



## **Audit and Governance Committee**

**Meeting: Thursday, 13th November 2014 at 6.30 pm in Civic Suite,  
North Warehouse, The Docks, Gloucester, GL1 2EP**

<b>Membership:</b>	Cllrs. Wilson (Chair), Hobbs (Vice-Chair), Llewellyn, Noakes, Haigh, McLellan and Taylor
<b>Contact:</b>	Parvati Diyar Democratic Services Officer 01452 396192 <a href="mailto:parvati.diyar@gloucester.gov.uk">parvati.diyar@gloucester.gov.uk</a>

### **AGENDA**

<b>1.</b>	<b>APOLOGIES</b>  To receive any apologies for absence.
<b>2.</b>	<b>DECLARATIONS OF INTEREST</b>  To receive from Members, declarations of the existence of any disclosable pecuniary, or non-pecuniary, interests and the nature of those interests in relation to any agenda item. Please see Agenda Notes.
<b>3.</b>	<b>MINUTES (Pages 7 - 12)</b>  To approve as a correct record the minutes of the meeting held on 8 September 2014.
<b>4.</b>	<b>PUBLIC QUESTION TIME (15 MINUTES)</b>  To receive any questions from members of the public provided that a question does not relate to: <ul style="list-style-type: none"><li>• Matters which are the subject of current or pending legal proceedings, or</li><li>• Matters relating to employees or former employees of the Council or comments in respect of individual Council Officers</li></ul>
<b>5.</b>	<b>PETITIONS AND DEPUTATIONS (15 MINUTES)</b>  To receive any petitions and deputations provided that no such petition or deputation is in relation to: <ul style="list-style-type: none"><li>• Matters relating to individual Council Officers, or</li><li>• Matters relating to current or pending legal proceedings</li></ul>

<b>6.</b>	<b>AUDIT AND GOVERNANCE COMMITTEE ACTION PLAN (Pages 13 - 16)</b>  To consider the Action Plan.				
<b>7.</b>	<b>ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2014-15 UPDATE</b>  To receive a verbal update from the Head of Finance updating members on the Annual Governance Statement Action Plan.				
<b>8.</b>	<b>PEER REVIEW ACTION PLAN (Pages 17 - 28)</b>  To receive a verbal update from the Head of Finance updating members on the Peer Review Action Plan.				
<b>9.</b>	<b>GLOUCESTER CITY COUNCIL ANNUAL AUDIT LETTER 2013-14 (Pages 29 - 36)</b>  To receive the Annual Audit Letter 2013-14 from KPMG.				
<b>10.</b>	<b>ANNUAL RISK MANAGEMENT REPORT (Pages 37 - 42)</b>  To consider the report of the Audit, Risk and Assurance Manager which provides members with an update on the Council's risk management activities from the past year to date and future planned actions.				
<b>11.</b>	<b>REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) - ANNUAL REVIEW OF PROCEDURAL GUIDE (Pages 43 - 68)</b>  To consider the report of the Head of Paid Service concerning the Annual Review of the Regulation of Investigatory Powers Act 2000 (RIPA) Procedural Guide.				
<b>12.</b>	<b>TREASURY MANAGEMENT UPDATE QUARTER 2 REPORT 2014-15 (Pages 69 - 80)</b>  To consider the report of the Head of Finance updating members on treasury management activities covering Quarter 2, 1 <sup>st</sup> July 2014 to 30 <sup>th</sup> September 2014.				
<b>13.</b>	<b>AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME (Pages 81 - 82)</b>  To consider the Committee's Work Programme				
<b>14.</b>	<p><b>EXCLUSION OF PRESS AND PUBLIC</b></p> <p><b>To resolve:-</b></p> <p>"That the press and public be excluded from the meeting during the following item of business on the grounds that it is likely, in view of the nature of business to be transacted or the nature of the proceedings, that if members of the press and public are present during consideration of this item there will be disclosure to them of exempt information as defined in Schedule 12A of the Local Government Act 1972 as amended".</p> <table> <tr> <th><b>Agenda Item No.</b></th><th><b>Description of Exempt Information</b></th></tr> <tr> <td>15</td><td>Paragraph 3: Information relating to the financial or business affairs of any particular person (including the Authority holding that information).</td></tr> </table>	<b>Agenda Item No.</b>	<b>Description of Exempt Information</b>	15	Paragraph 3: Information relating to the financial or business affairs of any particular person (including the Authority holding that information).
<b>Agenda Item No.</b>	<b>Description of Exempt Information</b>				
15	Paragraph 3: Information relating to the financial or business affairs of any particular person (including the Authority holding that information).				

	Paragraph 7: Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.
<b>15.</b>	<b>UPDATE ON COUNCIL IT SYSTEM ISSUES</b> (Pages 83 - 88)  To consider the report of the Senior Information Risk Officer relating to the governance issues arising out of recent issues with the Council's IT systems.
<b>16.</b>	<b>DATE OF NEXT MEETING</b>  Monday, 19 January 2015 at 6.30pm.

*M. Shields*

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**Martin Shields**  
**Corporate Director of Services and Neighbourhoods**

**Date of Publication: Wednesday, 5 November 2014**

## NOTES

### Disclosable Pecuniary Interests

The duties to register, disclose and not to participate in respect of any matter in which a member has a Disclosable Pecuniary Interest are set out in Chapter 7 of the Localism Act 2011.

Disclosable pecuniary interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 as follows –

<u>Interest</u>	<u>Prescribed description</u>
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the Council) made or provided within the previous 12 months (up to and including the date of notification of the interest) in respect of any expenses incurred by you carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between you, your spouse or civil partner or person with whom you are living as a spouse or civil partner (or a body in which you or they have a beneficial interest) and the Council (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged
Land	Any beneficial interest in land which is within the Council's area.  For this purpose "land" includes an easement, servitude, interest or right in or over land which does not carry with it a right for you, your spouse, civil partner or person with whom you are living as a spouse or civil partner (alone or jointly with another) to occupy the land or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the Council's area for a month or longer.
Corporate tenancies	Any tenancy where (to your knowledge) – (a) the landlord is the Council; and (b) the tenant is a body in which you, your spouse or civil partner or a person you are living with as a spouse or civil partner has a beneficial interest
Securities	Any beneficial interest in securities of a body where – (a) that body (to your knowledge) has a place of business or land in the Council's area and (b) either – i. The total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or ii. If the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, your spouse or civil partner or person with

whom you are living as a spouse or civil partner has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

For this purpose, “securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

NOTE: the requirements in respect of the registration and disclosure of Disclosable Pecuniary Interests and withdrawing from participating in respect of any matter where you have a Disclosable Pecuniary Interest apply to your interests and those of your spouse or civil partner or person with whom you are living as a spouse or civil partner where you are aware of their interest.

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For further details and enquiries about this meeting please contact Parvati Diyar, 01452 396192, [parvati.diyar@gloucester.gov.uk](mailto:parvati.diyar@gloucester.gov.uk).

For general enquiries about Gloucester City Council’s meetings please contact Democratic Services, 01452 396126, [democratic.services@gloucester.gov.uk](mailto:democratic.services@gloucester.gov.uk).

If you, or someone you know cannot understand English and need help with this information, or if you would like a large print, Braille, or audio version of this information please call 01452 396396.

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Any recording must take place in such a way as to ensure that the view of Councillors, Officers, the Public and Press is not obstructed. The use of flash photography and/or additional lighting will not be allowed unless this has been discussed and agreed in advance of the meeting.

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- You should proceed calmly; do not run and do not use the lifts;
- Do not stop to collect personal belongings;
- Once you are outside, please do not wait immediately next to the building; gather at the assembly point in the car park and await further instructions;
- Do not re-enter the building until told by a member of staff or the fire brigade that it is safe to do so.

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## AUDIT AND GOVERNANCE COMMITTEE

**MEETING** : Monday, 8th September 2014

**PRESENT** : Cllrs. Wilson (Chair), Hobbs (Vice-Chair), Noakes, Haigh, McLellan and Taylor

### **Others in Attendance**

Darren Gilbert, KPMG LLP

Tara Westcott, KPMG LLP

Sue Mullins, Head of Legal and Policy Development (GCC)

Jon Topping, Head of Finance (GCC)

Stephanie Payne, Audit, Risk Management and Value for Money Officer (GCC)

Wendy Jones, Customer Services Manager (GCC)

Ruth Aldridge, Head of Human Resources and Organisational Development (GCC)

**APOLOGIES** : Cllr Llewellyn

### **21. DECLARATIONS OF INTEREST**

There were no declarations of interest.

### **22. MINUTES**

The minutes of the meeting held on 26 June 2014 were approved as a correct record and signed by the Chair.

### **23. PUBLIC QUESTION TIME (15 MINUTES)**

There were no public questions.

### **24. PETITIONS AND DEPUTATIONS (15 MINUTES)**

There were no petitions or deputations.

### **25. UPDATE ON PAYROLL CONTRACT SLA**

**AUDIT AND GOVERNANCE COMMITTEE**  
**08.09.14**

The Committee considered an update on the Council's payroll service from the Council's Head of Human Resources and Organisational Development. The Committee was further advised that a payroll review was currently underway, the outcome of which would be known in December 2014.

The Committee discussed the following matters.

The Chair queried whether a control was in place regarding a management review of exception reports. The Head of Finance advised that checks were being carried out and that in the future all necessary control procedures would be in place.

Councillor Haigh queried whether Officers were satisfied that payments were being made correctly and referred to an example of a Member who had received incorrect remuneration. The Head of Human Resources and Organisational Development responded that she was not aware of any major issues and that the case of the elected Member in question had been brought to her attention and dealt with.

**RESOLVED** – that the update be noted.

**26. COMPLAINTS POLICY**

The Committee considered a report produced by the Council's Customer Services Manager which set out a revised Corporate Complaints Policy for endorsement by the Committee prior to its approval by a meeting of Full Council on 25 September 2014.

The Committee discussed the following matters:-

- Clarification was provided on 'Net Consent'.
- The Chair queried how anonymous complaints were dealt with. The Committee was informed that these were processed as service requests and were not ignored.
- The Chair asked how complaints against the Council's partners and contractors would be monitored. The Committee was informed that this function would be carried out by the Head of Business Improvement and Performance.
- Councillor Hobbs requested that the confidentiality of complaints should be given more prominence in the documents. This was accepted.
- An incorrectly aligned bullet point was identified for correction.
- Councillor Haigh requested that the 'Have your Say' leaflet be amended to reflect the fact that equality information collected would be processed separately to the feedback information.

**RESOLVED TO RECOMMEND TO COUNCIL** – that the revised Complaints Policy be approved subject to the amendments identified by the Audit and Governance Committee.

**27. ANNUAL COMPLAINTS MONITORING**

The Committee considered a report produced by the Council's Monitoring Officer which set out statistics relating to complaints and compliments received by the City



**AUDIT AND GOVERNANCE COMMITTEE**  
**08.09.14**

Council between April 2013 and March 2014 and complaints made to the Local Government Ombudsman relating to the Council during the same period. The Head of Legal and Policy Development in her capacity as Monitoring Officer summarised the headlines of the report.

The Committee discussed the following matters.

- It was noted that compliments to the Council had increased. The definition of a 'compliment' was explained.
- Councillor Haigh asked for more detailed information regarding complaints about Amey. Councillor Hobbs indicated that this information was made available to the Streetcare Working Party.
- Clarification was sought by Councillor Hobbs on the difference between complaints relating to 'Regeneration Services' and 'Planning'. It was noted that the complaints logged by Customer Services on 'Planning' related to complaints about service delivery and not complaints about planning applications.
- Councillor McLellan queried if responses to complaints had led to any change in Council policies or procedures. The Customer Services Manager responded that this was often the case. Councillor McLellan suggested that this information should be reflected in future reports and this was agreed by the Committee.
- Councillor Hobbs questioned whether it would be more appropriate for the report to be examined by the Overview and Scrutiny Committee in future. The Head of Legal and Policy Development commented that the matter fell within the terms of reference for the Audit and Governance Committee.
- Clarification was sought by Councillor Taylor on the definition of 'unjustified complaints' relating to the Development Control Service. The Customer Services Manager explained the type of complaints that came within this category.

**RESOLVED**

- (1) that the report be noted.
- (2) That future reports should provide information on when action on a complaint had led to a change in Council policy or procedure.

**28. AUDIT AND GOVERNANCE COMMITTEE ACTION PLAN**

The Committee considered the City Council's updated Action Plan. It was noted that the fixed asset register referred to at item 21 had gone live in July 2014 and that the Action Plan would be updated accordingly.

**RESOLVED** – that the Action Plan be noted.

**29. EXTERNAL AUDIT ISA 260 REPORT (KPMG)**

The Committee considered a report produced by KPMG which summarised the key issues identified by KPMG during the audit of the City Council's financial statement for 2013/14 and provided the auditors' assessment of the Council's arrangements to secure value for money in its use of resources.

**AUDIT AND GOVERNANCE COMMITTEE**  
**08.09.14**

The Committee acknowledged the efforts of KPMG and Council staff in ensuring the successful completion of the recent audit. KPMG indicated that they were proposing to issue an unqualified judgement on the City Council's financial status.

Councillor Noakes enquired if this judgement would have an effect on the audit fee set by KPMG in March 2014. KPMG indicated that whilst the fee for the current year would not be reduced it was anticipated that a re-assessment would lead to the fee being reduced next year.

Councillor Hobbs asked if any action had been taken to reduce the NDR deficit. The Head of Finance explained that the intention was to have a zero balance on the account and outlined the factors which made this assumption difficult. KPMG commented that many other authorities found themselves in this position and that it was not an area of concern.

The Chair complimented the Finance Team on the outcome.

**RESOLVED**

- (1) That the ISA report to those charged with governance be noted; and
- (2) That the continued improvements made since the previous external audit process be noted.

**30. TECHNICAL UPDATE (KPMG)**

The Committee considered a technical update produced by KPMG which provided Members with an overview of KPMG's progress in delivering their responsibilities and which also highlighted the main technical issues which were impacting on local government.

**RESOLVED** – that the update be noted.

**31. AUDITED STATEMENT OF ACCOUNTS**

The Committee considered the City Council's 2013/14 Audited Statement of Accounts.

**RESOLVED** – that the Statement of Accounts be noted.

**32. INTERNAL AUDIT PLAN 2014-15 - MONITORING REPORT**

The Committee considered a monitoring report produced by the Council's Audit, Risk and Assurance Manager which informed Members of the audits completed as part of the approved Internal Audit Plan 2014/15.

The Committee discussed the following matters:-

- The Chair queried the position on Docks Catering. The Audit, Risk Management and Value for Money Officer responded that there had been progress with the original recommendations and two had been fully implemented. The Docks Catering service had now installed a till and the

**AUDIT AND GOVERNANCE COMMITTEE**  
**08.09.14**

responsible officer had confirmed that the remaining recommendations should be in place from September 2014. The Chair requested that a further follow up be completed and reported back to Committee. The Audit, Risk Management and Value for Money Officer confirmed that results would be reported back to the Committee in January 2015.

- Councillor McLellan sought clarification on the potential for fraudulent claims in the section on Council Tax Relief. The Audit, Risk Management and Value for Money Officer agreed to provide this information to the Committee separately.
- Councillor Haigh referred to the section on Members' Allowances and commented that it was important that these matters were noted and acted upon. The Audit, Risk Management and Value for Money Officer replied that she was confident from the assurances of the Democratic and Electoral Services Manager that the necessary controls would be in place. A follow up audit would be carried out, the results of which would be reported to the Committee in January 2015.

**RESOLVED** – that the audit work undertaken to date and the assurance given on the adequacy of internal controls operating in the systems audited be endorsed.

**33. ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2014-15 - UPDATE**

The Committee considered a report produced by the Council's Head of Finance on behalf of the Corporate Governance Group which informed them of action taken on the Annual Governance Statement Action Plan 2014-15.

The Committee requested that the information contained in Appendix A1 'Peer Review Action Plan' be reformatted into a document which had a 'RAG' style format and which clearly evidenced which actions had been completed. It was agreed that the relevant officer would be present at the next meeting of the Committee to answer any queries. In the absence of this data the Committee was unable to endorse the document and resolved to defer the item to the next meeting.

**RESOLVED** – that the Annual Governance Statement Action Plan 2014-15 be deferred to the next meeting of the Committee on 13 November 2014.

**34. BUSINESS RATES POOLING REPORT 2013-14**

The Committee considered a report produced by the Council's Head of Finance which informed Members of the outturn position for the year 2013-14 for the Gloucestershire Business Rates Pool.

**RESOLVED** – that the report be noted.

**35. TREASURY MANAGEMENT UPDATE - QUARTER 1 REPORT 2014/15**

The Committee considered an update produced by the Council's Head of Finance which gave an overview of the Council's treasury management performance for the first quarter of 2014/15.

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**08.09.14**

**RESOLVED** – that the report be noted and that no changes are required to the prudential indicators.

**36. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME**

The Committee considered its current work programme for the year 2014-15.

The Chair stated that the Committee would be considering a report on the email issues which the City Council had experienced in July 2014 and that in view of the ongoing Police investigation it was not clear when the report was available.

The Head of Policy and Development acknowledged that the Overview and Scrutiny had requested sight of the report and that it might be appropriate for that Committee to examine other aspects of the matter once Audit and Governance Committee had concluded its findings.

Councillors Haigh and Taylor remarked that it was important for the Audit and Governance Committee to have specialist technical advice when considering the future report on IT issues. The Head of Legal and Policy Development assured the Committee that this would be available.

Turning to page 1 of the work programme, Councillor Hobbs queried if there was any further training that the Committee might benefit from apart from the Standards Refresher training. The Committee agreed that training needs might be evaluated by looking ahead at future agendas.

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

**37. DATE OF NEXT MEETING**

Thursday 13 November 2014 at 18.30 hours.

**Time of commencement: 18.30**

**Time of conclusion: 20.05**

**Chair**

# AUDIT AND GOVERNANCE COMMITTEE – 13 NOVEMBER 2014

## ACTION PLAN

MINUTE NO.	MATTER	CURRENT STATUS	RAG	TARGET DATE	OWNER
<b><u>Actions arising from meeting held on 24 September 2012:</u></b>					
		<b><u>Minute 6 – Meeting on 26 June 2014</u></b> The Asset Manager to provide a further update at the Audit & Governance Committee in January.	G	19.01.15	RW
Page 17	Purchase of software with a modern stock control facility at The Guildhall.	The stock control facility is part of a broader system requirement for the Guildhall operations. A new Manager has now been appointed at the Guildhall, who will review existing processes and systems and develop a business case for a new system as required. This will include stock control functionality.	G	31.03.14	SG
		<b>NB</b> A review of the Guildhall operations, including IT requirements, is currently being undertaken by Consultants and a cross party working group of Members. A decision on whether to purchase new software has been put on hold pending the results of the consultants' review, the findings from which are due to be reported in November 2014.		30.11.14 (revised date)	MS

MINUTE NO.	MATTER	CURRENT STATUS	RAG	TARGET DATE	OWNER
<u>Actions arising from meeting held on 8 September 2014:</u>					
26	Complaints Policy	<p>3 amendments were requested by the Committee before the report was submitted to Full Council on 25 September 2014:</p> <ul style="list-style-type: none"> <li>• More prominence to be given to the fact that reports were treated in confidence.</li> <li>• An incorrectly aligned bullet point to be corrected.</li> <li>• The 'Have Your Say' leaflet to be amended in future to reflect the fact that equality information collected was processed separately to the feedback information.</li> </ul>	Action Complete	09.09.14	WJ
27	Annual Complaints Monitoring	It was agreed that future reports would reflect where action on a complaint had led to a change in a Council policy or procedure.	G	30.06.15	SM / WJ
32	Internal Audit Plan 2014-15 – Monitoring Report	It was agreed that the outcome of follow up audits on Docks Catering and Members' Allowances would be reported to the Committee in January 2015	G	19.01.15	TR
33	Annual Governance Statement Action Plan 2014-15 Update	Agreed that the report be deferred to the next meeting in November 2014 and that Appendix A1 'Peer Review Action Plan' be resubmitted in a 'RAG' style format showing clearly which actions had been completed. It was further agreed that the Head of Business Improvement should attend the November meeting to answer any queries.	G	13.11.14	JT / SN






MINUTE NO.	MATTER	CURRENT STATUS	RAG	TARGET DATE	OWNER
36	Audit and Governance Committee Work Programme	Noted that the Committee would be receiving a report (probably to the January 2015 meeting) on the ICT issues experienced by the City Council in July 2014. Some appendices to the report might have to be restricted. Also a 'technical expert' would be attending this meeting to give advice to the Committee.	G	19.01.15	SN

**PLEASE NOTE:** Rolling agenda items requested by the Committee have not been included above but have been included on the Audit and Governance Work Programme.






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## Peer Review Action Plan





No	Issue Identified	Actions Required	Lead Officer	Progress / Outcome	Timescale	Status
1	Development of Member and staff understanding of the scale of the future financial challenge	Ongoing dialogue throughout the year with Group Leaders and Political Groups in relation to savings, forecasting and challenges.	JT/MG	Portfolio holders to receive monthly budget monitoring updates.	September 2014	
				Monthly report of management accounts to SMT also shared with portfolio holders.	June 2014	
				Quarterly budget monitoring forecast reports to Cabinet and O&S.	April 2014	
		Pick up actions from Financial Peer review report on creating more comprehensive information and management understanding.	SN/JT/Member s	Combine the budget monitoring information and performance reporting to enable a more comprehensive picture. This is currently in discussion between Finance and Business Improvement.	February 2015	
				Improved training and support now offered to managers through	June 2014 and ongoing	

## Peer Review Action Plan







				monthly meetings with Management Accountant and updated budget information.		
				Training session offered to all members on Local Government Finance.	September 2014	
		Independent advice for Members in relation to Council finance and risk.	SMT/LG A	LGA to arrange peer support to each political group Sept 2014	To be confirmed with LGA	
2	Alignment of budget setting processes	Involve Members, staff and partners in budget consultation	JT/MG/WJ	Management Accountant meeting all managers to consult with and identify savings from budgets	Sept / Oct 2014	
				Portfolio holders consulted through cabinet away days, identifying areas for future savings	May 2014	
				Communications sent out from SMT and Inhouse to alert all staff of opportunity to take part in online budget	July & Aug 2014	

## Peer Review Action Plan





				<p>consultation</p> <p>Budget consultation undertaken earlier than previous consultations with reports going to O&amp;S in December 2014</p> <p>Budget savings with partners agreed through strategic meetings and based upon performance and previous savings targets. Ongoing operational / strategic discussion to agree future savings targets.</p>	<p>July 2014 and Ongoing</p> <p>April 2014 and ongoing</p>	 
3	Priorities linked to resources agreed by Cabinet and communicated to staff	Review of Council Plan and resources required for delivery	MS/SN/ Members / All staff	<p>Workshops held with members and staff in identifying commitments, projects and future plans in line with existing strategy and budgets.</p> <p>Council Plan to be reviewed annually alongside performance and budget monitoring</p>	<p>May – September 2013</p> <p>Jan – March 2015</p>	 

				Development of new performance indicators to be produced alongside budget information	March 2014	
		Familiarise staff with new plan and link to service performance across the Council	SMT	All services produced yearly delivery plans in line with key objectives in Council Plan and discussed with SMT and shared with Cabinet members.	March – May 2014	
				Staff Event in October, themed around Council Plan to promote understanding of strategic direction of the Council and the impact that each employee can make towards the successful delivery of the plan.	October 2014	
				Appraisals aligned to service delivery plans to enable transparency of contribution to organisational delivery and performance.	March 2015	





## Peer Review Action Plan

4.	Improve Internal communications with staff	Review current use of internal communication channels and format.	Cabinet/ SMT/ MS	<p>Introduce a 'get to know your Cabinet Member' briefing note for all staff.</p> <p>SMT to attend service 'Team Times' to discuss key issues, performance, events, changes.</p> <p>Weekly blog from Corporate Director – In place from May 2014.</p> <p>Introductions between Cabinet Members and teams undertaken.</p> <p>Development of Council Intranet to enable discussion on hot topics, wellbeing, updates and news.</p>	<p>Completed August – September 2014</p> <p>Dec 2014 – March 2015</p> <p>May 2014 ongoing</p> <p>Completed July – Sept 2014</p> <p>To be scoped with Civica</p>	    
		Staff Survey to be undertaken to understand and inform engagement and organisational health	RA	Annual staff survey to collect baseline information on staff engagement, adaption to change and perception of how we are doing.	March 2015	






## Peer Review Action Plan

5	United Leadership approach across Directors, SMT and Cabinet	Visibility, jointly supportive, avoiding duplication or crossing into each others roles	SMT & Cabinet	'Top Team' event facilitated by the LGA to cover Member / officer relations. Understanding of the respective roles and acknowledgment of the member / officer protocol. Facilitated sessions with Peers to include discussion and agreement of roles and responsibilities of Officers and members, to improve working relationships and purpose.	Sept/Nov 2014	
				Include members in distribution of 'In House' publications	Completed May 2014	
6	Training for members and officers to help understand each others roles	Support from LGA to establish and agree roles, responsibilities, existing protocols.	MS/SMT / Cabinet & Group Leaders	LGA attending Cabinet / SMT away days and further meetings with Corporate Directors.	March 2014 and ongoing	
				Offer training through outside body e.g South West Councils for staff to understand Councillor	Jan 2015	

## Peer Review Action Plan





				<p>and Officer roles and responsibilities in local government.</p> <p>Staff Inductions to include information relating to working in local government and the role of Councillors.</p> <p>Make available training on professional matters e.g planning, heritage, conservation, urban design etc- currently being considered via LGA and other sources of training in specialist areas.</p> <p>The LGA New Members guide has been shared with Group Leaders for them to share with their groups.</p>	<p>March 2015</p> <p>To be confirmed with LGA</p> <p>June 2014</p>	    
7	Provide opportunities for all staff to have input and feed in ideas,	Ensure that decision making responsibilities are correctly aligned with roles and recorded	SMT	Constitution updated with new responsibilities identified for relevant officers.	Updated and continually reviewed	

## Peer Review Action Plan





	encouraging staff to make decisions without fear of getting them wrong			Revised spending limits to meet operational requirements and support decision making responsibilities.	Completed and continually reviewed	
		Build confidence amongst staff by ensuring decision making processes are understood by officers (correct forms signed by relevant officer/Member and stored for audit purposes)	SMT/Committee Section	Procedures written up and circulated to all managers to share with teams.	January 2015	
		Do 'pulse checks' quarterly amongst staff, consisting of a few open ended questions, to encourage and enable 'fearless feedback' (covering engagement, strategy, budgets, operations, organisational health, etc)	SMT/Internal Comms	Pilot being held at Annual Staff Event to be adopted once trialed	Oct 2014	
		Provide channel for all staff to put forward ideas in relation to service improvements to develop learning environment, budget savings, improved communications etc. Relevant service then assist with delivery e.g Business Improvement, Internal Communications, SMT.	Business Imp, Internal Comms, SMT	Offer practical help with associated with delivery of suggestions and ideas through communicating with all stakeholders, channel options, scripting and process mapping.	Nov 2014 – Jan 2015	
8	Link the physical and social aspects of regeneration together	Ensure that social regeneration is considered in all regeneration schemes.	AH/EP	Work has already begun with initiatives involving jointly funded 'community builders', further work to be done	April 2014	






## Peer Review Action Plan

				<p>around the return on investment.</p> <p>Work with relevant stakeholders to make most of employment, skills, training and development initiatives in local areas. Using information in City Plan and Regeneration Strategy to engage and develop linkages between social and physical regeneration.</p> <p>Possible linking to the Gloucester Regeneration Advisory Board.</p>	<p>Ongoing</p> <p>Under consideration</p>	          
9	Develop the Councils organisational values, attitudes and behaviours in line with evolving environment and challenges	<p>Work with all staff and Members to identify what type of organisation we are and need to be in order to thrive and be successful</p> <p>Progress the achievements of the workshops provided by the LGA, SfJ and Birmingham City Council:</p> <ul style="list-style-type: none"> <li>• Business Canvas Model (see attached)</li> </ul>	SN/RA	<p>Workshops undertaken with Members and staff to discuss and identify challenges and values associated with the Council.</p> <p>Workshop identified 3 key areas for Officers to focus on to assist with</p>	<p>Sept 2014</p> <p>March 2015</p>	          

## Peer Review Action Plan

		<ul style="list-style-type: none"> <li>Workforce Canvas (see attached)</li> </ul>		<p>identifying 'what type of organisation we are' and key issues.</p> <ol style="list-style-type: none"> <li>Key Activities</li> <li>Value Proposition</li> <li>Cost Structure</li> </ol> <p>Work on development of key issues identified within the canvas e.g Apprenticeships / 'workforce passport scheme'</p> <p>Understanding workforce today and requirements for future delivery and skills required.</p>	March 2015	
10	SMT & Cabinet to lead the way in demonstrating the Values, Attitude and Behaviours desired by the Council	<p>Joint walkabouts with SMT &amp; Cabinet members to engage teams</p> <p>Acknowledgement of good performance including 'Thank You' and 'Well Done' notes</p>	SMT / Cabinet	<p>Cabinet/SMT interacting with teams on an informal basis, increasing visibility.</p> <p>Reward scheme</p> <p>Visit from SMT/Director or Cabinet Member to</p>	<p>Jan 2015</p> <p>Under consideration</p> <p>Oct 2014</p>	  

## Peer Review Action Plan

				recognise and note achievements.		
				Excellent performance / achievements to be reported in 'In House' communications and at Staff Award event.	Ongoing	
		Ensure appropriate resource is allocated to support Head of Paid Service		Peter Jones, Gloucestershire County Council to support Head of Paid Service.	Ongoing	
				Heads of Service empowered to make decisions within areas of responsibility.	Ongoing	

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# Annual Audit Letter 2013/14

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Gloucester City Council

30 October 2014

Agenda Item 9

## The contacts at KPMG in connection with this report are:

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#### 2. Audit fees

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission has issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies*. This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. We draw your attention to this document which is available on the Audit Commission's website at [www.auditcommission.gov.uk](http://www.auditcommission.gov.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Darren Gilbert, the appointed engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact Trevor Rees on 0161 246 4000, or by email to [trevor.rees@kpmg.co.uk](mailto:trevor.rees@kpmg.co.uk), who is the national contact partner for all of KPMG's work with the Audit Commission. After this, if you are still dissatisfied with how your complaint has been handled you can access the Audit Commission's complaints procedure. Put your complaint in writing to the Complaints Unit Manager, Audit Commission, 3<sup>rd</sup> Floor, Fry Building, 2 Marsham Street, London, SW1P 4DF or by email to [complaints@audit-commission.gsi.gov.uk](mailto:complaints@audit-commission.gsi.gov.uk). Their telephone number is 0303 4448 330.

**This report summarises the key findings from our 2013/14 audit of Gloucester City Council (the Authority).**

**Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.**

**Our audit covers the audit of the Authority's 2013/14 financial statements and the 2013/14 VFM conclusion.**

<b>VFM conclusion</b>	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2013/14 on 8 September 2014. This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at your financial governance, financial planning and financial control processes, as well as how you are prioritising resources and improving efficiency and productivity.</p>
<b>VFM risk areas</b>	<p>We identified three significant risks to our VFM conclusion, specifically relating to contract monitoring, budgetary control and monitoring of progress against the savings plan, and considered the arrangements you have put in place to mitigate these.</p> <p>We were satisfied that the Authority's arrangements in relation to the risk areas were adequate.</p>
<b>Audit opinion</b>	<p>We issued an unqualified opinion on your financial statements on 8 September 2014. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include those of the Authority's Group, which consists of the Authority itself, Gloucester City Homes and Gloucestershire Airport Limited.</p>
<b>Financial statements audit</b>	<p>We identified two corrected and one uncorrected significant audit adjustments which were reclassifications on the balance sheet and had no impact upon the General Fund.</p> <p>We noted an improvement in the quality of the accounts and the supporting working papers this year. The draft version of the accounts provided to us met the 30 June deadline. This version had been reviewed by senior management to ensure the quality of the draft.</p> <p>The version also required little in the way of revision following KPMG review with the majority of our comments being minor. Improvements have also been made to ensure notes are internally consistent within the statements provided.</p>
<b>Annual Governance Statement</b>	<p>We reviewed your <i>Annual Governance Statement</i> and made a number of comments in respect of its format and content. The Authority agreed to amend the AGS accordingly.</p>

All the issues in this letter have been previously reported. The detailed findings are contained in the reports we have listed in Appendix 2.

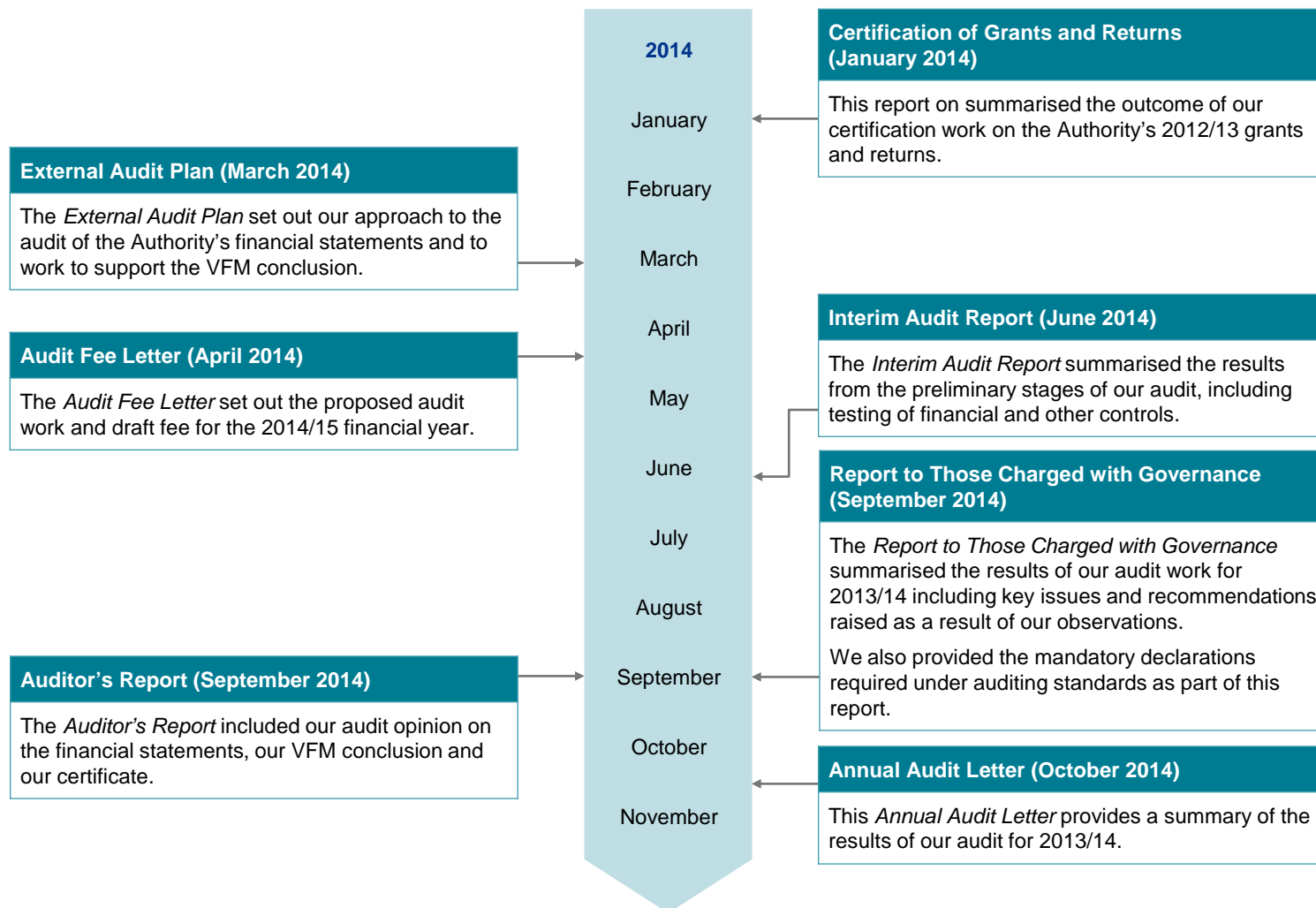
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Certificate	<p>We issued our certificate on 8 September 2014.</p> <p>The certificate confirms that we have concluded the audit for 2013/14 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i>.</p>
Audit fee	<p>Our fee for 2013/14 was £117,328, excluding VAT. This comprises the planned fee of £115,000 plus an agreed additional fee of £1,428 for a review of a severance business case requested by the Authority and work that would ordinarily be covered by certification of the LA01 grant claim which in 2013/14 (and future years) was required to be undertaken as part of the opinion audit. This represents a 16% reduction in fee compared to prior year. Our fees are still subject to final determination by the Audit Commission and further detail is contained in Appendix 2.</p>



## Appendix 1: Summary of reports issued

This appendix summarises the reports we issued since our last *Annual Audit Letter*.



This appendix provides information on our final fees for 2013/14.

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To ensure openness between KPMG and your Audit & Governance Committee about the extent of our fee relationship with you, we have summarised the outturn against the 2013/14 planned audit fee.

### External audit

Our final fee for the 2013/14 audit of the Authority was £117,328. This compares to a planned fee of £115,000. The reason for this variance is:

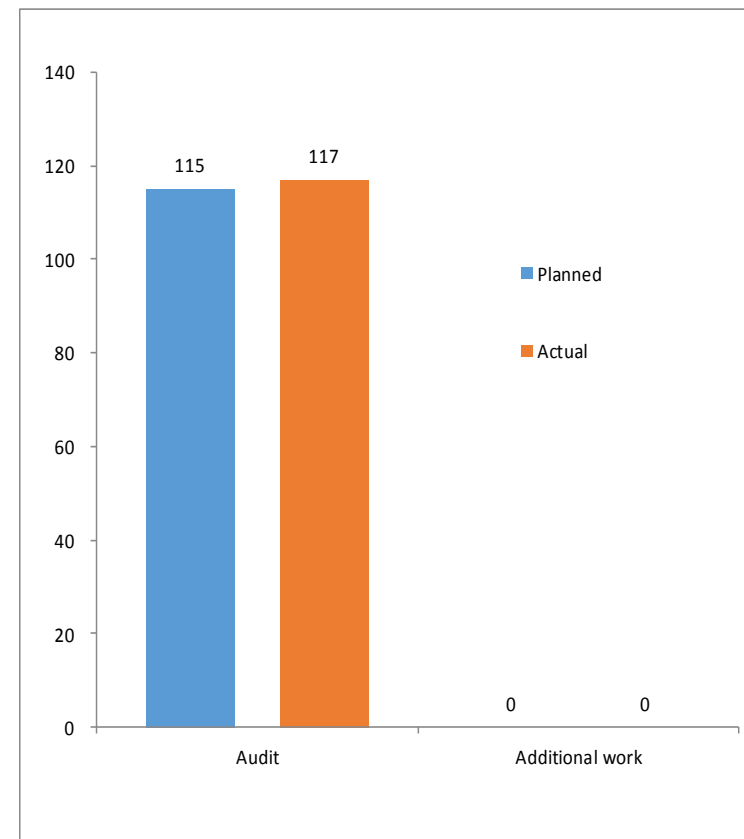
- additional work, which was not allowed for in our initial plan, namely a review of a severance business case requested by the Authority (£1,428).
- Additional work that would ordinarily be covered by certification of the LA01 grant claim which in 2013/14 (and future years) was required to be undertaken as part of the opinion audit (£900).

Our fees are still subject to final determination by the Audit Commission.

### Certification of grants and returns

Our grants work is still ongoing and the fee will be confirmed through our report on the *Certification of Grants and Returns 2013/14* which we are due to issue in January 2015.

External audit fees 2013/14 (£'000)





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<b>Meeting:</b>	<b>Audit &amp; Governance Committee</b>	<b>Date:</b>	<b>13 November 2014</b>
	<b>Cabinet Briefing</b>		<b>19 November 2014</b>
<b>Subject:</b>	<b>Annual Risk Management Report</b>		
<b>Report Of:</b>	<b>Audit, Risk and Assurance Manager</b>		
<b>Wards Affected:</b>	<b>Not applicable</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
<b>Contact Officer:</b>	<b>Stephanie Payne – Audit, Risk Management and Value for Money Officer</b>		
	<b>Email:</b>	<b><a href="mailto:stephanie.payne@gloucester.gov.uk">stephanie.payne@gloucester.gov.uk</a></b>	<b>Tel: 396432</b>
<b>Appendices:</b>	<b>None</b>		

## FOR GENERAL RELEASE

### 1.0 Purpose of Report

- 1.1 The Audit and Governance Committee's terms of reference includes the function 'to monitor the effective development and operation of risk management'.
- 1.2 This report is designed to assist the Committee in the exercise of this function – to provide Members with an update on the Council's risk management activities from the past year to date and also confirm future planned actions.

### 2.0 Recommendations

- 2.1 Audit & Governance Committee is asked to RESOLVE that Members:
  - (1) Endorse the risk management arrangements in place for the past year.
  - (2) Note the proposals for future development of risk management.

### 3.0 Background and Key Issues

- 3.1 'Risk management is the culture, process and structures that are directed towards effective management of potential opportunities and threats to the Council achieving its priorities and objectives' – ALARM, the public risk management association.
- 3.2 The Accounts and Audit Regulations 2011 require local authorities to have a sound system of internal control including arrangements for the effective management of risk.
- 3.3 Risk management is a key part of the Council's corporate governance framework and internal control environment. It is one of the six core principles within the Council's Code of Governance (part of the Council Constitution) – 'taking informed and transparent decisions which are subject to effective scrutiny and managing risk'.

- 3.4 The Council recognises the importance of risk management, its place within the internal controls of a public body, and its contribution to the delivery of successful strategic and service level outcomes.

#### **4.0 Risk Management Process and Activity**

##### **4.1 Risk Management Strategy and Framework**

The Risk Management Strategy sets out the risk management principles and approach in operation within the Council. The Strategy was last updated and approved by Members in March 2012. Whilst the main principles of the Strategy remain relevant, the document requires update to take account of the Council's current structure, objectives and current best practice guidance.

A revised Risk Management Strategy has been drafted for Member approval and will be presented to the Audit and Governance Committee in January 2015.

The revised Strategy is intended to reaffirm and improve effective risk management in the Council, comply with good practice and in doing so, effectively manage potential opportunities and threats to the organisation achieving its objectives.

##### **4.2 Strategic risk management**

The Risk Management Strategy states the need for formal review of the strategic risk register to identify risks associated with the achievement of the Council's priorities and objectives within the Council Plan.

In the past year, the strategic risk register has been formally reviewed by Senior Management Team (SMT) on a monthly basis with risk owners at SMT level. Versions of the strategic risk register have been tracked to ensure audit trail of changes and risk direction of travel.

Review of the strategic risk register was completed by the Leader in April 2014, in line with the Risk Management Strategy. The revised Risk Management Strategy will require the strategic risk register to be reviewed by Audit and Governance Committee and Cabinet on a biannual basis. This will commence following Member approval of the revised Risk Management Strategy.

##### **4.3 Service (operational) risk management**

Service Managers are responsible for completing a service risk register containing risks relevant to their service objectives (detailed within the service business plan). Service risk registers should follow the Council risk register template.

All service business plans and risk registers are reviewed by SMT, within the annual SMT forward plan. SMT review of 2014/15 documents is currently in progress.

As at October 2014, review by the Officer Risk Management Champion has confirmed that all 26 services have a service risk register in place.

It is acknowledged that further progression of service risk registers is required to ensure that they are fully in line with Risk Management Strategy requirements – e.g. the development of risk definitions and mitigating action timescales; and risk register review and update as appropriate to ensure reflection of the service current risk position. This will be delivered through ongoing officer training and support.

Risk registers are also required for all significant partnerships and projects e.g. Housing stock transfer and the Kings Quarter regeneration project. In order to identify all significant partnerships & projects there is a need for a central register, to support confirmation that relevant risk management arrangements (including risk registers) are in place.

#### 4.4 Promotion, communication and training

##### 4.4.1 Officer training

The service risk management approach was supported by three work shop sessions held in February 2014. The workshops offered co-ordinated advice and guidance on service business plans, risk registers and business continuity documents. The sessions were led by the Officer Risk Management Champion, the Business Improvement Team and the Health, Partnerships and Engagement Manager.

Update was also completed at Gloucester Management Team (GMT) to promote general awareness.

Advice and guidance has been provided to services through regular communications and 121 development meetings with Managers to promote risk management good practice. Feedback has also been provided through SMT review of service business plans and risk registers.

##### 4.4.2 Member training

The Member Risk Management Champion role (position currently held by Councillor Debbie Llewellyn) supports and promotes the Council's risk management framework and approach.

Risk management workshops are scheduled within the annual Members Development Programme.

A risk management workshop was delivered to Members in January 2014 as part of the 2013/14 Members Development Programme. 7 Members attended and feedback was received on the strategic risk register.

The 2014/15 Members Development Programme scheduled the risk management workshop for June 2014. 1 Member out of 6 acceptances attended the event.

#### 4.5 Independent review of risk management arrangements

An independent internal audit of risk management controls was completed for 2013/14 and reported in May 2014. The internal audit was completed by another local authority internal audit team and reported to the Audit and Governance Committee.

The audit concluded that there is a satisfactory level of assurance over the risk management process within Gloucester City Council.

Audit recommendations were raised in regards to a small number of gaps in the production of individual service risk registers and requirement for review of the strategic risk register by Committee.

The recommendations have been actioned through the proposed revision of the Risk Management Strategy and all services confirmed as having a risk register in place as at October 2014 – report section 4.3.

#### 4.6 Insurance arrangements

The Council has insurance cover with Zurich Municipal (Zurich). Part of the 2014/15 insurance policy includes a number of Zurich risk management days (at no additional charge), to be used for risk management support or audit review.

For 2014/15, Zurich has proposed to complete a property and liability risk management standards audit. This covers a number of areas, including facilities management, fire safety management and flood prevention/assessment. Zurich has confirmed that the review results and recommendations would not impact the Council's insurance premium.

The audit is planned to be completed within 2014/15 and will be facilitated by the Officer Risk Management Champion. Results will be reported to the Audit and Governance Committee.

#### 4.7 Risk management links to internal audit

The Council's Internal Audit service (provided by GAAP) follows a Risk Based Internal Audit approach.

Internal Audit work is carried out to the standards outlined in the Public Sector Internal Audit Standards and is reported to the Audit & Governance Committee, supporting the Committee's function to monitor the operation of risk management.

Relevant reports submitted to Audit & Governance Committee include:

- The Annual Risk Based Internal Audit Plan
- Internal audit monitoring reports - confirming the level of assurance for each completed audit, highlighting weakness/risk areas and confirming where rank 1 fundamental recommendations have not been implemented within agreed timescales
- The Audit, Risk and Assurance Manager's annual opinion on the overall adequacy and effectiveness of the Council's control environment (comprising risk management, internal control and governance), which supports the Annual Governance Statement

### 5.0 Alternative Options Considered

#### 5.1 No other options have been considered.



## **6.0 Reasons for Recommendations**

- 6.1 A risk management annual report is required to support the Audit and Governance Committee function 'to monitor the effective development and operation of risk management'. The Council's Risk Management Strategy requires review of the report by both SMT and Audit and Governance Committee.

## **7.0 Future Work and Conclusions**

- 7.1 The following risk management key developments and actions are planned for the next 12 months:
- Approval and implementation of the revised Risk Management Strategy, including (but not exclusive to):
    - Biannual review of the strategic risk register by Audit and Governance Committee and Cabinet
    - Availability of the Strategy on the intranet and internet, supported by Council communications
    - Ongoing officer risk management training – at GMT
    - Risk management workshop to remain in the Member Development Programme and induction approach – with further support to be provided where strategic risk register presented to Committee/Cabinet
  - Officer Risk Management Champion to complete a partnership risk register and service risk register review, to support development of the documents
  - Property and liability risk management standards audit - to be completed by Zurich
  - Ongoing support and good practice advice from the Officer Risk Management Champion to officers via 121 sessions and regular communications
- 7.2 Future annual risk management reports are planned to be aligned to the Council financial and performance year.

## **8.0 Financial Implications**

- 8.1 There are no direct financial implications arising from the report recommendations. Risk management activity is delivered within in house existing resources.

(Financial Services have been consulted in the preparation this report).

## **9.0 Legal Implications**

- 9.1 None specifically arising from the report recommendations.
- 9.2 It is fundamental that the Council has an embedded risk management framework (including a Risk Management Strategy) which considers the identification, recording and management of risks to the Council in the delivery of its priorities and objectives.
- 9.3 The existence and application of an effective Risk Management Strategy assists prudent decision making. Failure to deliver and embed a Risk Management Strategy could lead to unnecessary liability and costly legal challenge as a result of the non management of risks.

(Legal Services have been consulted in the preparation this report).

## **10.0 Risk & Opportunity Management Implications**

- 10.1 The lack of a robust approach to the management of risks and opportunities could result in inappropriately informed decision making and non achievement of the Council's priorities and objectives at both strategic and service levels.

## **11.0 People Impact Assessment (PIA):**

- 11.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

## **12.0 Other Corporate Implications**

### Community Safety

- 12.1 There are no community safety implications arising out of the recommendation in this report.

### Sustainability

- 12.2 There are no sustainability implications arising out of the recommendation in this report.

### Staffing & Trade Union

- 12.3 There are no staffing and trade union implications arising out of the recommendation in this report.

## **Background Documents:**

Council Constitution  
Code of Governance  
Risk Management Strategy



<b>Meeting:</b>	<b>Cabinet</b>	<b>Date:</b>	<b>12 November 2014</b>
	<b>Audit and Governance Committee</b>		<b>13 November 2014</b>
	<b>Council</b>		<b>20 November 2014</b>
<b>Subject:</b>	<b>Regulation of Investigatory Powers Act 2000 (RIPA) – Annual Review of Procedural Guide</b>		
<b>Report Of:</b>	<b>Head of Paid Service</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>No</b>
<b>Contact Officer:</b>	<b>Sue Mullins , Head of Legal and Policy Development</b>		
	<b>Email: sue.mullins@gloucester.gov.uk</b>	<b>Tel:</b>	<b>39-6110</b>
<b>Appendices:</b>	<b>1. Procedural Guidance</b>		

## 1.0 Purpose of Report

- 1.1 To request that Members review and update the Council's procedural guidance on RIPA.

## 2.0 Recommendations

- 2.1 Cabinet is asked to **RECOMMEND**, subject to any comments Cabinet wishes to make, that the changes to the Procedural Guide at Appendix 1 be approved;
- 2.2 Audit and Governance Committee is asked to **RESOLVE**, subject to any comments the Committee wishes to make, that the proposed changes to the Council's RIPA Procedural Guide be noted;
- 2.3 Council is asked to **RESOLVE** that the changes to the Procedural Guide at Appendix 1 be approved.

## 3.0 Background and Key Issues

- 3.1 The Regulation of Investigatory Powers Act 2000 (RIPA) came into force in 2000. Both the legislation and Home Office Codes of Practice strictly prescribe the situations in which and the conditions under which councils can use their RIPA powers. All authorities are required to have a RIPA policy and procedure to which they adhere in using their RIPA powers.
- 3.2 The Council reviews and updates its RIPA Procedural Guide at least annually. The Council last updated its RIPA Procedural Guide in November 2013.
- 3.3 The Council's use of its RIPA powers is subject to annual reporting and triennial inspection by the Office of Surveillance Commissioners (OSC). The Council

received its most recent inspection by the OSC on 27 July 2012. The suggestions for amendment and improvement of the Council's RIPA Procedural Guide arising from the inspection have been incorporated into the Procedural Guide at Appendix 1.

3.4 Since the changes made to the Council's RIPA powers by the Protection of Freedoms Act 2012, the Council has not made use of its RIPA powers. This is most likely due to the change restricting RIPA authorisations for directed surveillance to offences which carry a maximum custodial sentence of 6 months or more. It should be noted that most offences prosecuted by local authorities do not carry custodial sentences, either at all or of this length. As a result of this, it is not possible to say whether or not any changes to the Guide are required from an operational point of view.

3.5 Following a change in senior management, minor changes to the list of Authorised Officers are proposed, to ensure that there are sufficient numbers of officers within the Council who can authorise RIPA applications.

#### **4.0 Alternative Options Considered**

4.1 The Council still has and can make use of other investigatory powers, such as overt surveillance, when investigating potential criminal offences, but must comply with RIPA when it carries out Directed Surveillance or CHIS. There are therefore no real alternative options relevant to the Council's use of its RIPA powers.

#### **5.0 Reasons for Recommendations**

5.1 The revisions set out in the draft Procedural Guide are to ensure that the Guide remains up-to-date.

#### **6.0 Future Work and Conclusions**

6.1 Further revisions to the Procedural Guide may be required, depending on any changes to the legislation or statutory Home Office Guidance.

#### **7.0 Financial Implications**

7.1 There are no direct financial implications arising out of this report.

#### **8.0 Legal Implications**

8.1 These are set out in the main body of the report.

#### **9.0 Risk & Opportunity Management Implications**

9.1 Having a procedural guide that complies with the legislation and guidance and ensuring that officers using RIPA powers are fully trained in the use of the powers will help to reduce the risk of the Council using its RIPA powers unlawfully.

## **10.0 People Impact Assessment (PIA):**

- 10.1 The impact of the changes to the RIPA legislation will have been considered by the Government during the drafting of the legislation. The RIPA legislation requires the Council to give substantial consideration to the people impact of using its RIPA powers each and every time a RIPA application is authorised.
- 10.2 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

## **11.0 Other Corporate Implications**

### Community Safety

- 11.1 The use of RIPA powers by the Council can contribute to ensuring community safety.

### Sustainability

- 11.2 There are no sustainability implications arising out of this report.

### Staffing & Trade Union

- 11.3 There are no staffing or Trade Union implications arising out of this report.

**Background Documents:** None.

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**GLOUCESTER CITY COUNCIL**

**REGULATION OF INVESTIGATORY POWERS ACT 2000**

**PROCEDURAL GUIDE**

Adopted by Council: XXXX

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## **1. INTRODUCTION**

- 1.1 This policy document shall be readily available at the offices of Gloucester City Council ("the Council").
- 1.2 The purpose of this document is to ensure that the Council complies with the Regulation of Investigatory Powers Act 2000 (RIPA).
- 1.3 This document provides guidance on the regulation of any covert surveillance that is carried out by Council officers. This includes the use of undercover officers, informants and private investigators and other agents of the Council.
- 1.4 Any covert surveillance will have to be authorised and conducted in accordance with RIPA, the statutory codes of practice and this Guide and shall only be for one of the purposes set out in this Guide and for a purpose which the Council is legally required or empowered to investigate as part of its functions.
- 1.5 Covert surveillance will only be used by the Council where it judges such use to be proportionate to the seriousness of the crime or matter being investigated, and the history and character of the individual(s) concerned.
- 1.6 Before requesting authorisation, Investigating Officers will have regard to this document and the statutory Codes of Practice issued under section 71 of RIPA. The Codes of Practice are available from the RIPA co-ordinator and direct from the Home Office at <http://www.homeoffice.gov.uk/counter-terrorism/regulation-investigatory-powers/ripa-codes-of-practice/>
- 1.7 Authorising officers will have to consider whether it is necessary and proportionate for Investigating Officers to undertake covert surveillance and whether it is possible to obtain the evidence through other means.
- 1.8 Authorising Officers must give detailed consideration to the risk of collateral intrusion, i.e. the risk of intruding into the privacy of others while watching someone else. Steps will have to be taken to minimise this risk.
- 1.9 There should be no situation where an officer engages in covert surveillance without obtaining authorisation in accordance with the procedures set out in this document, the statutory Codes of Practice and from RIPA.
- 1.10 Any queries concerning the content of the document should be addressed to the RIPA co-ordinator.

## **2. THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)**

### **2.1 The background to RIPA**

RIPA provides a legal framework for the control and regulation of surveillance and information techniques which public authorities undertake as part of their duties. As was highlighted in the introduction to the Guide the need for such control arose as a result of the Human Rights Act 1998. Article 8 of the European Convention on Human Rights states that:-

1. Everyone has the right to respect for his private and family life, his home and his correspondence.
2. There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic wellbeing of the country, for the prevention of disorder or crime, for the protection of health and morals or for the protection of the rights and freedoms of others.

The right under Article 8 is a qualified right and public authorities can interfere with this right for the reasons given in paragraph 2 of Article 8. RIPA provides the legal framework for lawful interference.

## **2.2 The scope of this Guide**

This Guide intends to cover the surveillance and information gathering techniques which are most likely to be carried out by the Council.

Neither RIPA nor this Guide covers the use of any overt surveillance, general observation that forms part of the normal day to day duties of officers, the use of equipment to merely reinforce normal sensory perception, such as binoculars, or circumstances where members of the public who volunteer information to the Council.

RIPA does not normally cover the use of overt CCTV surveillance systems since members of the public are aware that such systems are in place.

If an Investigating Officer envisages using any CCTV system for surveillance they should contact the RIPA co-ordinator.

RIPA deals with a wide variety of surveillance types. Some of the other techniques that are covered by RIPA but will not or cannot be used by local authorities are listed below. These include:-

1. The interception of any communication such as postal, telephone or electronic communications without both the sender and receiver's permission;
2. The acquisition and disclosure of information to who has sent or received any postal, telephone or electronic communication; and
3. The covert use of surveillance equipment within any premises or vehicle, including business premises and vehicles with the intention of covertly gathering information about the occupant(s) of such premises or vehicles.

## **2.3 Consequences of not following RIPA**

Section 27 of RIPA provides that surveillance shall be lawful for all purposes if authorised and conducted in accordance with an authorisation granted under RIPA.

Lawful surveillance is exempted from civil liability

Although not obtaining authorisation does not make the authorisation unlawful per se, it does have some consequences:-

- (i) evidence that is gathered may be inadmissible in court;
- (ii) the subjects of surveillance can bring their own proceedings or defeat proceedings brought by the Council against them on human rights grounds, ie. we have infringed their rights under Article 8;
- (iii) if a challenge under Article 8 is successful the Council could face a claim for financial compensation;
- (iv) a complaint could be made to the Office of Surveillance Commissioners; and
- (v) the government has also introduced a system of tribunal. Any person who believes that their rights have been breached can have their complaint dealt with by way of a tribunal.

## 2.4 The Surveillance Commissioner

The government has appointed a Surveillance Commissioner to review the way in which public authorities implement the requirements of RIPA. The Commissioner has a wide range of powers of access and investigation. The Council will receive periodic visits from the Office of the Surveillance Commissioners. They will check to see if the Council is complying with RIPA.

It is important that the Council can show that it complies with this Guide and with the provisions of RIPA.

## 3. COVERT SURVEILLANCE

There are three categories of covert surveillance:-

1. Directed surveillance
2. Covert human intelligence sources; and
3. Intrusive surveillance (but nothing in this procedure permits the authorising of "Intrusive surveillance" as defined in RIPA (ie. in respect of anything taking place on residential premises or in a private vehicle, involving the presence of an investigator on those premises/vehicles or carried out through a surveillance device).

### 3.1 Directed Surveillance (DS)

3.1.1 The majority of covert surveillance that will be undertaken by the Council will fall under the heading of Directed Surveillance (DS).

3.1.2 DS is defined as surveillance which is covert, but not intrusive, and is undertaken:-

- (a) for the purpose of a specific investigation or operation;

- (b) in such a manner as it is likely to result in obtaining private information about a person (whether or not that person is the target of the investigation or operation); and
- (c) in a planned manner and not by way of an immediate response whereby it would not be reasonably practicable to obtain an authorisation prior to the surveillance being carried out.

3.1.3 It is irrelevant where the subject of the DS is being observed.

3.1.4 If you intend to instruct an agent to carry out the DS the agent must complete and sign the form marked “agent’s agreement form” contained in Appendix C. The agent will be subject to RIPA in the same way as any employee of the Council would be.

3.1.5 The flow chart in Appendix D gives guidance on when authorisation might be needed.

## 3.2 **Covert Human Intelligence Sources (CHIS)**

3.2.1 This involves the establishment or maintenance of a personal or other relationship with a person for the covert purpose of obtaining or disclosing private information. A CHIS is a person who:-

- (a) s/he establishes or maintains a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraph (b) or (c);
- (b) he covertly uses such a relationship to obtain information or to provide access to any information to another person; or
- (c) he covertly discloses information obtained by the use of such a relationship or as a consequence of the existence of such a relationship.

3.2.2 A relationship is established or maintained for a covert purpose if and only if it is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the purpose.

3.2.3 A relationship is used covertly and information obtained is disclosed covertly, if and only if the relationship is used or the information is disclosed in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the use or disclosure in question.

3.2.4 Covert Human Intelligence Sources may only be authorised if the following arrangements are in place:

- that there will at all times be an officer within the local authority who will have day to day responsibility for dealing with the source on behalf of the authority, and for the source’s security and welfare;
- that there will at all times be another officer within the local authority who will have general oversight of the use made of the source;

- that there will at all times be an officer within the local authority who has responsibility for maintaining a record of the use made of the source; and
  - that the records relating to the source maintained by the local authority will always contain particulars of all matters specified by the Secretary of State in Regulations.
- 3.2.5 Legal advice should always be sought where any matters for investigation may involve the use of other enforcement agencies, including the police.
- 3.2.6 Special consideration must be given to the use of vulnerable individuals for CHIS. A 'vulnerable individual' is a person who is or may be in need of community care services by reason of mental or other disability, age or illness and who is or may be unable to take care of himself, or unable to protect himself against significant harm or exploitation. Any individual of this description, or a juvenile as defined below, should only be authorised to act as a source in the most exceptional circumstances and only then when authorised by the Chief Executive (Head of Paid Service) (or, in his absence, by the person acting as Head of Paid Service).
- 3.2.7 Before an Investigating Officer undertakes any surveillance involving a vulnerable individual they **must obtain legal advice** and consult the RIPA co-ordinator concerning any clarification on the administrative process. Also in these cases, the Head of Paid Service (or in his absence, by the person acting as Head of Paid Service) must authorise the use of a vulnerable individual as a CHIS.
- 3.2.8 Special safeguards also apply to the use or conduct of juvenile sources; that is sources under the age of 18 years. On no occasion should the use or conduct of a source under 16 years of age be authorised to give information against his parents or any person who has parental responsibility for him.
- 3.2.9 In other cases, authorisations should not be granted unless the special provisions contained within The Regulation of Investigatory Powers (Juveniles) Order 2000; SI No. 2793 are satisfied. Authorisations for juvenile sources should be granted by the Head of Paid Service (or in his absence, by the person acting as Head of Paid Service). Before an Investigating Officer undertakes any surveillance involving a juvenile they must consult the RIPA co-ordinator.
- 3.2.10 If an Investigating Officer intends to instruct an agent to carry out the CHIS the agent must complete and sign the form marked "agent's agreement form" contained in Appendix C. The agent will be subject to RIPA in the same way as any employee of the Council would be.
- 3.2.11 The flow chart in Appendix D gives guidance on when authorisation might be needed.
- 3.2.12 Any Investigating Officer considering the use of a CHIS must seek advice from the RIPA Co-ordinator before taking any steps in relation to a CHIS.

### **3.3 Intrusive surveillance**

#### **3.3.1 Intrusive surveillance is defined as covert surveillance that:-**

- (a) is carried out in relation to anything taking place on any residential premises or in any private vehicle; and
- (b) involves the presence of any individual on the premises or in the vehicle or is carried out by means of a surveillance device.
- (c) if the device is not located on the premises or in the vehicle, it is not intrusive surveillance unless the device consistently provides information of the same quality and detail as might be expected to be obtained from a device actually present on the premises or in the vehicle.

#### **3.3.2 Local authorities are not authorised to conduct intrusive surveillance.**

### **4. Procedure for Obtaining Authorisations**

#### **4.1 The Senior Responsible Officer:-**

##### **Role:**

##### **4.1.1 The Head of Paid Service is designated the Council's Senior Responsible Officer (SRO) with responsibilities for:-**

- (a) ensuring the integrity of the Council's RIPA processes;
- (b) ensuring compliance with RIPA legislation and the Home Office Codes of Practice;
- (c) engaging with the OSC when its inspector conducts an inspection;
- (d) overseeing the implementation of any post-inspection plans;
- (e) ensuring that all Authorising Officers are of an appropriate standard in light of any recommendations made by the OSC inspection reports;
- (f) ensuring that concerns are addressed, where OSC inspection reports highlight concerns about the standards of Authorising Officers.

#### **4.2 Authorising Officers**

##### **Role:**

Authorising Officers can authorise, review and cancel directed surveillance, and can authorise, review and cancel the employment of a juvenile or vulnerable CHIS, or the acquisition of confidential information.

##### **4.2.1 The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 prescribes that for local authorities the Authorising Officer shall be a Director, Head of Service, Service Manager or**

equivalent as distinct from the officer responsible for the conduct of an investigation.

4.2.2 Officers of a lower rank **cannot** grant authorisations.

4.2.3 A designated Authorising Officer must qualify **both** by rank and by competence. Officers who wish to be designated must have been trained to an appropriate level so as to have an understanding of the Act and the requirements that must be satisfied before an authorisation can be granted.

Appendix A sets out the officers within the Council who can grant authorisations.

4.2.4 Authorisations must be given in writing by the Authorising Officer. .

4.2.5 Authorising Officers are also responsible for carrying out regular reviews of applications which they have authorised and also for the cancellation of authorisations.

#### 4.3 **Investigating Officers - What they need to do before applying for authorisation**

4.3.1 Investigating Officers should think about the need to undertake DS or CHIS before they seek authorisation. Investigating Officers need to consider whether they can obtain the information by using techniques other than covert surveillance. There is nothing that prevents an Investigating Officer discussing the issue of surveillance beforehand. Any comments by a supervisor should be entered into the application for authorisation.

4.3.2 The Codes of Practice do however advise that Authorising Officers should not be directly responsible for authorising investigations or operations in which they are directly involved although it is recognised that this may sometimes be unavoidable.

4.3.3 If an Investigating Officer intends to carry out DS or use CHIS they should complete and submit an Application for Directed Surveillance form which is marked Application for Directed Surveillance or an Application for the use of CHIS which is marked Application for CHIS to an Authorising Officer. An electronic version of the most up-to-date forms and Codes of Practice are available from the RIPA Co-ordinator, via the RIPA folder within SmartAccess or from the Home Office website address in Appendix B.

4.3.4 Appendix D shows the steps which are required as part of the authorisation process.

4.3.5 The person seeking the authorisation should obtain a Unique Reference Number from the RIPA Co-ordinator and complete parts 1 and 2 of the form having regard to the guidance given in this Guide and the statutory Codes of Practice.

4.3.6 The form should then be submitted to the Authorising Officer for authorisation.

#### 4.4 Authorising Officers - What they need to do before authorising surveillance

- 4.4.1 Before giving authorisation an Authorising Officer **must** be satisfied that the reason for the request is the permitted reason under the Act and permitted under the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010, i.e.

in the case of directed surveillance, for the purpose of the prevention and detection of conduct which constitutes one or more criminal offences that are:

- (i) punishable by a maximum term of at least 6 months imprisonment; or
- (ii) are offences under:
  - a. Section 146 of the Licensing Act 2003 (sale of alcohol to children)
  - b. Section 147 of the Licensing Act 2003 (allowing the sale of alcohol to children)
  - c. Section 147A of the Licensing Act 2003 (persistently selling alcohol to children); or
  - d. Section 7 of the Children and Young Persons Act 2003 (sale of tobacco etc. to persons under eighteen); and

or

in the case of CHIS, for the purpose of the prevention and detection of crime or for the preventing of disorder;

and

- the desired result of the covert surveillance cannot reasonably be achieved by other means; and
- the risks of collateral intrusion have been properly considered, and the reason for the surveillance is balanced proportionately against the risk of collateral intrusion; and
- there must also be consideration given to the possibility of collecting confidential personal information. If there is a possibility of collecting personal information the matter should be passed to the Senior Responsible Officer for consideration.

- 4.4.2 An Authorising Officer **must** also be satisfied that the surveillance in each case is **necessary** and **proportionate**.

This is defined as:-

##### **Necessity**

- Obtaining an authorisation under the 2000 Act will only ensure that there is a justifiable interference with an individual's Article 8 rights if it is necessary and proportionate for these activities to take place. The 2000 Act first requires that the person granting an authorisation for directed surveillance believe that the authorisation is necessary in the circumstances of the



particular case for the statutory ground in section 28(3)(b) of the 2000 Act being *“for the purpose of preventing or detecting crime or of preventing disorder”* .

### **Proportionality**

- The following elements of proportionality should be considered:
  - i) balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence;
  - ii) explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others;
  - iii) 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;
  - iv) evidencing as far as reasonably practicable, what other methods have been considered and why they were not implemented.

When the Authorising Officer has considered if the surveillance is necessary and proportionate they must complete the relevant section of the form explaining why in his/her opinion the surveillance is necessary and proportionate.

## **4.5 Judicial Approval**

- 4.5.1 From 1 November 2012, any DS or CHIS authorisation granted by an Authorising Officer **does not** take effect until an order has been made by a Justice of the Peace (“Magistrate”) approving the grant of the authorisation.
- 4.5.2 When an authorisation has been granted by an Authorising Officer, an Officer authorised by the Council to appear on its behalf in Magistrates’ Court proceedings (the “Applicant”) needs to make an application to the Magistrates’ Court for judicial approval of the authorisation before the authorisation can take effect (i.e. before lawful surveillance can begin).
- 4.5.3 Under the Criminal Procedure Rules 2012, the Applicant must:
  - (i) apply in writing and serve the application on the court officer;
  - (ii) attach the authorisation which the Applicant wants the court to approve (NB the original authorisation should be shown to and a copy provided to, the Magistrate. The original authorisation should be retained by the Investigating Officer) ;
  - (iii) attach such other material (if any) on which the Applicant is relying to satisfy the court that the authorisation was necessary for the purposes of the prevention and detection of crime and was proportionate (as set out in paragraph 4.4.1) and that the authorisation was granted by a person designated for the purposes of RIPA .

The Applicant should also provide the Magistrate with two copies of a partially completed judicial application/order to assist the process.

4.5.4 The relevant Magistrate may approve the granting of a DS authorisation if, and only if, they are satisfied that:

- (i) at the time of the grant (i.e. when approval was given by the Authorising Officer):
  - a. there were reasonable grounds for believing that the authorisation was necessary for the purposes of the prevention and detection of crime and was proportionate (as set out in paragraph 4.4.1); and
  - b. that the authorisation was granted by a person designated for the purposes of authorising DS; and
- (ii) at the time when the relevant Magistrate is considering the matter, there remain reasonable grounds for believing that the authorisation is necessary and proportionate (as set out in paragraph 4.4.1)

4.5.5 The relevant Magistrate may approve the granting of a CHIS authorisation if, and only if, they are satisfied that:

- (i) at the time of the grant (i.e. when approval was given by the Head of Paid Service):
  - a. there were reasonable grounds for believing that the authorisation was necessary for the purposes of the prevention and detection of crime or disorder and was proportionate (as set out in paragraph 4.4.1) and that the arrangements set out in paragraph 3.2.3, together with any other prescribed requirements, were in place; and
  - b. that the authorisation was granted by a person designated for the purposes of authorising CHIS, and
- (ii) at the time when the relevant Justice of the Peace is considering the matter, there remain reasonable grounds for believing that the authorisation is necessary and proportionate (as set out in paragraph 4.4.1)

4.5.6 Where an application is approved by a Magistrate, the Investigating Officer should:

- (i) retain a copy of the judicial application/order that has been signed by the Magistrate;
- (ii) retain the original authorisation; and
- (iii) notify the RIPA Co-Ordinator of the JP approval for the authorisation and provide a copy of the authorisation, application and Order for the RIPA records.

4.5.7 Where an application is not approved by a Magistrate, the authorisation does not take effect and the surveillance proposed in the authorisation should not be carried out.

4.5.8 Where an application is refused by a Magistrate, the Magistrate may make an order quashing the authorisation.

## **5. Duration, Review, Renewal and Cancellation of Authorisations**

### **5.1 Duration**

5.1.1 DS authorisations will cease to have effect after three months from the date of judicial approval unless renewed (also subject to judicial approval) or cancelled.

5.1.2 Authorisations should be given for the maximum duration (i.e. three months) but reviewed on a regular basis and formally cancelled when no longer needed.

5.1.3 CHIS authorisations will cease to have effect after twelve months from the date of approval.

5.1.4 Investigating Officers should indicate within the application the period of time that they estimate is required to carry out the surveillance, this will be proportionate to the objectives of the investigation and give due consideration to collateral intrusion.

5.1.5 From 1 November 2012, urgent verbal authorisations are no longer available.

5.1.6 For CHIS authorisations, legal advice must be sought, particularly those that involve the use of juveniles (for which the duration of such an authorisation is one month instead of twelve months).

5.17 It is the responsibility of the Investigating Officer to make sure that the authorisation is still valid when they undertake surveillance.

### **5.2 Review**

5.2.1 An Investigating Officer must carry out a regular review of authorisations. If an authorisation is no longer required it **must** be cancelled.

5.2.2 The results of any review must be included on the review form (see forms "Review of Directed Surveillance" and "Review of CHIS" available from the RIPA Co-ordinator, via SmartAccess or the Home Office website address given in Appendix B).

5.2.3 The Authorising Officer also has a duty to review authorisations that have been granted when it is necessary or practicable to do so. Particular attention should be given to authorisations involving collateral intrusion or confidential material.

5.2.4 The Authorising Officer should keep a copy of the review form and a copy should be given to the Investigating Officer. A copy of the review form must also be sent to the RIPA Co-ordinator.

### **5.3 Renewals**

- 5.3.1 An Investigating Officer can ask for and an Authorising Officer can grant, subject to judicial approval, a renewal of an authorisation before it would cease to have effect.
- 5.3.2 An application for a renewal must not be made more than seven days before the authorisation is due to expire.
- 5.3.3 A renewal can last for up to three months, effective from the date that the previous authorisation would cease to have effect.
- 5.3.4 An Authorising Officer can grant more than one renewal, subject to judicial approval, as long as the request for authorisation still meets the requirements for authorisation. An Authorising Officer must still consider all of the issues that are required for a first application before a renewal can be granted.
- 5.3.5 If the reason for requiring authorisation has changed from its original purpose it will not be appropriate to treat the application as a renewal. The original authorisation should be cancelled and a new authorisation should be sought, granted by an Authorising Officer and approved by a Magistrate.
- 5.3.6 An application for a renewal must be completed on the appropriate form (see forms “Renewal of Directed Surveillance” and “Renewal of CHIS” available from the RIPA Co-ordinator, via SmartAccess or the Home Office website address given in Appendix B).
- 5.3.7 The Authorising Officer should keep a copy of the renewal and a copy should be given to the Investigating Officer. A copy of the renewal form, judicial application and order must also be sent to the RIPA Co-ordinator.

### **5.4 Cancellations**

- 5.4.1 If the reason for requiring the authorisation no longer exists, the authorisation must be cancelled and in any event as soon as the operation for which an authorisation was sought ceases to be necessary or proportionate. This applies to both original applications and renewals (see forms “Cancellation of Directed Surveillance” and “Cancellation of CHIS” available from the RIPA Co-ordinator, via SmartAccess or the Home Office website address given in Appendix B).
- 5.4.2 Authorisations must also be cancelled if the surveillance has been carried out and the original aim has been achieved. Authorising Officers will ensure that authorisations are set to expire at the end of the appropriate statutory period.
- 5.4.3 It is the responsibility of the Investigating Officer to monitor their authorisations and seek cancellation of them where appropriate.
- 5.4.4 The Authorising Officer should keep a copy of the cancellation form and a copy should be given to the Investigating Officer. A copy of the cancellation form must also be sent to the RIPA Co-ordinator.

## **5.5 Review of Policy and Procedure**

- (i) The Cabinet will receive bi-annual reports on the use of RIPA.
- (ii) The Cabinet will review the use of RIPA and report any recommendations to the Overview and Scrutiny Committee and Council on an annual basis.

## **6. The RIPA Co-ordinator**

### **6.1 Role**

The RIPA Co-ordinator will:-

- (i) provide a Unique Reference Number for each authorisation sought;
- (ii) keep copies of the forms for a period of at least three years;
- (iii) keep a register of all of the authorisations, reviews, renewals and cancellations, including authorisations granted by other public authorities relating to joint surveillance by the Council and that other public authority;
- (iv) provide administrative support and guidance on the processes involved;
- (v) monitor the authorisations, reviews, renewals and cancellations so as to ensure consistency throughout the Council;
- (vi) monitor each department's compliance and act on any cases of non-compliance;
- (vii) provide training and further guidance on and awareness of RIPA and the provisions of this Guide; and
- (viii) review the contents of the Guide, in consultation with Investigating Officers, Authorising Officers and the Senior Responsible Officer.

All original applications for authorisations and renewals including those that have been refused must be passed to the RIPA Co-ordinator as soon as possible after their completion with copies retained by the Authorising Officer and the Investigating Officer.

The RIPA Co-ordinator shall be the Head of Legal and Policy Development.

All cancellations must also be passed to the RIPA Co-ordinator.

### **6.2 It is however the responsibility of the Investigating Officer, the Authorising Officers and the Senior Responsible Officer to ensure that:-**

- (i) authorisations are only sought and given where appropriate;
- (ii) authorisations are only sought and renewed where appropriate;

- (iii) authorisations are reviewed regularly;
- (iv) authorisations are cancelled where appropriate; and
- (v) they act in accordance with the provisions of RIPA.

## **7. Legal Advice**

Legal Services will provide legal advice to staff making, renewing or cancelling authorisations, including making applications for judicial approval.

## **8. Joint Investigations**

Where joint investigations are carried out with other agencies, such as the Department of Work and Pensions (DWP) or the Police, the RIPA Co-ordinator should be notified of the joint investigation and provided with a copy of any RIPA authorisation granted by another agency in respect of a joint investigation involving Council officers

## **Officers**

The following officers are the Senior Authorising Officer and the Authorising Officers for the purposes of RIPA.

### **Senior Responsible Officer**

Head of Paid Service – Martin Shields

### **Authorising Officers – Directed Surveillance**

Corporate Director of Resources

Head of Neighbourhood Services

Head of Regeneration and Economic Development

### **Authorising Officer – CHIS**

Head of Paid Service – Martin Shields

## **Authorisation Forms**

The authorisation, review and cancellation forms will be the forms that are current on the home page of

<https://www.gov.uk/government/collections/ripa-forms--2>



**Regulation of Investigatory Powers Act 2000**

**Gloucester City Council**

**Agent's Agreement Form**

I ..... (insert Agent's name) of  
..... (address) confirm that in  
relation to .....  
.....  
.....  
.....  
.....  
.....  
.....  
.....  
..... (name or description of  
the surveillance) I agree to comply with the Regulations of Investigatory Powers Act 2000,  
with all statutory provisions, statutory Codes of Practice and with Gloucester City Council's  
Procedural Guide when undertaking any and all surveillance authorised by Gloucester City  
Council under the Regulation of Investigatory Powers Act 2000.

I acknowledge receipt of a copy of the Council's Authorisation Form reference number  
..... dated the ..... and I agree not to  
carry out any surveillance that is contrary to this authorisation.

Signed .....

Dated .....

### Will Directed Surveillance authorisation be required?

Are you carrying out the surveillance in a way that people are going to be unaware that it is being carried out?	No →	Surveillance is unlikely to be covert and therefore authorisation will not be required
↓ Yes		
Is the surveillance part of a specific investigation?	No →	Unlikely to require authorisation
↓ Yes		
Are you going to be collecting information about a person's private or family life?	No →	Unlikely to require authorisation
↓ Yes		↓ No
Will the surveillance require the presence of an individual or use a surveillance device on a person's premises or private vehicle?	Yes →	This may fall within the definition of intrusive surveillance
↓ No		
You will need to obtain authorisation		Seek advice from RIPA co-ordinator

## Will Covert Human Intelligence Sources authorisation be required?

Are you carrying out the surveillance in a way that people are going to be unaware that it is being carried out?	No →	It is unlikely that the CHIS is covert and authorisation will be required
↓ Yes		
Are you going to establish a personal or other relationship with someone in order to obtain, provide access to, or disclose information as part of that relationship?	No →	Unlikely to require authorisation
↓ Yes		
Are you going to be using a vulnerable person or persons under 18 years old?	Yes →	Speak to the RIPA co-ordinator
↓ No		
Is the person establishing a relationship with employee or agent?		
↓ Yes		
Authorisation for CHIS should be obtained and an agent's agreement form should be completed when an agent is used		

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<b>Meeting:</b>	<b>Audit &amp; Governance Committee</b>	<b>Date:</b>	<b>13 November 2014</b>
	<b>Cabinet Briefing</b>		<b>19 November 2014</b>
	<b>Cabinet</b>		<b>10 December 2014</b>
<b>Subject:</b>	<b>Treasury Management Update – Quarter 2 Report 2014/15</b>		
<b>Report Of:</b>	<b>Cabinet Member for Performance and Resources</b>		
<b>Wards Affected:</b>	<b>All</b>		
<b>Key Decision:</b>	<b>No</b>	<b>Budget/Policy Framework:</b>	<b>Yes</b>
<b>Contact Officer:</b>	<b>Jon Topping, Head of Finance</b>		
	<b>jon.topping@gloucester.gov.uk</b>		<b>Tel: 396242</b>
<b>Appendices:</b>	<b>1. Prudential and Treasury Indicators</b> <b>2. Treasury Management Investments</b> <b>3. Economic Outlook</b> <b>4. Detailed interest rate forecasts</b>		

## 1.0 Purpose of Report

- 1.1 One of the requirements of the revised Code of Practice for Treasury Management in November 2011 recommends that members should be updated on treasury management activities at least twice a year, but preferably quarterly. This report covers Quarter 2, 1<sup>st</sup> July 2014 to 30<sup>th</sup> September 2014.
- 1.2 This report will highlight issues specific to the Council and also highlight the overall economic outlook as provided by the Councils treasury advisors Capita Asset Services.
- 1.3 The body of the report provides an overview of the Councils performance in Quarter 1 ;
  - **Appendix 1** highlights the key performance indicators in line with the Councils Treasury Management Strategy.
  - **Appendix 2** is the investments held at the end of quarter 2.
  - **Appendix 3** is an economic summary provided by the Councils treasury advisors.
  - **Appendix 4** is a detailed commentary on interest rate forecasts

## 2.0 Recommendations

- 2.1 Audit and Governance Committee is asked to **RESOLVE** that the report be noted and note that no changes are required to the prudential indicators.

### 3.0 Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2014/15, which includes the Annual Investment Strategy, was approved by the Council on 10<sup>th</sup> April 2013. It sets out the Council's investment priorities as being:

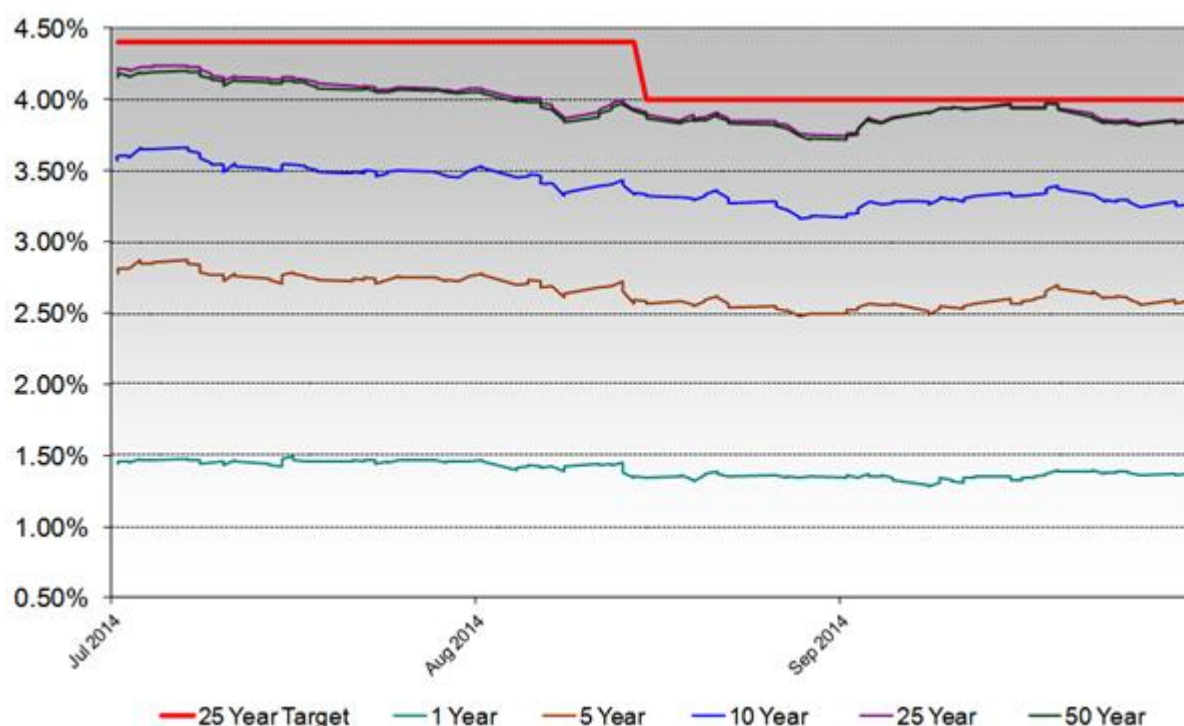
- Security of capital;
- Liquidity; and
- Yield

- 3.1 The Council will also aim to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep investments short term to cover cashflow needs, but also to seek out value available in periods up to 12 months, with highly credit rated financial institutions, using our suggested creditworthiness approach, including sovereign credit rating and Credit Default Swap (CDS) overlay information.
- 3.2 Investment rates available in the market have been broadly stable during the quarter and have continued at historically low levels as a result of the Funding for Lending Scheme. The average level of funds available for investment purposes during the quarter was £8.1m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme.

### 4.0 New Borrowing

- 4.1 The 25 year PWLB target (certainty) rate for new long term borrowing for the quarter fell from 4.40% to 4.0% in mid August.). During Quarter 2 new external borrowing of £11.35m was undertaken in September 2014 from the PWLB / Market at a rate of 1.34%, this was to ensure greater certainty of funding and was used to repay short term borrowings of £11m.
- 4.2 PWLB certainty rates, quarter ended 30<sup>th</sup> September 2014

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.28%	2.48%	3.16%	3.74%	3.72%
Date	08/09/2014	28/08/2014	28/08/2014	01/09/2014	29/08/2014
High	1.49%	2.87%	3.66%	4.24%	4.20%
Date	16/07/2014	03/07/2014	03/07/2014	04/07/2014	07/07/2014
Average	1.40%	2.66%	3.39%	3.98%	3.96%



#### 4.3 Borrowing in advance of need.

The Council has not borrowed in advance of need during the quarter ended 30<sup>th</sup> June 2014 and has not borrowed in advance in all of 2014/15.

#### 5.0 Debt Rescheduling

- 5.1 Debt rescheduling opportunities have been limited in the current economic climate and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. During the quarter ended 30<sup>th</sup> September 2014, no debt rescheduling was undertaken.

#### 6.0 Compliance with Treasury and Prudential Limits

- 6.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved TMSS.
- 6.2 During the financial year to date the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices. The prudential and treasury Indicators are shown in appendix 1.

#### 7.0 Other

- 7.1 During 2014/15 the Council continued to maintain an under-borrowing position.
- 7.2 This under-borrowing reflects that the Council resources such as reserves and provisions will have reduced debt rather than be externally invested. This strategy is sensible, at this point in time, for two reasons. Firstly, there is no differential

between the marginal borrowing rate and investment rate so there is nothing to be gained by investing Council resources externally. Secondly, by using the resources to reduce debt the Council will reduce exposure to investment counterparty risk.

## **8. Financial Implications**

### **8.1 Contained in the report**

(Financial Services have been consulted in the preparation this report.)

## **9. Legal Implications**

### **9.1 There are no legal implications from this report**

(Legal Services have been consulted in the preparation this report.)

## **10.0 Risk & Opportunity Management Implications**

### **10.1 There are no specific risks or opportunities as a result of this report**

## **11. People Impact Assessment (PIA):**

### **11.1 A PIA screening assessment has been undertaken and the impact is neutral. A full PIA is not required.**

## **12. Other Corporate Implications**

### Community Safety

#### **12.1 None**

### Sustainability

#### **12.2 None**

### Staffing & Trade Union

#### **12.3 None**



## APPENDIX 1

### Prudential and Treasury Indicators as at 30<sup>th</sup> June 2014

Treasury Indicators	2014/15 Strategy	Quarter 2 Actual
<b>Authorised limit for external debt</b>	£86M	£66.94m
<b>Operational boundary for external debt</b>	£86M	£66.94M
<b>Gross external debt</b>	£86M	£66.94m
<b>Investments</b>	Nil	Nil
<b>Net borrowing</b>	£86m	£66.94m
<b>Maturity structure of fixed rate borrowing - upper and lower limits</b>		
<b>Under 12 months</b>	0% - 50%	30.72%
<b>12 months to 2 years</b>	0% - 50%	10.83%
<b>2 years to 5 years</b>	0% - 50%	16.24%
<b>5 years to 10 years</b>	0% - 50%	6.77%
<b>10 years to 20 years *1</b>	0% - 80%	8.39%
<b>20 years to 30 years *1</b>	0% - 80%	27.06%
<b>30 years to 40 years *1</b>	0% - 80%	0%
<b>40 years to 50 years *1</b>	0% - 80%	0%
<b>Upper limit of fixed interest rates based on net debt *2</b>	100%	55.19%
<b>Upper limit of variable interest rates based on net debt *2</b>	100%	44.81%
<b>Upper limit for principal sums invested for over 364 days</b>	Nil	Nil

Prudential Indicators	2014/15 Strategy	Quarter 2 Actual
<b>Capital expenditure *</b> <ul style="list-style-type: none"> <li>HRA</li> <li>GF</li> </ul>	£7.100m £6.882m	£2.739m £1.266m

**Investment Portfolio**

There were no Investments held as at 30<sup>th</sup> September 2014

### 1.0 Economic Background

- 1.1 After strong UK GDP quarterly growth of 0.7%, 0.8% and 0.7% in quarters 2, 3 and 4 respectively in 2013, (2013 annual rate 2.7%), and 0.7% in Q1 and 0.9% in Q2 2014 (annual rate 3.2% in Q2), it appears very likely that strong growth will continue through 2014 and into 2015 as forward surveys for the services and construction sectors, are very encouraging and business investment is also strongly recovering. The manufacturing sector has also been encouraging though the latest figures indicate a weakening in the future trend rate of growth. However, for this recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufactured goods, both of which need to substantially improve on their recent lacklustre performance. This overall strong growth has resulted in unemployment falling much faster through the initial threshold of 7%, set by the Monetary Policy Committee (MPC) last August, before it said it would consider any increases in Bank Rate. The MPC has, therefore, subsequently broadened its forward guidance by adopting five qualitative principles and looking at a much wider range of about eighteen indicators in order to form a view on how much slack there is in the economy and how quickly slack is being used up. The MPC is particularly concerned that the current squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of inflation in order to ensure that the recovery will be sustainable. There also needs to be a major improvement in labour productivity, which has languished at dismal levels since 2008, to support increases in pay rates. Most economic forecasters are expecting growth to peak in 2014 and then to ease off a little, though still remaining strong, in 2015 and 2016. Unemployment is therefore expected to keep on its downward trend and this is likely to eventually feed through into a return to significant increases in pay rates at some point during the next three years. However, just how much those future increases in pay rates will counteract the depressive effect of increases in Bank Rate on consumer confidence, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that will need to be kept under regular review.
- 1.2 Also encouraging has been the sharp fall in inflation (CPI), reaching 1.5% in July, the lowest rate since 2009. Forward indications are that inflation is likely to fall further in 2014 to possibly 1%. The return to strong growth has also helped lower forecasts for the increase in Government debt by £73bn over the next five years, as announced in the Autumn Statement, and by an additional £24bn, as announced in the March 2014 Budget - which also forecast a return to a significant budget surplus, (of £5bn), in 2018-19. However, monthly public sector deficit figures have disappointed so far this year.

- 1.3 In September, the U.S. Federal Reserve continued with its monthly \$10bn reductions in asset purchases, which started in December 2014. Asset purchases have now fallen from \$85bn to \$15bn and are expected to stop in October 2014, providing strong economic growth continues. First quarter GDP figures were depressed by exceptionally bad winter weather, but quarter 2 rebounded strongly to 4.6%.
- 1.4 The Eurozone is facing an increasing threat from deflation. In September, the inflation rate fell further, to reach 0.3%. However, this is an average for all EZ countries and includes some countries with negative rates of inflation. Accordingly, the ECB did take some rather limited action in June and September to loosen monetary policy in order to promote growth.

## 2.0 Interest Rate Forecast

- 2.1 The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
Bank rate	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	2.00%	2.00%
5yr PWLB rate	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.50%
10yr PWLB rate	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%	4.20%	4.30%	4.30%
25yr PWLB rate	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.80%	4.90%	4.90%
50yr PWLB rate	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.80%	4.90%	4.90%

- 2.2 Capita Asset Services undertook a review of its interest rate forecasts in mid August, after the Bank of England's Inflation Report. By the beginning of September, a further rise in geopolitical concerns, principally over Ukraine but also over the Middle East, had caused a further flight into safe havens like gilts and depressed PWLB rates further. However, there is much volatility in rates as news ebbs and flows in negative or positive ways.
- 2.3 This latest forecast includes a move in the timing of the first increase in Bank Rate from quarter 3 of 2015 to quarter 1 of 2015 as a result of the building momentum of strong GDP growth over the last eighteen months. Confidence has also substantially increased that strong growth will continue into 2015 and 2016. However, the Governor of the Bank of England, Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual as the MPC is concerned about the impact of increases on many heavily indebted consumers, especially when disposable income is currently being squeezed by wage inflation running significantly under the rate of CPI inflation.

### **3.0 SUMMARY OUTLOOK**

- 3.1 Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth rebounded during 2013 and the first quarter of 2014 to surpass all expectations, propelled by recovery in consumer spending and the housing market. Forward surveys are currently very positive in indicating that growth prospects are also strong for the rest of 2014, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. This is very encouraging as there does need to be a significant rebalancing of the economy away from consumer spending to construction, manufacturing, business investment and exporting in order for this start to recovery to become more firmly established. One drag on the economy has been that wage inflation has been significantly below CPI inflation, so disposable income and living standards were being eroded, (although income tax cuts had ameliorated this to some extent). However, recent falls in inflation have created the potential for the narrowing of this gap and it could narrow further during this year, especially if there is also a recovery in growth in labour productivity (leading to increases in pay rates). With regard to the US, the main world economy, it faces similar debt problems to those of the UK, but thanks to reasonable growth, cuts in government expenditure and tax rises, the annual government deficit has been halved from its peak without appearing to do too much damage to growth, although labour force participation rates remain lower than ideal.
- 3.2 As for the Eurozone, concerns subsided considerably during 2013. However, sovereign debt difficulties have not gone away and major issues could return in respect of any countries that do not dynamically address fundamental issues of low growth, international uncompetitiveness and the need for overdue reforms of the economy, (as Ireland has done). It is, therefore, possible over the next few years that levels of government debt to GDP ratios could continue to rise. This could mean that sovereign debt concerns have not disappeared but, rather, have only been postponed.

## DETAILED COMMENTARY ON INTEREST RATES FORECASTS

- Financial markets have pushed back their first increase in Bank Rate from November 2014 to February 2015
- During this quarter, we have moved our first increase in Bank Rate from Q3 2015 to Q1 2015. However, we feel there are downside risks to this central forecast i.e. the first rise could be delayed further if inflation comes in lower than the Bank of England's forecast, growth in labour productivity disappoints and wage inflation fails to rise as fast as the Bank's August Inflation Report new lowered forecast for 2014 of 1.25% (half their previous forecast!).
- Recent safe-haven flows into gilts have depressed gilt yields and PWLB rates. We have previously warned that geopolitical events make forecasting PWLB rates highly unpredictable in the shorter term with any degree of confidence and reliability. We have made a major assumption that these fears will subside i.e. that these safe-haven flows will unwind and rates will rise back again over the next few quarters.

Over the last year, we have had many twists and turns in forward guidance since Mark Carney, was appointed as the Governor of the Bank of England. With the August Inflation Report, and further comments from Carney, we have yet another twist which has caught the markets out again. Indeed, some commentators have now upgraded Carney from being the 'unreliable boyfriend' blowing hot one day and cold the next, to being the 'fearful fiancée' i.e. he has popped the question but can't bring himself to name the day! However, to be fair to Carney, he HAS emphasised consistently that the MPC's decisions will be driven by data and the further twist that we now have is that the latest data (available at the time of the August Inflation Report), for June showed that wage inflation was running at close to zero. Indeed, the Report slashed its forecast for wage inflation in 2014 by half to only 1.25% - a figure which is significantly under their forecast for CPI inflation running at around 1.7 – 1.9% for much of 2014 and 2015 (although Capital Economics think the Bank has over estimated inflation and that it is likely to fall to about 1% around the end of this year). This subdued wage inflation is even more remarkable considering how quickly unemployment is falling and employment is strongly rising, (these two do not necessarily go together!), and so has given rise to comments in the Report that there is considerable hidden slack in the economy in terms of people having jobs, but only part time and wanting to work longer hours, and self employed people struggling to establish financially viable businesses. Throw in also that increases in labour productivity are still weak and you can see the MPC's logic that until this hidden slack is used up, and wage inflation exceeds inflation, they will be cautious about increasing Bank Rate in order to ensure we get sustainable economic growth.

The long standing unanimity in MPC voting patterns broke down in the August meeting when a 7-2 split vote occurred as two members wanted to start the increase in Bank Rate to 0.75%. This reflects a view by some MPC members that an earlier increase in Bank Rate is more beneficial in the medium term than delaying an increase until statistics make an increase imperative.

We have also slightly lowered some forecasts through to June 2017 to reflect our lowered expectations for inflation and the speed of increase in labour productivity and wage inflation.

We are also concerned that the Eurozone situation appears to be deteriorating further, so this may weaken UK growth as the EZ is our largest export market. EZ GDP figures for Q2 showed growth flat lining after a mere +0.2% in Q1. Germany actually had negative growth of -0.2% in Q2, France 0.0%, and Italy fell into a technical recession (two quarters of negative growth). The tit for tat sanctions between the EU and Russia cast a shadow over future growth prospects so there is a real risk the EZ could be heading towards a triple dip recession since 2008.

However, there is also an increasing risk of the Japanisation of the EZ economy, that is it could fall into a deflationary spiral, as inflation continued falling in September to only +0.3%, the lowest rate since October 2009. This will increase pressure even further on the ECB to pull out all the stops and perhaps embark on quantitative easing (QE), something it has been very reluctant to do. It is a moot point as to whether the ECB will do too little too late. However, several EZ countries are already in the grip of deflation and face little hope of escaping in the near future. Admittedly, Spain, Portugal and Greece are improving on the growth side as reforms bring positive benefits. But again, the downside is that their total government debt is still increasing faster than economic growth; Spain's debt has now reached 98.4% of GDP yet its borrowing rates have plummeted! Greece's debt is now at an unsustainably high level but it is highly unlikely that creditors will agree to yet another hair-cut to reduce that level.

A further area of increased concern is Japan. The Q2 GDP figure came in at -1.7% (-6.8% on an annual basis) as fears that the increase in sales tax from 5% to 8% in April would depress sales after April were confirmed as being well founded as consumers rushed to spend before the tax increase came in. The government and the Bank of Japan are forecasting that GDP will grow sharply in Q3 but the last time sales tax was increased in 1997, the economy fell into a prolonged recession.

As for China, Government action in 2014 to stimulate the economy appeared to be putting the target of 7.5% growth within achievable reach but recent data has raised fresh concerns. There are also major concerns as to the creditworthiness of much bank lending to corporates and local government during the post 2008 credit expansion period and whether the bursting of a bubble in housing prices is drawing nearer.

There are also increasing concerns that the reluctance of western economies to raise interest rates significantly for several years, plus the huge QE measures which remain in place, (and may be added to by the ECB in the near future), has created potentially unstable flows of liquidity searching for yield and consequently an increase in investor risk exposures in order to get higher returns. This is a return of the same environment which led to the 2008 financial crisis.



**Gloucester City Council**  
**Audit and Governance Work Programme 2014-15**  
**(updated 29 October 2014)**

Item	Format	Lead Officer	Comments
<b>19 JANUARY 2015</b>			
1. Audit and Governance Committee Action Plan	Timetable	-----	Standing agenda item requested by the Committee
2. Standards Refresher Training	Training	Head of Legal and Policy Development	Part of the Committee's annual work programme
3. Update on Combined Heat and Power Installation at GL1	Written report or verbal update?	Asset Manager	Update requested by the Committee
4. External Audit Annual Audit Letter	Written report	Darren Gilbert, KPMG	Part of the Committee's annual work programme
5. Internal Audit Plan – Monitoring Report	Written report	Audit, Risk and Assurance Manager	Part of the Committee's annual work programme
6. Risk Management Strategy	Written report	Audit, Risk and Assurance Manager	Part of the Committee's annual work programme
7. Treasury Management – Performance Report	Written report	Head of Finance	Part of the Committee's annual work programme
8. Update on Annual Governance Statement	Written report	Head of Finance	Part of the Committee's annual work programme
9. Audit and Governance Committee Work Programme	Timetable	-----	Standing agenda item

Item	Format	Lead Officer	Comments
<b>16 MARCH 2015:</b>			
1. Audit and Governance Committee Action Plan	Timetable	-----	Standing agenda item requested by the Committee
2. KPMG Certification of Grants and Returns	Written report	Darren Gilbert, KPMG	Part of the Committee's annual work programme
3. KPMG External Audit Plan / Annual Audit Fee	Written report	Darren Gilbert, KPMG	Part of the Committee's annual work programme
4. Internal Audit Plan – Monitoring Report	Written report	Audit, Risk and Assurance Manager	Part of the Committee's annual work programme
5. Internal Audit Annual Plan	Written report	Audit, Risk and Assurance Manager	Part of the Committee's annual work programme
6. Treasury Management Strategy	Written report	Head of Finance	Part of the Committee's annual work programme
7. Treasury Management Quarter 3 Report	Written report	Head of Finance	Part of the Committee's annual work programme
8. Audit and Governance Committee Work Programme	Timetable	-----	Standing agenda item
<b><u>FUTURE AGENDA ITEMS (NO DATE FIXED YET):</u></b>			
<ul style="list-style-type: none"> <li>• Review of the Whistleblowing Policy</li> <li>• Review of the Council's Anti-Fraud and Corruption Strategy</li> </ul>			
<b><u>FUTURE AUDIT &amp; GOVERNANCE COMMITTEE MEETING DATES:</u></b>			
<ul style="list-style-type: none"> <li>• Monday, 15 June 2015</li> <li>• Monday, 21 September 2015</li> </ul>			

# Agenda Item 15

By virtue of paragraph(s) 3, 7 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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