strategic Risk Register – June 2021

Strategic Plan Link	Risk & Owner	Original Score	Mitigating Controls	Current Score	Target Score	Actions Responsibility / Timescale	3 Lines of Assurance
						increasing the use of other authentication methods such as secondary devices and biometrics.	

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Key to 3 lines of assurance:	
1 <sup>st</sup> Line	Day to day operations of internal control systems
2 <sup>nd</sup> Line	Management oversight and monitoring controls
3 <sup>rd</sup> Line	Independent assurance from Internal / external audit and other independent assurance sources (e.g. HSE, BFI)

Other Horizon Scanning Risks Arising June 2021:	
Impact on the organisation arising from the devolution / local recovery white paper which was due in September 2020 and has now been postponed to 2021. Not a strategic risk at present, to include as a horizon scan until more information is known and impact on operations can properly be assessed.	
Impact on Council activities via the Government's legislative timeframes and planning activities arising from the Planning Bill detailed in the Queen's Speech.	
Risks arising from staff leaving in other key posts.	
Transition to new payroll provider.	
Sunset clause on Regulations allowing remote council meetings ends early May 2021.	
Future direction of the dry recycling service – Report to Cabinet 6 July 2021.	

# REGULATION OF INVESTIGATORY POWERS ACT 2000

Report of Angela Lax, Cabinet Member for Legal & Regulatory Services

Date: 22 July 2021

Agenda Item:

Contact Officer: Christie Tims

Tel Number: 308002

Email: Christie.tims@lichfielddc.gov.uk

Key Decision? NO

Local Ward Members Full Council



## AUDIT & MEMBER STANDARDS COMMITTEE

### 1. Executive Summary

- 1.1 The Council's Code of Practice for carrying out surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA) specifies that yearly reports will be taken to the Audit & Member Standards committee to demonstrate to elected members that the Council is complying with its own Code of Practice when using RIPA.

### 2. Recommendations

- 2.1 That the Audit & Member Standards Committee accept this as the RIPA monitoring report for the last financial year.
- 2.2 That the Audit & Member Standards Committee approves the updates to the Corporate Policy and Procedure for RIPA as set out in **Appendix 1**.
- 2.3 That the Audit & Member Standards Committee note the RIPA Investigatory Powers Commissioner's Office (IPCO) Inspection Report 2021 as set out in **Appendix 2**.

### 3. Background

- 3.1 The RIPA Code of Practice produced by the Home Office in April 2010 and updated in January 2016 introduced the requirement to produce reports to elected members to demonstrate that the Council is using its RIPA powers appropriately and complying with its own Code of Practice when carrying out covert surveillance. This requirement relates to the use of directed surveillance and covert human intelligence sources (CHIS).
- 3.2 The Council has not used directed surveillance in the current financial year.
- 3.3 There have also been no authorisations for the use of CHIS.
- 3.4 The RIPA Co-ordinator and all Authorising Officers completed training on 3 February 2021.
- 3.5 IPCO completed an inspection in February 2021 and noted the previous failure to undertake an annual review of the RIPA policy and procedure in 2020 due to Covid pressures. An annual report on the use of RIPA has been undertaken and provided to members each year, but no revisions were noted to the policy and procedure since its introduction in 2018. This will now form part of the annual report going forward.
- 3.6 This updated policy refers to the developing use of CHIS and noting the increase in use of social media. It makes clear that a Human Rights Assessment should be undertaken and documented for all types of surveillance, not just that falling within RIPA.

#### Alternative Options

Obligations arising under RIPA for the authority are statutory therefore the

	only option is compliance.
Consultation	Input into the updated policy has been sought from SSLegals, staff using any form of overt or covers surveillance and investigation techniques. The updated policy reflects comments and observations from IPCO
Financial Implications	Support for the RIPA obligations and functions are met from existing budget and existing staff resources.
Approved by Section 151 Officer	Yes/no*
Legal Implications	This report covers our statutory duty to keep our RIPA policy under review on an annual basis and ensuring any authorisations sought will be done so in compliance with the law.
Approved by Monitoring Officer	Yes
Contribution to the Delivery of the Strategic Plan	A good council.
Equality, Diversity and Human Rights Implications	The recording of applications, authorisations, renewals and cancellations of investigations using covert surveillance techniques or involving the acquisition of communications data is covered by the Regulation of Investigatory Powers Act 2000. The Regulation of Investigatory Powers Act was introduced to regulate existing surveillance and investigation in order to meet the requirements of Article 8 of the Human Rights Act. Article 8 states: Everyone has the right for his private and family life. His home and his correspondence, there shall be no interference by a public authority with the exercise of this right except such as in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the Country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others. RIPA investigations can only be authorised by a local authority where it is investigating criminal offences which (1) attract a maximum custodial sentence of six months or more or (2) relate to the sale of alcohol or tobacco products to children. There are no risk management or Health and Safety implications.
Environmental Impact	None arising from this report.
Crime & Safety Issues	The recommendation(s) will impact (positively) on our duty to prevent crime and disorder within the District (Section 17 of the Crime and Disorder Act, 1988). The legislation requires the Authority to record and monitor all RIPA applications, keep the records up to date and report yearly to a relevant Committee.
GDPR/ Privacy Impact Assessment	RIPA investigations will capture personal data and fall within the scope of the considerations of the authority. The use of a Human Rights Assessment will consider privacy impacts on a case by case basis.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	Failure to obtain RIPA authorisation or comply with RIPA	Regular Training/Keeping Records of authorisation/Notifying staff of	Likelihood low Impact med

		changes to procedure/policy	Green tolerable
B	Staff using covert practices unwittingly	Regular training and awareness sessions/reminders	Likelihood low Impact med Green tolerable
Background documents			
Relevant web links			

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## CORPORATE POLICY & PROCEDURES

### THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)

**NOTE:** The Regulation of Investigatory Powers Act 2000 ('RIPA') refers to 'Designated Officers'. For ease of understanding and application this Corporate Procedures Document refers to 'Authorising Officers'. For the avoidance of doubt, therefore, all references to duly certified Authorising Officers refer to 'Designated Officers' under RIPA.

**Acknowledgements:**

*The Council wishes to acknowledge the work of Birmingham City Council, Stratford Upon Avon District Council and Southwark Council in this area. This procedure is based upon their precedent policies with updated advice from South Staffordshire Legal Service (SSLegals).*

Version Date: June 2021

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**Appendix 1 – List of Authorising Officers**

**Appendix 2 - RIPA training and Updates**

**Appendix 3 – Magistrate’s Authorisation Procedure**

## A. INTRODUCTION AND KEY MESSAGES

1. This Corporate Policy & Procedures Document is based upon the requirements of The Regulation of Investigatory Powers Act 2000 ('RIPA') and the Home Office Codes of Practice on Covert Surveillance and Acquisition of Communications Data. The Home Office Codes of Practice can be found at: <https://www.gov.uk/government/organisations/home-office/series/ripa-codes>
2. Where reference is made in this document to the Senior Responsible Officer (SRO) this means the Monitoring Officer, whose duties are to:-
  - (a) ensure the integrity of the Council's RIPA processes
  - (b) ensure compliance with RIPA legislation and codes of practice
  - (c) engage with the OSC inspector during an inspection
  - (d) implement post-inspection recommendations
  - (e) exercise oversight of all authorisations
  - (f) ensure Authorising Officers are trained to an appropriate standard
  - (g) issue regular reminders and updates on RIPA to all staff (see appendix 2)
  - (h) review and report on the operation of the RIPA policy annually to the Audit and Standards Committee
3. Councillors have a role to play in reviewing the Council's use of RIPA to ensure that it is being used consistently with this procedure document. They will also ensure that the policy is fit for purpose. However, councillors will not be involved in making decisions on individual authorisations.
4. Where reference is made in this document to the RIPA Co-ordinating Officer this means the Monitoring Officer or a Governance Officer designated by the Monitoring Officer to perform that role, the duties being to:-
  - (a) maintain the Central Register of authorisations
  - (b) collate original applications, reviews, renewals and cancellations
  - (c) oversee submitted RIPA documents
  - (d) raise RIPA awareness in the Council
  - (e) advise applicants and issue a unique reference number
  - (f) devise and implement a training programme (see Appendix 2)
5. The authoritative position on RIPA is, of course, the Act itself and any officer who is unsure about any aspect of RIPA should, if unsure, **If any doubt arises, the Home Office Code of Practice should be consulted; the Code of Practice takes precedence over this guidance.**
6. **Covert Human [Intelligence Sources](#)**
7. **[Covert Surveillance](#)**
8. **[Communications Data](#) .**
9. Appropriate training and development (including refresher training) will be provided or arranged by the RIPA Co-ordinating Officer for Authorising Officers and Investigating Officers.
10. The RIPA Co-ordinating Officer will maintain and check the Central Register of all RIPA Authorisations, Reviews, Renewals, Cancellations and rejections. It is the responsibility of the relevant Authorising Officer, however, to ensure the RIPA Co-ordinating Officer receives the originals of the relevant Forms within 1 week of authorisation, review, renewal, cancellation or rejection.
11. RIPA and this Policy are important for the effective and efficient operation of the Councils' actions with regard to covert investigations. This Policy will, therefore, be kept under annual review by the SRO. **Authorising Officers must bring any suggestions for continuous improvement of this Policy to the attention of the SRO at the earliest possible opportunity.** If any of the Home Office Codes of Practice change, this Policy will be amended in light of these changes.

12. In terms of internal monitoring of e-mails and internet usage, it is important to recognise the important interplay and overlaps with the relevant Council's e-mail and internet policies, the Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000, the Data Protection Act 2018. RIPA forms should only be used wherever relevant and are only -3- relevant where the criteria listed on the forms are fully met. Under normal circumstances, the Council's e-mail and internet policies should be used, as any surveillance is likely to be more relevant under the contract of employment terms as opposed to RIPA.
13. This update includes the changes to RIPA brought about by the Protection of Freedoms Act 2012. This includes judicial approval of all covert surveillance carried out by local authorities and restricting use of directed surveillance to serious criminal offences.
14. **At no time should the Council undertake any surveillance that interferes with any private property. Placing tracking devices on a subject's vehicle or person is not authorised for local authorities and must not be used.**
15. **The Council takes seriously its statutory responsibilities and will, at all times, act in accordance with the law and take necessary and proportionate action in investigation matters.**

## **B. AUTHORISING OFFICER RESPONSIBILITIES**

1. It is essential that Authorising Officers take personal responsibility for the effective and efficient operation of this Policy. Authorising Officers are listed in Appendix 1. They can be added to or substituted by the SRO using normal delegation procedures as necessary.
2. The SRO has and will ensure that a sufficient number of Authorising Officers are, after suitable training on RIPA and this Policy, duly authorised to take action under this Policy.
3. **It will be the responsibility of the RIPA Co-ordinating Officer to ensure that investigating officers are suitably trained as 'Applicants' so as to avoid common mistakes appearing on RIPA Forms.**

**Authorising Officers must ensure that staff who report to them follow this Policy and do not undertake or carry out any form of surveillance without first obtaining the relevant authorisations in compliance with this Policy.**

4. Authorising Officers must also pay particular attention to Health and Safety issues that may be raised by any proposed surveillance activity. Under no circumstances should an Authorising Officer approve any RIPA form unless, and until they are satisfied the health and safety of Council employees/agents are suitably addressed and/or risks minimised, so far as is possible, and proportionate to/with the surveillance being proposed. If an Authorising Officer is in any doubt, they should obtain prior guidance on the same from the Council's Health & Safety Manager and the SRO.
5. Authorising Officers must acquaint themselves with the relevant Codes of Practice issued by the Home Office regarding RIPA and ensure that the original forms are sent to the RIPA Co-ordinating Officer in a **sealed** envelope marked '**Strictly Private & Confidential**' or **scanned in via email and the hard copy kept secure**. Forms must be provided to the RIPA co-ordinating Officer within 5 working days of signing by the Authorising Officer. Any failure to comply exposes the Council to unnecessary legal risks and criticism from the Office of Surveillance Commissioners. Any cancellations must be dealt with promptly.
6. The likelihood of obtaining **confidential information** during surveillance must be given prior thought before any authorisation forms are signed, as failure to do so may invalidate the admissibility of any evidence obtained. Furthermore, thought must be given before any forms are signed to the retention and disposal of any material obtained under a RIPA Authorisation.
7. Confidential personal information (information where a high degree of privacy may be expected due to the relationship between the parties concerned e.g. solicitor/client; priest/parishioner; journalist/informant; counsellor/consultee etc.) will not be acquired as a result of any covert

surveillance, the use of CHIS and the acquisition and disclosure of communications employed by the Council. Where there is any identified risk of acquiring confidential information prior to authorisation, then such activity shall only be authorised by the Chief Executive.

The Authorising Officer must ensure proper regard is had to **necessity and proportionality** of the surveillance before any forms are signed. 'Stock phrases' or cut and paste narrative must be avoided at all times as the use of the same may suggest that insufficient detail had been given to the particular circumstances of any person likely to be the subject of the surveillance. Any **equipment** to be used in any approved surveillance must also be properly controlled, recorded and maintained for audit purposes.

### **C. GENERAL INFORMATION ON RIPA**

1. The Council takes its statutory responsibilities seriously and will, at all times, act in accordance with the law and take necessary and proportionate action in this regard. The Head of Governance & Performance is duly authorised by the Council to keep this document up to date and to amend, delete, add or substitute relevant provisions, as necessary. For administration and operational effectiveness, the SRO is also authorised to add or substitute officers authorised for the purpose of RIPA in consultation with the Chief Executive.
2. The Council has adopted a policy to the effect:
  - that all covert surveillance operations, the use of CHIS and the acquisition and disclosure of communications data conducted by the Council should comply with the requirements of RIPA and the Home Office Codes of Practice;
  - that only the officers detailed in Appendix 1 shall be permitted to authorise a covert surveillance exercise, a CHIS or the acquisition of communications data, subject in each case to the restrictions noted in that appendix.
  - that, where it is judged necessary to obtain it, the acquisition of communications data shall be undertaken through a Clearing House, thus avoiding the need for the Council to employ a Single Point of Contact (SPOC) under RIPA (and associated legislation) and the Home Office Code of Practice;
  - that covert surveillance; CHIS and the acquisition and disclosure of communications data shall only be employed when necessary for the purposes of the prevention or detection of crime or preventing disorder and when such action is considered to be proportionate to the offence or disorder concerned; and
  - that this document and the Home Office Codes of Practice be brought to the attention of all the staff who may carry out covert surveillance or the use of CHIS.
3. Operations under RIPA can be authorised only on the following ground:- **For the purpose of preventing or detecting crime or of preventing disorder**
4. In order for a directed surveillance authorisation to be made, the serious crime test must be passed. This means there must be a criminal offence and the offence under investigation must carry a sentence of 6 months imprisonment. There is an exception for underage sale operations in respect of alcohol and tobacco sales.
5. In assessing whether or not the proposed surveillance is necessary and proportionate, the authorising officer must consider other appropriate means of gathering the information. The least intrusive method will be considered proportionate by the Courts. Surveillance activity should only be used as a last resort.
6. RIPA provides a statutory mechanism (i.e. 'in accordance with the law') for authorising **covert surveillance** and the use of a '**covert human intelligence source**' ('CHIS') – e.g. undercover agents. However, this Council is reluctant to use CHIS as an investigatory tool, and if any such application is contemplated prior advice must be sought from the RIPA Co-ordinating Officer. RIPA also permits local authorities to compel telecommunications and postal companies to obtain and release communications data to themselves, in certain circumstances. It seeks to ensure that any interference with an individual's right under Article 8 of the European Convention is **necessary** and **proportionate**. In doing so, the RIPA seeks to ensure both the public interest and the human rights of individuals are suitably balanced.
7. Directly employed Council staff and external agencies working for the Council are covered by RIPA for the time they are working for the Council. All external agencies must, therefore, comply with RIPA and the work carried out by agencies on the Council's behalf must be properly authorised by one of the Council's Authorising Officers.

8. If the correct procedures are not followed, evidence may be disallowed by the courts, a complaint of maladministration could be made to the Local Government Ombudsman, and/or the relevant Council could be ordered to pay compensation. Such action would not, of course, promote the good reputation of the Council and will, undoubtedly, be the subject of adverse press and media interest. It is essential, therefore, that all involved with covert investigations comply with this Policy and any further guidance that may be issued, from time to time, by the SRO.
9. The Council treats the powers given to it under RIPA very seriously and expects Authorising Officers and Investigating Officers to do so. Failure to adhere to this Policy by Authorising Officers or Investigating Officers may result in disciplinary action being taken against them by the Council.
10. **Human Rights Act Assessments**

The Council may wish to undertake surveillance (e.g. noise monitoring prior to service of an Abatement Notice) and may on occasion determine that this should be on a covert basis. Noise monitoring is usually notified to the person being monitored and therefore is outside of RIPA. However, if in particular circumstances, covert surveillance is considered appropriate outside of RIPA, then a full Human Rights Act (HRA) assessment should be undertaken. The same forms as for RIPA should be used, as HRA Assessment Forms, and be authorised internally in the usual way (there is no need for Judicial Approval). This will assist in considering and assessing the issues and also protecting the Council if challenged under Human Rights Act.

#### 11. **Social Networking Sites and Internet Sites**

Whilst it is the responsibility of an individual to set privacy settings to protect against unsolicited access to their private information on a social networking site, and even though the data may be deemed published and no longer under the control of the author, it is unwise to regard it as 'open source' or publicly available; the author has a reasonable expectation of privacy if access controls are applied. Where privacy settings are available but not applied the data may be considered open source and an authorisation is not usually required for incidental viewing (See HRA above). However, persistent access is not permitted unless prior authorisation is obtained from an Authorising Officer.

If it is necessary and proportionate for the Council to covertly breach access controls, the minimum requirement is an authorisation for directed surveillance. An authorisation for the use and conduct of a CHIS is necessary if a relationship is established or maintained by the officer (i.e. the activity is more than mere reading of the site's content). This could occur if an officer covertly asks to become a 'friend' of someone on a social networking site, asks to join a site / group, or monitors the site on an ongoing basis. Any interaction on social media will require use of authorisation. Officers must not use their own social media accounts for this purpose.

Should such "covert profiles" be used to undertake surveillance the RIPA Co-ordinating Officer should be provided with details of who has used these profiles and when; and a record of what information was recorded should be made available to the relevant Authorising Officer for review.

12. A flowchart of the procedure for Magistrates' approval of surveillance operations is at **Appendix 3**.

## **D. TYPES OF SURVEILLANCE**

### 1. **'Surveillance'** includes

- monitoring, observing, listening to persons, watching or following their movements, listening to their conversations and other such activities or communications.
- recording anything mentioned above in the course of authorised surveillance.
- surveillance, by or with, the assistance of appropriate surveillance device(s).

**Surveillance can be overt or covert.**

## 2. **Overt Surveillance**

Most of the surveillance carried out by the Council will be done overtly – there will be nothing secretive, clandestine or hidden about it. In many cases, officers will be behaving in the same way as a normal member of the public (e.g. in the case of most test purchases), and/or will be going about Council business openly (e.g. parking wardens walking through town centres).

3. Similarly, surveillance will be overt if the subject has been told it will happen e.g. where a noisemaker is warned (preferably in writing) that noise will be recorded if the noise continues, or where an entertainment licence is issued subject to conditions, and the licensee is told that officers may visit without notice or identifying themselves to the owner/proprietor to check that the conditions are being met.

## 4. **Covert Surveillance**

Covert Surveillance is carried out in a manner calculated to ensure that the person subject to the surveillance is unaware of it taking place (Section 26(9) (a) of RIPA). It cannot, however, be “necessary” if there is reasonably available an overt means of finding out the information desired.

5. RIPA regulates three types of covert surveillance: Directed Surveillance, Intrusive Surveillance and the use of Covert Human Intelligence Sources (CHIS).

## 6. **Directed Surveillance** is surveillance which:-

- is covert;
- is not intrusive surveillance (see definition below – the Council must not carry out any intrusive surveillance or any interference with private property);
- is not carried out in an immediate response to events which would otherwise make seeking authorisation under the Act unreasonable, e.g. spotting something suspicious and continuing to observe it;
- is pre-planned; and
- is undertaken for the purpose of a **specific investigation** or operation in a manner **likely to obtain private information** about an individual whether or not that person is specifically targeted for purposes of an investigation (Section 26(10) of RIPA).

7. **Private information** in relation to a person includes any information relating to their private and family life, their home, their correspondence and their business relationships. The fact that covert surveillance occurs in a public place or on business premises does not mean that it cannot result in the obtaining of private information about a person. Prolonged surveillance targeted on a single person will undoubtedly result in the obtaining of private information about them and others that they come into contact, or associate, with.
8. Similarly, although overt town centre CCTV cameras do not normally require authorisation, if the camera(s) are to be directed for a specific purpose to observe particular individual(s), authorisation will be required. The way a person runs their business may also reveal information about their private life and the private lives of others.
9. **For the avoidance of doubt, Authorising Officers for the purpose of RIPA can authorise ‘Directed Surveillance’ if, and only if, the RIPA authorisation procedures detailed in this Policy are followed. Authorisation can only be granted if it is necessary for the purposes of investigating serious crimes (as defined in Section G – paragraph 9).**
10. **Intrusive Surveillance**

This is when the surveillance:-

- is covert;
- relates to residential premises and / or private vehicles; and
- involves the presence of a person in the premises or in the vehicle or is carried out by a surveillance device in the premises/vehicle. Surveillance equipment mounted outside the premises will not be intrusive, unless the device consistently provides information of the same quality and detail as might be expected if they were in the premises/vehicle.

Surveillance of a place ordinarily used for legal consultation; at a time when they are being used for such consultations is also a form of intrusive surveillance.

11. Areas of a building that are readily visible and accessible to the public are not residential premises. For example, a communal stairway, canteen, reception area, driveway, front garden and so on.
12. **Intrusive Surveillance cannot be carried out or approved by the Council. Only the police and other law enforcement agencies are permitted to use such powers. Likewise, the Council has no statutory powers to interfere with private property.**
13. **“Proportionality”**

Proportionality involves balancing the intrusiveness of the activity on the target subject and others who might be affected by it against the need for the activity in operational terms. Consider the expected benefit to the investigation of the surveillance. The activity will not be proportionate if it is excessive in the circumstances – each case will be judged and be unique on its merits – or if the information which is sought could be reasonably be obtained by other less intrusive means. All such activity must be carefully managed to meet the objective in question and must not be arbitrary or unfair. Extra care should also be taken over any publication of the product of the surveillance.

When authorising covert surveillance, the following elements of proportionality should therefore be considered:

- balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence;
- explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others;
- considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the necessary result including overt methods of evidence gathering;
- evidencing, as far as reasonably practicable, what other methods had been considered and why they were not implemented.

#### 14. **Examples of different types of Surveillance**

Type of Surveillance	Examples
Overt	<p>Police Officer or Parks Warden on patrol</p> <p>Signposted Town Centre CCTV cameras (in normal use).</p> <p>Recording noise coming from outside the premises after the occupier has been warned that this will occur if the noise persists.</p> <p>Most test purchases (where the officer behaves no differently from a normal member of the public).</p>

<u>Covert</u> but not requiring prior authorisation	CCTV cameras providing general traffic, crime or public safety information. Viewing of publicly available social media profile and postings. ( <i>Use of HRA</i> )
<u>Directed</u> must be RIPA authorised	Covert CCTV cameras at a fly-tipping hotspot. Covert and targeted following of a benefit claimant who is suspected of failing to declare earnings from a job, can be by investigators/observation, CCTV or social media.
<u>Intrusive</u> or interfering with private property – <b>the Council cannot do this!</b>	Planting a listening or other electronic device (bug) or camera in a person's home or in / on their private vehicle or on their person.  Surveillance of a place used for legal consultations.

15. **Further Information** on different types of surveillance can be found in the Home Office Code of Practice on Covert Surveillance:  
<https://www.gov.uk/government/organisations/home-office/series/ripa-codes>

16. **Confidential Information**

Special safeguards apply with regard to confidential information relating to legal privilege, personal information, journalistic material and confidential constituent information. Only the Chief Executive, or in his/her absence an appointed deputy, can authorise surveillance likely to involve confidential information. The Investigating Officer must understand that such information is confidential and cannot be obtained. Further guidance is available in the Home Office Codes of Practice:  
<https://www.gov.uk/government/organisations/home-office/series/ripa-codes>

17. **Collateral Intrusion**

Before authorising surveillance, the Authorising Officer should also take into account the risk of intrusion into the privacy of persons other than those who are directly the subjects of the investigation or operation (known as collateral intrusion). Measures should be taken, wherever practicable, to avoid or minimise unnecessary intrusion into the lives of those not directly connected with the investigation or operation.

18. Those carrying out the surveillance should inform the Authorising Officer if the investigation or operation unexpectedly interferes with the privacy of individuals who are not covered by the authorisation. If the original authorisation is sufficient, consideration should be given to whether the authorisation needs to be amended and re-authorised or a new authorisation is required. Further guidance is available in the Home Office Code of Practice.

19. **Retention and destruction of product of surveillance**

Where the product of surveillance could be relevant to pending or future criminal or civil proceedings, it should be retained in accordance with established disclosure requirements for a suitable period and subject to review.

There is nothing in RIPA which prevents material obtained from properly authorised surveillance from being used in other investigations. Authorising Officers must ensure, therefore, that arrangements are in place for the handling, storage and destruction of material obtained through the use of covert surveillance. Authorising Officers must also ensure compliance with the appropriate data protection requirements and any relevant codes of practice produced by the Council relating to the handling and storage of material.

**E. COVERT HUMAN INTELLIGENCE SOURCE (CHIS)**

## 1. Who is a CHIS?

This is someone who establishes or maintains a personal or other relationship for the covert purpose of using that relationship to obtain information. This would include, for example, a situation where a Council officer establishes a relationship with another person through social media, even where there is no physical contact with the CHIS. However, a CHIS does not apply in circumstances 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. benefit cheat hotlines).

**THE COUNCIL IS RELUCTANT TO USE CHIS, AND IF AN OFFICER IS CONTEMPLATING THE USE OF THIS TYPE OF SURVEILLANCE HE/SHE MUST OBTAIN PRIOR ADVICE FROM THE SRO OR RIPA CO-ORDINATING OFFICER. HOWEVER, THE COUNCIL DOES RECOGNISE THAT CIRCUMSTANCES MAY ARISE THAT MAKE THE USE OF A CHIS NECESSARY AS AN INVESTIGATIVE TOOL.**

In order to mitigate the risk of a CHIS arising inadvertently during the course of an investigation the Council will ensure that Authorising and Investigating Officers are trained in the identification of a CHIS as part of corporate training on RIPA.

### **Management of a CHIS**

Always seek advice from the SRO or the RIPA Co-ordinating Officer prior to authorising a CHIS. In all cases, prior to authorising a CHIS a risk assessment must be undertaken in relation to the source. A CHIS may only be authorised if there will at all times be an officer (referred to as the handler) within the Council who will have day to day responsibility for dealing with the source on behalf of the Council, in order to protect both the security of the source. The handler is normally the Investigating Officer. In addition, another officer must be appointed (known as the controller) who will have general oversight of the use made of the source. This person is normally the Investigating Officer's line manager. Lastly, an officer must be identified to maintain certain prescribed records (as specified in the codes of practice) of the use made of the source.

Special requirements apply to the use of a vulnerable individual or a juvenile as a CHIS. Before considering the authorisation of such a person the Authorising Officer must seek legal advice from the RIPA Co-ordinator or the SRO.

## 2. Test Purchases

Carrying out test purchases will not require the purchaser to establish a relationship with the supplier with the covert purpose of obtaining information and, therefore, the purchaser will not normally be a CHIS. For example, authorisation would not normally be required for test purchases carried out in the ordinary course of business (e.g. walking into a shop and purchasing a product over the counter).

By contrast, developing a relationship with a person in the shop, to obtain information about the seller's suppliers of an illegal product would require authorisation as a CHIS.

## 3. Anti-social behaviour activities (e.g. noise, violence, race etc.)

Persons who complain about anti-social behaviour, and are asked to keep a diary, will not normally be a CHIS, as they are not required to establish or maintain a relationship for a covert purpose. Recording the level of noise (e.g. the decibel level) will not normally capture private information and, therefore, does not require authorisation.

Recording sound (with a DAT recorder) on private premises could constitute intrusive surveillance, unless it is done overtly. For example, it will be possible to record if the noisemaker is warned that this will occur if the level of noise continues. Placing a stationary or mobile video

camera outside a building to record anti-social behaviour on residential estates will require prior authorisation.

If the sound recording equipment is so sensitive that it can record conversations as if you were in the room, this would be intrusive surveillance and cannot be authorised under RIPA. The noisemaker shall be warned so that it can be overt surveillance.

## **F. ACQUISITION OF COMMUNICATIONS DATA**

### **What is Communications Data?**

1. Communication data means any traffic or any information that is or has been sent over a telecommunications system or postal system, together with information about the use of the system made by any person.
2. RIPA defines communications data in three broad categories: -
  - (a) **Section 21(4) (c) Information about communications service users.**  
This category mainly includes personal records supplied to the Communications Service Provider (CSP) by the customer/subscriber. For example, their name and address, payment method, contact number etc.
  - (b) **Section 21(4) (b) Information about the use of communications services.**  
This category mainly includes everyday data collected related to the customer's use of their communications system. For example, details of the dates and times they have made calls and which telephone numbers they have called.
  - (c) **Section 21(4) (a) Information about communications data (traffic data).**  
This category mainly includes network data generated by the CSP relating to a customer's use of their communications system that the customer may not be aware of. For example, cell site data and routing information.
3. **The Council only has power to request data under Section 21(4) (b) and Section 21(4) (c) but NOT Section 21(4) (a).**

### **What types of communications data is available to the Council?**

4. **Section 21(4)(c) - Information about communications service users**
  - Name of account holder/subscriber;
  - Installation and billing address;
  - Method of payment/billing arrangements;
  - Collection/delivery arrangements for a PO Box (i.e. whether it is collected or delivered – not where it is collected from or delivered to);
  - Other customer information such as any account notes, demographic information or sign up data (not passwords or personalised access information).
5. **Section 21(4)(b) - Information about the use of communications services**
  - Outgoing calls on a landline telephone or contract or prepay mobile phone
  - Timing and duration of service usage;
  - Itemised connection records;
  - E-mail logs (sent);
  - Information about the connection, disconnection and re-connection of services;

- Information about the provision of conference calling, call messaging, call waiting and call barring;
- Information about the provision and use of forwarding/redirection services (postal and telecom);
- Records of postal items, such as records of registered, recorded or special delivery postal items, records of parcel consignment, delivery and collection.

### **What Purpose Can Communications Data Be Accessed?**

6. The Councils can only access communications data for the **prevention and detection of crime or preventing disorder** (Section 22(2) (b) of RIPA).

### **Applying for Communications Data**

7. The Investigating Officer must complete an application form: - <https://www.gov.uk/government/organisations/home-office/series/ripa-forms--2> in full with no sections omitted. (The form is subject to inspection by the Interception of Communications Commissioner and the applicant may be asked to justify their application).
8. Two forms of authorisation are possible: -
  - (a) An authorisation under Section 22(3) of RIPA. This authorises the applicant to personally extract the data from the CSP's records. (This will rarely be used by the Council as its intended use is where there may be a security breach at the CSP and asking the CSP to provide the data would forewarn or alert the subject).
  - (b) A notice under Section 22(4) of RIPA requiring the CSP to extract the communications data specified from its records and to send that data to the Single Point Of Contact (SPOC) (normal request).

The applicant must indicate which authorisation they seek.

9. The application form is then submitted to the SPOC for the Council, which is the National Anti-Fraud Network (NAFN).
10. The idea of only having one point of contact for each public authority was agreed between the Home Office and the CSP's to ensure data was only supplied to those entitled to obtain the data. Only the SPOC can acquire communications data on behalf of the Council.
11. The SPOC will then assess whether the form is completed properly, that the request is lawful, the request is one to which the CSP can practically respond and that the cost and resource implications for the CSP / Council are within reason.
12. The SPOC will then submit the form to the Authorising Officer for authorisation. (As previously stated, the application form is subject to inspection by the Interception of Communications Commissioner and therefore the Authorising Officer may be called upon to justify any decisions made).
13. The application must then be approved by a Magistrate. The Investigating Officer should liaise with the RIPA Co-ordinating Officer to obtain this authorisation.
14. The RIPA Co-ordinating Officer or their authorised officer will arrange a hearing with the Court to seek the Magistrate's approval. They should provide the Court with the application form and supporting information. The Investigating Officer will be required to attend Court with the Council's solicitor to seek the Magistrate's approval.
15. Guidance on the procedure for seeking Magistrate's approval can be found at <https://www.gov.uk/government/publications/changes-to-local-authority-use-of-ripa>

16. If the application is rejected by either the SPOC or the Magistrates, the SPOC will retain the form and inform the applicant in writing of the reasons for its rejection.
17. Once authorised by the Magistrates, the SPOC will forward the application to the CSP.
18. Once the data sought is returned to the SPOC, a copy of the information will be passed to the applicant.
19. All original documents will be retained by the Governance Team.
20. There are a number of other administrative forms that the SPOC's are obliged to complete as the application is progressed, although these will not necessarily involve the Investigating Officer.
21. Authorisations to collect communications data under s22 (3) have a life span of one month. However, they can be renewed by serving a new authorisation or notice for further months, within any time within the current life of the notice. Magistrates would need to approve any renewal.
22. If you are at all unsure about anything to do with acquiring communications data, please contact the SPOC, the SRO or the RIPA Co-ordinating Officer for advice **before** applying.

## **G. AUTHORISATION PROCEDURES**

1. Directed surveillance can only be lawfully carried out if properly authorised, and in strict accordance with the terms of the authorisation.
2. All RIPA surveillance authorisations (i.e. Directed Surveillance and the acquisition of Communications Data) must be approved by a Magistrate before they take effect.

### **Authorising Officers**

3. RIPA Forms can only be signed by Authorising Officers.
4. Authorisations under RIPA are separate from delegated authority to act under the relevant Council's Scheme of Delegation. All RIPA authorisations are for specific investigations only, and must be reviewed, renewed or cancelled once the specific surveillance is complete or about to expire. **The authorisations do not lapse with time! The Authorising Officer must ensure that an authorisation is cancelled as soon as it is no longer required.**

### **Training Records**

5. Appropriate training will be given (or approved) by the RIPA Co-ordinating Officer before Authorising Officers are certified to sign any RIPA Forms.
6. If the SRO feels that an Authorising Officer has not complied fully with the requirements of this Policy, or the training provided to them, he/she is duly authorised to retract that officer's authorisation until they have undertaken further approved training.

### **Application Forms**

7. Only the Home Office approved RIPA forms must be used. Any other forms used, will be rejected by the Authorising Officer and/or the RIPA Co-ordinating Officer. All the RIPA forms can be found at: <https://www.gov.uk/government/organisations/home-office/series/ripa-forms--2>

### **Grounds for Authorisation**

8. Acquisition of communications data can only be authorised by the Council on the grounds of preventing/detecting crime/disorder. No other grounds are available to local authorities.

9. Directed Surveillance can only be authorised for investigating serious criminal offences. 'Serious' means criminal offences that are punishable, whether on summary conviction or on indictment, by a maximum term of at least 6 months of imprisonment. Serious criminal offences would include dangerous waste dumping and serious or serial benefit fraud. We cannot carry out Directed Surveillance for offences that would only result in a fine or less than sixth month's imprisonment, such as littering or dog fouling.

### **Assessing the Application Form**

10. Before an Authorising Officer signs an application form, they must:-
- (a) Be mindful of this Policy, the training provided or facilitated by the RIPA Co-ordinating Officer and any other guidance issued, from time to time, by the SRO, SSlegals or the Home Office on such matters.
  - (b) Satisfy themselves that the RIPA authorisation is:-
    - (i) **in accordance with the law;**
    - (ii) **necessary** in the circumstances of the particular case and on the grounds of preventing or detecting crime or preventing disorder;
    - (iii) for directed surveillance, it must be necessary for the investigation of a serious criminal offence; **and**
    - (iv) **proportionate** to what it seeks to achieve (see comments in Section D).
  - (c) **In considering necessity, remember that the surveillance must be necessary for the purpose of preventing or detecting crime or of preventing disorder. There should be details of the crime(s) relied upon in the application form. In addition you need to ensure that the crime attracts a custodial sentence of a maximum of 6 months or more, or involves an offence under section 146, 147 or 147A of the Licensing Act 2003. Authorising Officers also need to demonstrate that there were no other means of obtaining the same information in a less intrusive way.**
  - (d) In assessing whether or not the proposed surveillance is proportionate, an Authorising Officer should consider the following:-
    - (i) balance the size and scope of the proposed surveillance against the gravity and extent of the perceived crime or offence;
    - (ii) will the surveillance method to be used cause the least possible intrusion on the target and others?
    - (iii) is the surveillance an appropriate use of RIPA and a reasonable way, having considered all reasonable alternatives, of obtaining the evidence? and
    - (iv) what other methods of evidence gathering have been considered and why were they not used?
  - (e) Always remember that the **least intrusive method will be considered proportionate by the courts.**
  - (f) Take into account the risk of intrusion into the privacy of persons other than the specified subject of the surveillance (**Collateral Intrusion**). Measures must be taken wherever practicable to avoid or minimise (so far as is possible) collateral intrusion and the matter may be an aspect of determining proportionality. The duration of the surveillance will not be a consideration in determining proportionality.
  - (g) Set a date for review of the authorisation and review on that date using the relevant form. Authorisations for directed surveillance should be reviewed at least once a month.

- (h) Ensure that the originals of all RIPA forms (applications, review, renewal and cancellation) are forwarded to the RIPA Co-ordinating Officer, **within 5 working days of the relevant authorisation, review, renewal, cancellation or rejection.**
- (i) In the case of notices relating to communications data, these will be kept by the RIPA Co-ordinating Officer.
- (j) **If unsure on any matter, obtain advice from the SRO or the RIPA Co-ordinating Officer before signing any forms.**

### **Magistrate's Approval**

- 11. After the Authorising Officer has signed the RIPA application form, it must be approved by a Magistrate before the operation can commence. The Investigating Officer should liaise with the RIPA Co-ordinating Officer to seek this authorisation.
- 12. The RIPA Co-ordinating Officer will arrange a hearing with the court to seek the Magistrate's approval. They should provide the court with the RIPA application form (signed by the Authorising Officer) and supporting information. The Investigating Officer and Authorising Officer will be required to attend court with an appointed Solicitor to seek the Magistrate's approval.
- 13. Guidance on the procedure for seeking Magistrate's approval can be found at: <https://www.gov.uk/government/publications/changes-to-local-authority-use-of-ripa>

### **Duration**

- 14. The RIPA authorisation **must be reviewed or renewed in the time stated or cancelled** once it is no longer needed. Authorisation to carry out Directed Surveillance lasts for 3 months from authorisation. Authorisation to carry out CHIS lasts 12 months from authorisation. However, whether the surveillance is carried out/conducted or not, in the relevant period, does not mean the authorisation is 'spent'. In other words, **the authorisation does not expire!** The authorisation has to be reviewed, renewed and/or cancelled once it is no longer required.
- 15.
- 16. Cancellation will need to be approved by the Chief Executive and is required whether the surveillance is conducted or the time period is due to lapse.
- 17. Magistrate's approval is required to renew an authorisation. There is no requirement for Magistrates to consider either cancellations or internal reviews.
- 18. Notices/Authorities issued under s22 compelling disclosure of communications data are only valid for one month, but can be renewed for subsequent periods of one month, at any time. Again, Magistrate's approval will be required for a renewal.
- 19. Authorisations can be renewed in writing before the maximum period in the Authorisation has expired. The Authorising Officer must consider the matter afresh, including taking into account the benefits of the surveillance to date, and any collateral intrusion that has occurred. Magistrate's approval will then be required.
- 20. An Authorisation cannot be renewed after it has expired. In such event, a fresh application will be necessary.

## **H. WORKING WITH / THROUGH OTHER AGENCIES**

- 1. When another agency has been instructed on behalf of the Council to undertake any action under RIPA, this Policy and the Home Office approved application forms must be used (as per normal procedure) and the agency advised or kept informed, as necessary, of the various requirements. They must be explicitly made aware what they are authorised to do.
- 2. When another agency (e.g. Police, DWP, Trading Standards, etc):-

- (a) wish to use the Council's resources (e.g. CCTV surveillance systems), that agency must use its own RIPA procedures and, before any Officer agrees to allow the Council's resources to be used for the other agency's purposes, they must obtain a copy of that agency's RIPA form for the Council's record (a copy of which must be passed to the RIPA Co-ordinating Officer for the Central Register) or relevant extracts from the same which are sufficient for the purposes of protecting the Council and the use of its resources;
  - (b) wish to use the Council's premises for their own RIPA action, and is expressly seeking assistance from the Council, the Officer should, normally, co-operate with the same, unless there are security or other good operational or managerial reasons as to why the Council's premises should not be used for the agency's activities. Suitable insurance or other appropriate indemnities may be sought, if necessary, from the other agency for the Council's co-operation in the agent's RIPA operation. In such cases, the Council does not require its own RIPA form as the Council is only 'assisting' not being 'involved' in the RIPA activity of the external agency.
3. In terms of 2(a) above, if the Police or other Agency wish to use Council resources for general surveillance, as opposed to specific RIPA operations, an appropriate letter requesting the proposed use, extent of remit, duration, who will be undertaking the general surveillance and the purpose of it must be obtained from the Police or other Agency before any Council resources are made available for the proposed use.
  4. **If in doubt, please consult with the SRO or the RIPA Co-ordinating Officer at the earliest opportunity.**

## **I. RECORD MANAGEMENT**

1. **The Council must keep a detailed record of all Authorisations, Reviews, Renewals, Cancellations and Rejections for each respective service area. A Central Register of all Authorisation Forms will be maintained and monitored by the RIPA Co-ordinating Officer. All original forms (Authorisation, Review, Renewal, Cancellation) must be sent to the RIPA Co-ordinating Officer as soon as practicable.**
2. **Records maintained in the Service Area**

The following documents must be retained by the relevant Head of Service (or their designated administrator) for such purposes:

- a copy of all RIPA forms together with any supplementary documentation and notification of the approval given by the Authorising Officer;
- a record of the period over which the surveillance has taken place;
- the frequency of reviews prescribed by the Authorising Officer;
- a record of the result of each review of the authorisation;
- a copy of any renewal of an authorisation, together with the supporting documentation submitted when the renewal was requested;
- the date and time when any instruction was given by the Authorising Officer; and
- the Unique Reference Number for the authorisation (URN).

### **Central Register maintained by the RIPA Co-ordinating Officer**

3. Each form will have a unique reference number (URN). The RIPA Co-ordinating Officer will issue the relevant URN to Applicants. The cross-referencing of each URN takes place within the forms for audit purposes. Rejected Forms will also have URN's.
4. Authorising Officers must forward a copy of every completed RIPA form to the RIPA Co-ordinating Officer for the Central Register, within 1 week of the Authorisation, Review, Renewal,

Cancellation or Rejection. The RIPA Co-ordinating Officer will monitor the same and give appropriate guidance, from time to time, as necessary.

5. The Council will retain records for a period of at least three years from the ending of the Authorisation. The Office of Surveillance Commissioners (OSC) can audit/review the Council's policies and procedures, and individual Authorisations, Reviews, Renewals, Cancellations and rejections.

## **J. CONCLUDING REMARKS**

1. Where there is an interference with the right to respect for private life and family guaranteed under Article 8 of the European Convention on Human Rights, and where there is no other source of lawful authority for the interference, or if it is held not to be necessary or proportionate to the circumstances, the consequences of not obtaining or following the correct authorisation procedure set out in RIPA and this Policy, may be that the action (and the evidence obtained) will be held to be unlawful by the Courts pursuant to Section 6 of the Human Rights Act 1998.
2. Obtaining an authorisation under RIPA and following this Policy will ensure, therefore, that the action is carried out in accordance with the law and subject to stringent safeguards against abuse of anyone's human rights.
3. **Authorising Officers will be suitably trained and they must exercise their minds every time they are asked to consider a RIPA form. They must never sign or rubber stamp forms without thinking about their own personal and the Council's responsibilities.**
4. **Any boxes not needed on the form(s) must be clearly marked as being 'NOT APPLICABLE', 'N/A' or a line put through the same.** Great care must also be taken to ensure accurate information is used and is inserted in the correct boxes. Reasons for any refusal of an application must also be kept on the form and the form retained for future audits.
5. For further advice and assistance on RIPA, please contact the SRO or the RIPA Co-Ordinating Officer.

## **APPENDIX 1 – LIST OF AUTHORISING OFFICER POSTS\***

Head of Regulatory Services, Housing & Wellbeing

Head of Operational Services

Head of Economic Growth & Development

Head of Finance & Procurement

\*This list is subject to update following structural changes at the council at the direction of the Monitoring officer or Chief Executive.

\*The Authorising Officer must be independent from the service submitting the request

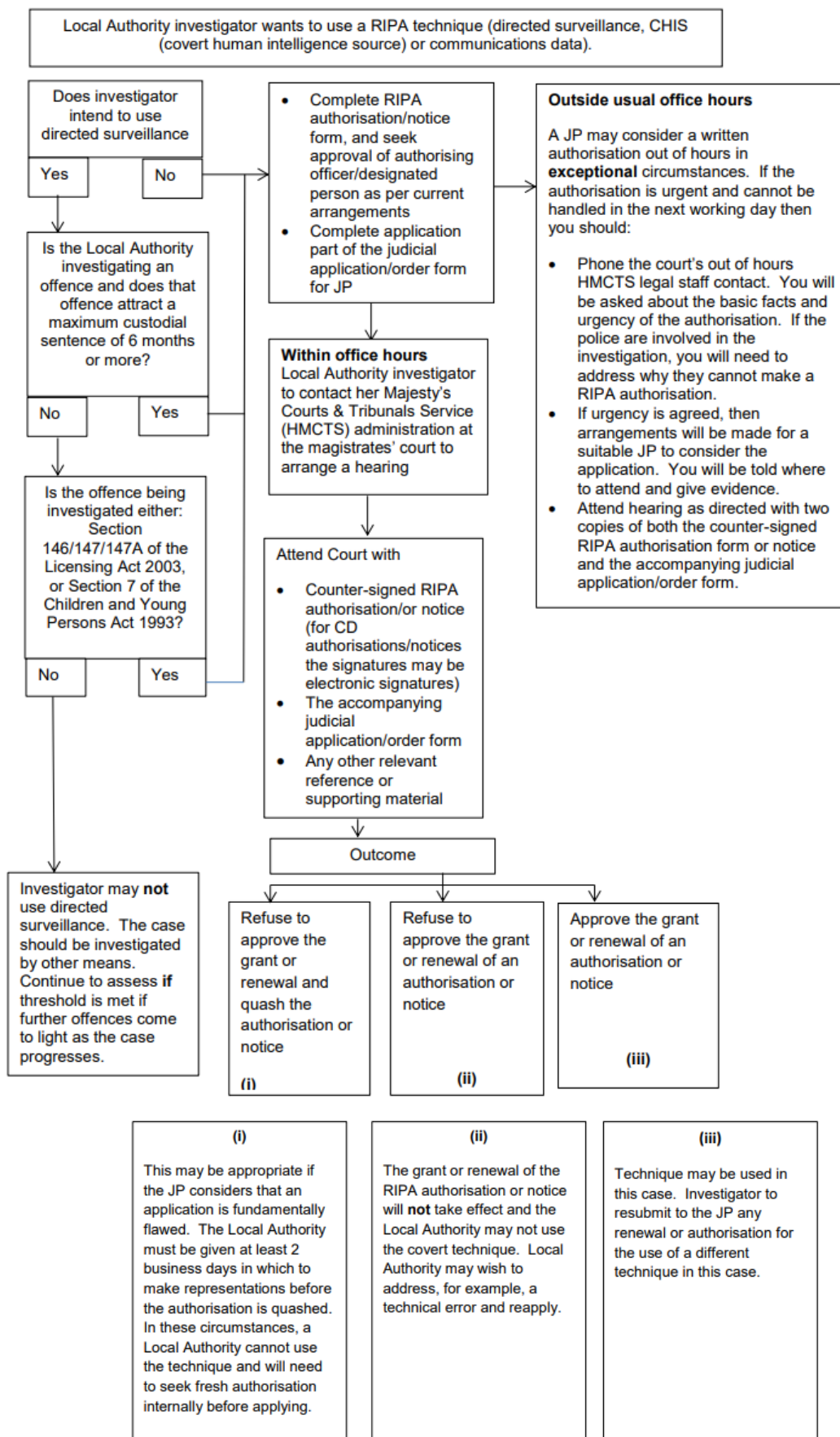
## **APPENDIX 2 - RIPA TRAINING, UPDATES AND REMINDERS**

Training for staff will take place as and when necessary.

RIPA legislation guidance will be sent to all staff every 12 months via metacompliance. This will include updates where available.

Training for Authorising Officers take place on an annual basis. Additional training will be available when changes to legislation occur which impact their roles.

## APPENDIX 3 – Magistrate’s Court Authorisation Procedure



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# IPCO

Investigatory Powers  
Commissioner's Office

PO Box 29105, London  
SW1V 1ZU

Ms D Tilley  
Chief Executive  
Lichfield District Council

1 March 2021

Dear Ms Tilley,

## IPCO Surveillance and CHIS inspection of Lichfield District Council

*Please be aware that IPCO is not a "public authority" for the purpose of the Freedom of Information Act (FOIA) and therefore falls outside the reach of the FOIA. It is appreciated that local authorities are subject to the FOIA and that they may receive requests for disclosure of our reports. In the first instance the SRO should bring the matter to the attention of the IPCO Data Protection Officer (at: [info@ipco.org.uk](mailto:info@ipco.org.uk)), before making any disclosure. This is also the case if you wish to make the content of this letter publicly available.*

Your Council was recently the subject of a remote inspection by one of my Inspectors, Mrs Samantha Jones. This has been facilitated via MS Teams through your Senior Responsible Officer (SRO), Ms Christie Tims, Head of Governance and Performance. No formal recommendations have been made as a result of this inspection process.

The last inspection of Lichfield Council took place during April 2018, by Mrs Grainne Athorn, who made one formal recommendation:

- *The RIPA Procedure document allows for Lichfield District Council investigators to utilise overt surveillance powers to undertake covert observations online, utilising social media and other sites. In order to ensure this activity is subject to suitable oversight it is recommended that the procedures document should be updated to include control and management mechanisms including: a register of covert profiles used to undertake surveillance; details of who has used these profiles and when; and a record of what information was recorded, which should be made available to the relevant authorising officer for review.*

Lichfield Council does not operate, and at present has no immediate intention to use, covert profiles as part of its investigation strategy. However, whilst discharging this recommendation it is with the caveat that continuing consideration should be given to the oversight and governance of any future covert structures and subsequent evidential capture of material.

It should also be emphasised to staff that personal profiles should not be used for Council business, as it is incumbent on you to ensure the safety and security of the staff. The dangers aligned to using personal social media accounts for business purposes, especially those of a covert nature, should not be underestimated and all staff should be cognisant of their own personal online security and of the vulnerabilities attached to using any insecure or personal online platform.



My Inspector was assured by Ms Tims that the RIPA policy was fully up to date and scheduled to be approved by Elected Members in July, but while non RIPA activity had been reported on a regular basis, this was the first time that policy would be presented since 2018. This represents a failure to comply with paragraph 4.47 of the Home Office Surveillance Code of Practice, as policy should be approved by Elected Members on an annual basis. You should therefore ensure this becomes the usual practice beyond July 2021.

Although your Council has not exercised its powers for many years, it remains of great importance that officers engaged in investigatory or enforcement areas where RIPA considerations are not so immediately apparent, maintain their levels of knowledge and know whom to approach for guidance. It is therefore pleasing to note that relevant external training took place for key officers in 2019 and further training is scheduled for this year.

There have been no authorisations for the use and conduct of a CHIS. This reflects the widespread practice common amongst local authorities of never, or rarely, authorising CHIS. The possibility of status drift was discussed with the SRO in relation to the monitoring of information provided by members of the public, as well as online activity. Ms Tims is alive to the possibility and is confident that sufficient awareness exists amongst staff to be alert to any potential status drift.

It is understood that your Council is registered with the National Anti-Fraud Network (NAFN) for the purposes of obtaining communications data and although rarely used, is cognisant of the extension of powers introduced by the Investigatory Powers Act 2016 to include details of in and out call data and cell site location. This represents a significant opportunity to enhance investigations, and in addition, registration with NAFN also provides lawful access to other forms of data from the DVLA, Equifax and a variety of other financial/fraud check organisations.

As part of the inspection process, the Council's stance on the review, retention and destruction (RRD) of documentation was also assessed. The Central Register is comprised of an Excel spreadsheet, although as would be expected, no details are currently held. Access is restricted to the Governance team. The data pathways of any material captured by way of an authorisation under the legislation are clear, with product being stored electronically and inbuilt prompts which are flagged to the data owner to ensure compliance with the RRD policy.

Mrs Jones would like to thank Ms Tims for her engagement at a time of unprecedented demands on local authorities. I hope that this video-based inspection has proved to be helpful and constructive. My Office is available to you should you have any queries following the inspection, or at any point in the future. Contact details are provided at the foot of this letter.

I shall be grateful if you would acknowledge receipt of the report within two months.

Yours sincerely,



**The Rt. Hon. Sir Brian Leveson**  
The Investigatory Powers Commissioner

## Model Code of Conduct

Report of Angela Lax, Cabinet Member for Legal & Regulatory Services

Date: 22 July 2021

Agenda Item:

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Key Decision? **NO**

Local Ward Members Full Council



## AUDIT & MEMBER STANDARDS COMMITTEE

### 1. Executive Summary

- 1.1 This report asks the Committee to consider whether the LGA's Model Code of Conduct should be adopted by the Council for incorporation into the Constitution as it stands or with suitable amendments following consideration of the Standards in public life recommendations.

### 2. Recommendations

- 2.1 That the committee resolves to await the outcome of the Government consideration of the Committee on Standards in Public Life recommendations and in the interim undertake consultation on the Model Code of Conduct (as set out in Appendix1) before recommending a final version for adoption by Full Council.

### 3. Background

- 3.1 As part of their campaign on Civility in Public Life the LGA engaged with stakeholders at the end of 2019 and consultation workshops at the beginning of 2020 to develop a revised code to improve standards in local government. A draft model Member Code of Conduct which was published for consultation in early 2020 and a final version circulated to Members in December 2020.
- 3.2 The draft model Code of Conduct, sets out the importance of the role of the Councillor and holding Councillors to account, as taken from the LGA website is set out below:

#### *Local Government Association Model Member Code of Conduct*

*The Local Government Association (LGA) is providing this Model Member Code of Conduct as part of its work on supporting the sector to continue to aspire to high standards of leadership and performance. The role of councillor in all tiers of local government is a vital part of our country's system of democracy. In voting for a local councillor, the public is imbuing that person and position with their trust. As such, it is important that as councillors we can be held accountable and all adopt the behaviours and responsibilities associated with the role. The conduct of an individual councillor affects the reputation of all 3 councillors. We want the role of councillor to be one that people aspire to and want to participate with. We want to continue to attract individuals from a range of backgrounds and circumstances who understand the responsibility they take on and are motivated to make a positive difference to their local communities. All councils are required to have a local Member Code of Conduct. This Model Member Code of Conduct has been developed in consultation with the sector and is offered as a template for councils to adopt in whole and/or with local amendments. The LGA will undertake an annual review of the Code to ensure it continues to be fit for purpose, particularly with respect to*

*advances in technology, social media and any relevant changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code, whilst the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.*

- 3.3 The LGA in the new Model Code has sought to address some issues that have arisen as a result of the changing way that Members interact with residents, including remote communication and the use of social media. The Code seeks to address abusive, threatening or intimidatory communications.
- 3.4 The Model Code, if adopted, would apply when a Councillor acts or gives the impression that they are acting as a Councillor. This is a change from the current position. This would apply to all forms of communications and interaction including social media.
- 3.5 The Committee for Standards in Public Life also made some recommendations to Government for changes to the Localism Act 2011 to clarify in law when the Code of Conduct applies:
  - The introduction of sanctions
  - An appeals process through the Local Government Ombudsman
  - Changes to the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
  - Updates to the Local Government Transparency Code
  - Changes to the role and responsibilities of the Independent Person
  - That the criminal offences in the Localism Act 2011 relating to Disclosable Pecuniary Interests should be abolished
- 3.6 Alongside the Model Code the Committee made a number of Best Practice Recommendations to local authorities. These can be seen at Pages 13 to 17 of Appendix 2.
- 3.7 Some of these recommendations impact directly on the adoption of a Code of Conduct. In particular the recommendations on defining bullying and including examples (Recommendation 1); a requirement to comply with investigations (Recommendation 2) and suggestions to seek views on the Code (Recommendation 3).
- 3.8 If the Government decides to implement some of the recommendations arising from the Committee on Standards in Public Life report, the Model Code of Conduct may require amendment.
- 3.9 It is therefore proposed at this stage that the new Model Code of Conduct is not adopted but that the Committee agree to undertake consultation on the Code and work on proposals that take into account the Best Practice Recommendations. Also that Members agree to receive a further report once the Government has formally considered the proposals from the Committee on Standards in Public Life.
- 4.0 It is noted that a number of parish Councils in the District have already opted to adopt the revised code. At the moment there is no requirement for Parish Councils to maintain a code in alignment with the primary authority, though it is noted that this makes assessment of complaints easier and faster for the Monitoring Officer.

Alternative Options	Members can decide not to wait for further Government action and to adopt the Model Code as it stands with the inclusion of the previously agreed bullying definition.
Consultation	All District and parish members have been advised of progress on this matter via email and briefings/training carried out in late 2019 and 2020.
Financial	There are no additional financial implications from the adoption of the code or decision to consult – this would impact on resources available to the Monitoring

Implications	Officer to pursue other governance issues which must be provided statutorily by Full Council. The changes to the code should not materially affect the time and resources required unduly.
Approved by Section 151 Officer	Yes/no*
Legal Implications	It is a requirement that the Council has a Code of Conduct for Members under Section 27 Localism Act 2011 and that this is agreed by full Council.
Approved by Monitoring Officer	Yes/no*
Contribution to the Delivery of the Strategic Plan	The code of conduct ensures that councillors behave appropriately, transparently and make sound decisions based on evidence and free from bias. This contributes to us being a good council.
Equality, Diversity and Human Rights Implications	An EIA on the new code confirms a proportionate impact from the new code as currently drafted.
Crime & Safety Issues	None specifically unless amendments are made to criminal offences under the Localism Act
Environmental Impact	None specifically noted from adopting the new code
GDPR / Privacy Impact Assessment	Not required for the code, but may impact on individual members through the changes to the code and how complaints are reported and the sanctions which are made if primary legislation changes recommended are adopted.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	That the code is out of touch with the challenges currently faced by members	The current code has been developed over successive years based on learning from application. A new code will need a similar bedding in period.	State if risk is Red (severe), Yellow (material) or Green (tolerable) as determined by the Likelihood and Impact Assessment.
B	That the code creates an additional burden on the primary authority	A cautious approach to adoption will give the monitoring officer and independent persons the time to assess scope and impact.	
C	That the sanctions available to do not provide a deterrent.	Await the outcome of government review to provide clearer sanctions in line with issues.	
D	That the scheme becomes unworkable and does not improve standards of behaviour	A cautious approach to adoption will give the monitoring officer and independent persons the time to assess scope and impact.	
E			

<b>Background documents</b> <a href="#">Part 5 Final Clean v2.pdf (lichfielddc.gov.uk)</a> – Current Code of Conduct for members
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## Relevant web links

[Local Government Association Model Councillor Code of Conduct 2020 | Local Government Association](#) – Appendix 1

[Local Government Ethical Standards January 2019 \(publishing.service.gov.uk\)](#) – Appendix 2

## Appendix 1 - Leyfields and Netherstowe Lesson Learned Action Plan - June 2021

Recommendation	Action	Owner	Target Date	Progress
1. To ensure best consideration in all future contracts that reference should be made where time has elapsed to the need for a fresh valuation report being obtained.	Where agreements more than 6 months to implement provision should be built into the agreements to ensure that best consideration is obtained for any disposal at the point that contracts are exchanged.	Head of Governance & Performance  All Heads of Service and SSlegals to be advised and made aware of the requirement for any agreement or contract being drafted.  Head of Corporate Service to lead in relation to asset disposals.	Immediate	All contracts /agreements reviewed and considered for signing will be assessed for best consideration.
2. To have in place a check list for the disposal of land. It is noted that there is now a new draft disposal of land and property assets policy in place and paragraph 5 specifically deals with open space land.	A draft Disposal Policy is provided for approval on 6 July 2021 by Cabinet.  Paragraph 5 of the policy specifically deals with open space land.	Head of Corporate Services / Cabinet	6 July 2021 if approved	Complete if approved  Training action to be picked up in recommendation 9

3. To have a checklist for land disposal that provides an audit trail of decision making and actions that are required to be taken.	<p>A draft Disposal Policy is provided for approval on 6 July 2021 by Cabinet.</p> <p>This policy sets out a checklist to ensure disposals follow the correct procedures and decision points.</p>	Head of Corporate Services / Cabinet	6 July 2021 if approved	Complete if approved Training action to be picked up in recommendation 9
4. o put in place an appropriate document signing process and sealing system that provides evidential proof that contracts have been appropriately signed and sealed where required and that signing of all contract documentation should be supervised by a legal officer/monitoring officer.	<p>The Council's sealing process has been under review since the issue was raised in summer 2020. A number of key improvements and safeguards have been made including:</p> <p><i>Revision of the constitution</i> - to clarify the requirements for establishing contracts and who may authorise these.</p> <p><i>Development of sealing process</i> – to ensuring suitable records are</p>	<p>Head of Governance &amp; Performance</p> <p>Governance Team</p>	<p>31 May 2021</p> <p>31 October 2021</p> <p>31 May 2021</p>	<p>This was included in the constitution update approved by Full Council in May 2021.</p> <p>Further review will be undertaken later this year in respect of Section 3 – Scheme of Delegation.</p> <p>Docusign process has been developed and roll out is underway for all procurement contracts.</p>

	<p>obtained prior to signing and kept for future reference.</p> <p><i>A detailed record of legal and other professional advice given in respect of the contract is now gathered and reviewed before any seal is applied – this ensures that correct legal advice has been obtained to support the contract and any authority granted is still timely.</i></p>			<p>The new sealing process confirms and records all legal advice received in relation to a decision / contract or agreement is in place before applying seals. The process also confirms authority is appropriate under the scheme of delegation.</p>
<p>5. To review whether there is a need for a decision review trigger to be written into the Constitution when there is both a period of time between Cabinet sign off and the implementation of that decision or a change in Cabinet membership. This would deal with the issue where, for example, there has been a change in land value or central</p>	<p>The Governance team to do a check at 6 months post any member/cabinet decisions. Any not actioned will be escalated to leadership team for review to determine any further action or reporting to be taken and ongoing monitoring required in consultation with the relevant Cabinet member.</p> <p>Governance team to track and reconsider this list as and when</p>	<p>Governance Team</p>	<p>31 July 2021</p> <p>Ongoing</p>	<p>This will require development of functionality with Modgov to alert following the elapsed time for any published decision notice.</p> <p>This can be done manually in the meantime.</p>

government policy on a particular matter. These are only examples and further examples exist.	Cabinet portfolios are adjusted/ new members appointed.			
6. Relevant professional input into the signing off of all reports and all decisions; that all Cabinet reports are signed off by the section 151 officer and monitoring officer.	<p>Confirmation boxes are to be added into report templates for financial and legal implications to confirm sign off by Section 151 and Monitoring Officer (or their deputies).</p> <p>Leadership team minutes include any amendments requested by the S151 or Monitoring Officer to ensure these are included in the final version of the report.</p> <p>All reports should be reviewed by a suitably qualified officer or solicitor to confirm all relevant legislation is being considered.</p>	<p>Governance Team</p> <p>Leadership Team</p> <p>All Heads of Service and report authors to consult with SSLegals if suitable officers are not directly employed.</p>	<p>31 July 2021</p> <p>Ongoing</p> <p>Ongoing</p>	<p>Report templates to be amended to include sign off boxes and legal implication sections.</p> <p>Complete</p> <p>Complete</p>
7. Training is provided to members and officers setting out the importance of public consultation in such	Now that these processes have been developed, subject to the policy being approved, training will be provided to all key officers	Head of Governance & Performance	30 September 2021	Staff Training to be delivered over the summer.

disposals and the statutory obligations to consult as detailed in the Local Government Act.	and members via a suitable training date later this year.		30 November 2021	Member training scheduled for Autumn 2021 as part of member training plan.
8. The decision of the 4 September 2018 should not be relied upon to authorise the sale of the two areas of open space land to Bromford Housing Association.	This was dealt with in the decision to cancel the contract for sale of land, refund the planning application fees and costs to Bromford at Cabinet on 11 May 2021.	Cabinet/ Chief Executive  Head of Governance & Performance	11 May 2021  31 July 2021	Decision taken and negotiation and finalisation of the agreement underway with Bromford solicitors.  Agreement is ready for completion and payment of costs by 31 July 2021.
9. If the sale is now to take place it is recommended that a fresh process is commenced with district valuation reports and appropriate notices in the press and proper consultation prior to a decision being made by Cabinet to sell the open space land if it is considered this is the appropriate way forward.	Not applicable			

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# AUDIT & MEMBER STANDARDS COMMITTEE WORK PROGRAMME FOR 2021/22

Item	22 July 2021	22 Sept 2021	11 Nov 2021	3 Feb 2022	20 April 2022	Deferred Reason
<b>FINANCE</b>						
Annual Governance Statement					√	
Annual Treasury Management Report	√					
Mid-Year Treasury Management Report			√			
Accounting Policies and Estimation Uncertainty					√	
Statement of Accounts		√				
Treasury Management Statement and Prudential Indicators				√		
Audit & Member Standards Committee Practical Guidance				*√		*Only relevant if there is updates to guidance so may not be needed
CIPFA Financial Management Code*						*Only relevant if there is updates to guidance so may not be needed
CIPFA Resilience Index	√					
Overview of the Council's Constitution in respect of Financial Procedure Rules		√				
<b>INTERNAL AUDIT</b>						
Chair of the Audit Committee's Annual Report to Council					√	
Annual Report for Internal Audit (including year-end progress report)					√	
Internal Audit Plan, Charter & Protocol 2022/23					√	
Internal Audit Progress Report	√		√	√	√	
Quality Assurance and Improvement Programme /Public Sector Internal Audit Standards	√					

## AUDIT & MEMBER STANDARDS COMMITTEE WORK PROGRAMME FOR 2021/22

Risk Management Update	√		√	√	√	
Counter Fraud Update Report including Counter Fraud & Corruption/Whistleblowing/Anti-Money Laundering/ Prevention of Tax Evasion Policies			√			
<b>Governance &amp; Performance</b>						
Overview of the Council's Constitution in respect of Contract Procedure Rules		√				Annual Review
Annual report on Exceptions and Exemptions to Procedure Rules 20/21		√				Annual Review 2020/21
GDPR/Data Protection Policy			√			
Annual Report of the Monitoring Officer - Complaints		√				Annual Report
The Annual letter for Lichfield District Council from the Local Government Ombudsman			√			Annual Letter 2020/21
RIPA reports policy and monitoring	√					Annual Report
Review of the Effectiveness of the Audit & Member Standards Committee					√	
Terms of Reference						
<b>EXTERNAL AUDITOR</b>						
Audit Findings Report for Lichfield District Council 2019/2020		√				
The Annual Audit letter for Lichfield District Council			√			
Certification Work for Lichfield District Council for Year Ended 31 March 2020				√		
Audit Plan (including Planned Audit Fee 2021/22)					√	

# **AUDIT & MEMBER STANDARDS COMMITTEE WORK PROGRAMME FOR 2021/22**

Informing the Audit Risk Assessment - Lichfield District Council					√	
Audit Committee LDC Progress Report and Update – Year Ended 31 March 2022				√		
Private meeting with the Internal and External Auditors		√				

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