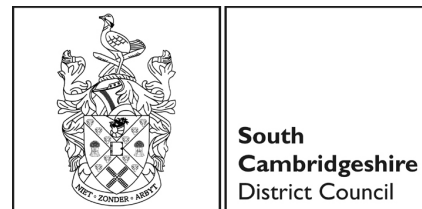


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18 September 2014

To: Chairman – Councillor Francis Burkitt
Vice-Chairman – Councillor David McCraith
Members of the Corporate Governance Committee – Councillors Richard Barrett,
Andrew Fraser, Douglas de Lacey, Bridget Smith, Peter Topping, John Williams,
Simon Edwards and David Whiteman-Downes

Quorum: 3

Dear Councillor

You are invited to attend the next meeting of **CORPORATE GOVERNANCE COMMITTEE**, which will be held in **SWANSLEY ROOM, GROUND FLOOR** at South Cambridgeshire Hall on **FRIDAY, 26 SEPTEMBER 2014 at 9.00 a.m.**

Members are respectfully reminded that when substituting on committees, subcommittees, and outside or joint bodies, Democratic Services must be advised of the substitution *in advance of* the meeting. It is not possible to accept a substitute once the meeting has started. Council Standing Order 4.3 refers.

Yours faithfully
JEAN HUNTER
Chief Executive

The Council is committed to improving, for all members of the community, access to its agendas and minutes. We try to take all circumstances into account but, if you have any specific needs, please let us know, and we will do what we can to help you.

AGENDA		PAGES
1. Apologies for Absence To receive apologies for absence from committee members.		
2. Declarations of Interest		
3. Minutes of Previous Meeting To confirm the minutes of the meeting held on 3 September 2014 as a correct record.		1 - 4
AUDIT REPORTS		
4. Internal Audit: Progress Report		5 - 12
5. External Audit: Audit Results Report 2013/14		13 - 26
6. Request for a Letter of Representation - to follow		

DECISION ITEMS

- | | | |
|-----------|--|----------------|
| 7. | Statement of Accounts 2013-2014
Paper copies of the Statement of Accounts will be available at the meeting. An Electronic copy of the Statement of Accounts is on the website. | 27 - 28 |
| 8. | Annual Governance Statement | 29 - 42 |
| 9. | Treasury Management Annual Report 2013/14 | 43 - 50 |

INFORMATION ITEMS

- | | | |
|------------|--|----------------|
| 10. | Regulation of Investigatory Powers Act (RIPA) - Annual Report and Policy Review | 51 - 80 |
| 11. | Local Government Ombudsman: Annual Review Letter 2014
During the last year (April 2013 to March 2014) 227 complaints were registered, 198 of which were resolved at stage one, 25 at stage two and four at stage three (Ombudsman). The annual letter from the Local Government Ombudsman is attached. | 81 - 84 |
| 12. | Matters of Topical Interest | |
| 13. | Date of Next Meeting
The Committee is asked to note that the next meeting is scheduled to take place on: <ul style="list-style-type: none">• Thursday 27 November at 10am | |

OUR LONG-TERM VISION

South Cambridgeshire will continue to be the best place to live, work and study in the country. Our district will demonstrate impressive and sustainable economic growth. Our residents will have a superb quality of life in an exceptionally beautiful, rural and green environment.

The Council will be recognised as consistently innovative and a high performer with a track record of delivering value for money by focusing on the priorities, needs and aspirations of our residents, parishes and businesses.

OUR VALUES

We will demonstrate our corporate values in all our actions. These are:

- Trust
- Mutual respect
- A commitment to improving services
- Customer service

GUIDANCE NOTES FOR VISITORS TO SOUTH CAMBRIDGESHIRE HALL

Notes to help those people visiting the South Cambridgeshire District Council offices

While we try to make sure that you stay safe when visiting South Cambridgeshire Hall, you also have a responsibility for your own safety, and that of others.

Security

When attending meetings in non-public areas of the Council offices you must report to Reception, sign in, and at all times wear the Visitor badge issued. Before leaving the building, please sign out and return the Visitor badge to Reception.

Public seating in meeting rooms is limited. For further details contact Democratic Services on 03450 450 500 or e-mail democratic.services@scambs.gov.uk

Emergency and Evacuation

In the event of a fire, a continuous alarm will sound. Leave the building using the nearest escape route; from the Council Chamber or Mezzanine viewing gallery this would be via the staircase just outside the door. Go to the assembly point at the far side of the staff car park opposite the staff entrance

- **Do not** use the lifts to leave the building. If you are unable to use stairs by yourself, the emergency staircase landings have fire refuge areas, which give protection for a minimum of 1.5 hours. Press the alarm button and wait for help from Council fire wardens or the fire brigade.
- **Do not** re-enter the building until the officer in charge or the fire brigade confirms that it is safe to do so.

First Aid

If you feel unwell or need first aid, please alert a member of staff.

Access for People with Disabilities

We are committed to improving, for all members of the community, access to our agendas and minutes. We try to take all circumstances into account but, if you have any specific needs, please let us know, and we will do what we can to help you. All meeting rooms are accessible to wheelchair users. There are disabled toilet facilities on each floor of the building. Infra-red hearing assistance systems are available in the Council Chamber and viewing gallery. To use these, you must sit in sight of the infra-red transmitter and wear a 'neck loop', which can be used with a hearing aid switched to the 'T' position. If your hearing aid does not have the 'T' position facility then earphones are also available and can be used independently. You can get both neck loops and earphones from Reception.

Toilets

Public toilets are available on each floor of the building next to the lifts.

Recording of Business and Use of Mobile Phones

We are open and transparent about how we make decisions. We allow recording, filming and photography at Council, Cabinet and other meetings, which members of the public can attend, so long as proceedings at the meeting are not disrupted. We also allow the use of social media during meetings to bring Council issues to the attention of a wider audience. To minimise disturbance to others attending the meeting, please switch your phone or other mobile device to silent / vibrate mode.

Banners, Placards and similar items

You are not allowed to bring into, or display at, any public meeting any banner, placard, poster or other similar item. Failure to do so, will result in the Chairman suspending the meeting until such items are removed.

Disturbance by Public

If a member of the public interrupts proceedings at a meeting, the Chairman will warn the person concerned. If they continue to interrupt, the Chairman will order their removal from the meeting room. If there is a general disturbance in any part of the meeting room open to the public, the Chairman may call for that part to be cleared. The meeting will be suspended until order has been restored.

Smoking

Since 1 July 2008, South Cambridgeshire District Council has operated a Smoke Free Policy. No one is allowed to smoke at any time within the Council offices, or in the car park or other grounds forming part of those offices.

Food and Drink

Vending machines and a water dispenser are available on the ground floor near the lifts at the front of the building. You are not allowed to bring food or drink into the meeting room.

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Agenda Item 3

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of a meeting of the Corporate Governance Committee held on
Wednesday, 3 September 2014 at 8.30 a.m.

PRESENT:	Councillor Francis Burkitt – Chairman	
Councillors:	Richard Barrett Andrew Fraser Bridget Smith	Nigel Cathcart Charles Nightingale John Williams
Officers:	Patrick Adams Alex Colyer Jean Hunter Fiona McMillan Graham Watts	Senior Democratic Services Officer Executive Director, Corporate Services Chief Executive Legal & Democratic Services Manager and Monitoring Officer Democratic Services Team Leader
External:	Simon Pugh	Head of Legal, Cambridge City Council

Councillors Simon Edwards, Lynda Harford, James Hockney, Ray Manning and Tim Wotherspoon were in attendance, by invitation.

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Douglas de Lacey and David McCraith. Councillors Nigel Cathcart and Charlie Nightingale were the respective substitutes.

2. DECLARATIONS OF INTEREST

None.

3. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 27 June 2014 were agreed as a correct record.

4. CITY DEAL: GOVERNANCE ARRANGEMENTS

The Chairman introduced this item which considered the emerging proposals to establish an integrated governance framework for the Greater Cambridge City Deal.

He stressed that the purpose of the meeting was not to take any decisions or make any formal recommendations, but just to review and comment on the emerging thoughts, in the hope that the Committee's feedback would aid those who were drawing-up the proposed governance framework.

He mentioned that City and County Councillors, and representatives of Cambridge University and the Local Enterprise Partnership, has been invited to join the meeting, but were unable to attend. He said that they will be sent the minutes.

Councillor Ray Manning explained that there was considerable flexibility in the proposed governance arrangements. He added that all five authorities had enthusiastically agreed the City Deal and as all decisions would be intended to be by consensus, goodwill from all five participating organisations would be required to make it work. It was noted that the

Government were supportive of the City Deal as it was expected to deliver more homes, jobs and economic development.

Setting up the Executive Board

It was noted that the full Councils of the three local authorities were due to meet (individually) in November or December to formulate an interim Executive Board as a joint committee under Section 102(1)(b) of the Local Government Act 1972. This was already currently operational in shadow form. The alternative of setting up a Section 29 Committee had been rejected as it would require Government permission to create and disestablish. Legislation would be required to create a Combined Authority which could take a number of years but this was considered the most appropriate model of governance to enable three Councils, in partnership with Cambridge University and the Local Enterprise Partnership, to deliver the City Deal:

- The Committee stressed that references to a “Combined Authority”, should make it clear that that phrase was very different from a Unitary Authority to avoid any unnecessary confusion. It was noted that certain “authorities” of the three councils were being pooled; it was not the case that the entirety of the three councils were being merged into one.
- The new joint arrangements would be similar to the joint committees that have been set up to consider development control.
- The Committee expected that these new arrangements would lead to the abolition of joint committees such as the Joint Strategic Transport and Strategic Planning Group, to avoid duplication.

Governance arrangements of the Executive Board

It was noted that the three respective councils would appoint a single representative to the Executive Board and this was expected to be the Leader of each, as being the individual with the greatest experience. Each Leader would also appoint a Deputy. The University and the Local Enterprise Partnership would appoint a representative to the Board, but unlike the council’s members, these representatives would not have voting rights, as legislation does not permit that. The Committee made the following points:

- Appointments to the Board should be made by full Council at any time throughout the year and not be restricted to meetings of the AGM, to allow for mid-year appointments should vacancies arise.
- Whilst it was expected that the Chairman of the Board would rotate round the three council representatives, ultimately this would be the Board’s decision.
- The Board should probably expect to meet more frequently than quarterly.

The Assembly

It was noted an Assembly of 15 representatives would be made up of three representatives of the five organisations and would be responsible for both scrutinising the work of the Board and proposing policies for the Board to consider. To this end it was expected that the Assembly would meet about 14 days before the meeting of the Board. The Committee made the following points:

- It debated whether appointments to the Assembly could or should be made on the basis of political proportionality. The Committee agreed that it would not be possible to set rules governing the political proportionality of the whole 15-person Assembly, as:
 - a) Five independent appointers were involved; and
 - b) Two were non-political.
- The Committee recognised that, in due course, each Council would have to decide whether its own 3 appointments could or should be made on the basis of political proportionality.
- Assembly meetings would be held in public.

- The Board could refer matters to the Assembly.
- The Assembly should be able to initiate matters onto the Board's agenda.
- The Assembly should have the power to set up sub-groups that would report to the main body.
- The Assembly should act as the scrutiny body that scrutinises the Board and the other aspects of the City Deal. It would then be up to each individual Council to make its own individual arrangements to scrutinise the Assembly (and to undertake its own review of the Board or any other aspects of the City Deal as it wishes).
- The Chairman of the Assembly should be able to attend the Board meeting in person to present its recommendations, to ensure they are given due prominence.
- The Assembly should actively consult with representatives from the five member authorities, as well as with the public and other stakeholders.
- Parish councils should not be neglected in the process.
- It was not necessary to appoint substitutes for the Assembly members.

Clerking arrangements

The Committee noted that it had been agreed that the minutes and agendas for both the Assembly and the Board/Joint Committee would be prepared by the District Council's Democratic Services.

One Local Plan

It was expected that instead of two Local Plans (City and District) and a Transport Plan (County) in 2019, there would be a single Local Plan agreed by the Board. The Executive Director and Chairman presented slides showing their informal view on one way by which the three councils, university and Local Enterprise Partnership (the "super-consultees") would be consulted by the Board and Assembly in the framing of the Local Plan, and the level of officer support expected. The Committee made the following points:

- This area (i.e. how consultation would be done) needed to be developed, clarified and agreed soon.
- The financial side of things needs much more clarity. The Committee did not at this stage understand the proposals for pooling some or all of Section 106 Agreements or the Community Infrastructure Levy.
- The District and City Councils would be getting more influence over transport and highways than they had previously.
- The District and City Councils would no longer have the power to agree or reject the Local Plan; they would move from their current position as decision-makers to being consultees.

Boundaries and dividing-lines

The Committee thought that much more clarity was needed on what the City Deal structure would do and what each Council would do. For example, it was unclear:

- Whether the Board's 2019 Local Plan would be a short vision-type document, with the City and District Councils producing more detailed sub-plans.
- Whether the Board's plan would be all-encompassing.
- Whether the two planning departments could be merged.
- How the Section 106 agreements would be negotiated.
- Whether the two Council's Community Infrastructure Levies would be identical.

Risk assessment and audit arrangements

The Committee noted two separate aspects of governance and risk:

- a) It was up to each of the five partners to assess the risk that these governance arrangements posed to their respective organisations.
- b) The Executive Board was expected to have its own Risk Register.

The audit function would be carried out by the County Council as the accountable body for both transport and highways. The Combined Authority, should it be introduced, would be a separate legal entity and would have its own balance sheet and income statement.

Workshops

Workshops to explain these City Deal proposals to councillors of all three councils would be held on 3 and 10 October [note: this was later changed to 2 and 10 October]. The Committee asked for these to be published as soon as possible and for the University and Local Enterprise Partnership to be invited.

Meeting the Local Enterprise Partnership

The Committee agreed that it would invite a representative from the Local Enterprise Partnership to explain how the organisation worked, as this would be educational to members and also provide a degree of public scrutiny.

The Chairman thanked councillors and officers for their attendance and stated that the draft minutes of this meeting would be circulated to our City Deal partners.

5. MATTERS OF TOPICAL INTEREST

None.

6. DATE OF NEXT MEETING

It was noted that the next meeting of the Committee will be held on:

- Friday 26 September at 9am

The Meeting ended at 10.00 a.m.

**SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL
CORPORATE GOVERNANCE COMMITTEE
26 SEPTEMBER 2014**

INTERNAL AUDIT PLAN 2014 / 2015: PROGRESS REPORT

RECOMMENDATIONS:

That Corporate Governance Committee notes:

- **Progress against the delivery of the 2014 / 2015 Audit Plan**

Report Author:	Steve Crabtree
Position:	Shared Head of Internal Audit (for Peterborough UA / Cambridge City / South Cambridgeshire Councils)
Contact:	Peterborough Office: 01733 384557 Cambridge Office: 01223 458181 South Cambridgeshire Office: 01954 713445

1. INTRODUCTION

- 1.1 The purpose of this report is to bring the Corporate Governance Committee up to date with progress made against the delivery of the 2014 / 2015 Internal Audit Plan. This report aims to:
- Provide a high level of assurance, or otherwise, on internal controls operated across the Council that have been subject to audit;
 - Advise the Committee of significant issues where controls need to improve to effectively manage risks;
 - Advise of any planned changes to reviews, slippage or deletions to that originally agreed on 21 March 2014; and
 - Track progress on the delivery of agreed actions which will be reported as part of the annual reporting process.
- 1.2 The information included in this progress report will feed into, and inform our overall opinion in the Annual Head of Internal Audit Report issued at the year-end. This opinion will in turn be used to inform the Annual Governance Statement (AGS) included in the Statement of Accounts and signed by the Chief Executive and Leader of the Council. The report is for the Committee to consider under its Terms of Reference:
- To monitor the activities of the Internal Audit service provider and measure performance against the plan; and
 - To consider a quarterly report detailing audit coverage and the extent to which any major problems were highlighted.
- 1.3 A number of the activities set out within the agreed Audit Plan are to support the works of External Audit to avoid the risk of duplication of audit work; and improve the effectiveness, efficiency and economy of both audit teams. The scope for a number of new audit areas have been agreed with senior management and a series of audits have commenced, findings and conclusions of which will be reported at the next meeting. The following analysis details progress up to, and including 31 August 2014.
- 1.4 In addition to providing assurance on the current controls, while we have been able to confirm that the majority of systems comply with expected controls, we have also identified a number of areas where efficiencies could be made to the system. We have incorporated these into our reports for management consideration.

2. CARRIED FORWARD AUDITS

2.1 The Annual Head of Audit Opinion reported to this Committee in June 2014 that there were a couple of audits which were at various stages of completion at the end of the year. The latest update for these is as follows:

AUDIT ACTIVITY	COMMENTARY					
General Ledger	Awaiting agreement.					
Budgetary Control	Assurance: Significant	Critical: 0	High: 0	Medium: 1	Low: 0	Good levels of control exist for the monitoring of expenditure. Finance will continue to work with all Line Managers to ensure that budget forecasts are accurate and produced timely.

(NB: For definitions for the assurance and recommendations ratings, refer to Appendix A)

3. AUDIT ACTIVITIES 2014 / 2015

3.1 The status for audit work undertaken against the current plan is as follows:

CORE SYSTEMS ASSURANCE WORK

AUDIT ACTIVITY	COMMENTARY
Housing Benefits	Planned for quarter 4
Council Tax	Planned for quarter 4
NNDR	Planned for quarter 4
Main Accounting	Planned for quarter 3
Cash, Bank and Treasury Management	Planned for quarter 3
Accounts Payable	Planned for quarter 3
Payroll	Assurance will be provided by Cambridge City Council as part of their review of the shared service
Accounts Receivable	Planned for quarter 3
Capital Accounting	Planned for quarter 4
Housing Rents	Planned for quarter 3
BACS Payments	Planned for quarter 3
VAT	Planned for quarter 2

GOVERNANCE AND ASSURANCE WORK

AUDIT ACTIVITY	COMMENTARY
Annual Governance Statement	Planned for quarter 2
Annual Audit Opinion	<p>Completed.</p> <p>The Annual Audit Opinion was submitted to Corporate Governance Committee in June 2014</p>
Internal Audit Effectiveness	<p>Completed.</p> <p>The report in to the effectiveness of Internal Audit was submitted to Corporate Governance Committee in June 2014</p>
Corporate Governance Committee Effectiveness	<p>An annual assessment of how a Councils "Audit Committee" operates against best practice.</p> <p>Planned for quarter 4.</p>
National Fraud Initiative	<p>Brought forward from quarter 3.</p> <p>Work to date has focussed on the various datasets which will be submitted as part of the National Fraud Initiative in October 2014. Steps have been taken to ensure that appropriate fair processing notices have been issued to all parties e.g. stakeholders, employees etc.</p> <p>Downloads will be submitted through the secure website and initial matches received in February 2015. The majority of matches have traditionally been around benefits claims and these have been reviewed / investigated within the benefits service. With the creation of the Single Fraud Investigation Service (taking on the responsibility for investigations above a certain value, as well as the investigators from each Council), new arrangements will be required.</p>
Partnership Governance	Planned for quarter 3
Performance Management	<p>Undertaken in Quarter 2 as planned. Draft report written.</p> <p>Awaiting responses / agreement to actions proposed with individual departments.</p>

CORPORATE CROSS CUTTING AUDITS

AUDIT ACTIVITY	COMMENTARY					
Human Resources / Staffing	<p>Undertaken in Quarter 2 as planned. Fieldwork in progress.</p> <p>Onus of work has been to look at how the organisation complies with HR policies e.g. sickness absence.</p>					
s.106 Contributions / CIL	<p>Undertaken in Quarter 2 as planned. Draft report written.</p> <p>Awaiting responses / agreement to actions proposed.</p>					
Community Chest Grants	Assurance: Limited	Critical: 0	High: 2	Medium: 1	Low: 0	No formal documentation to assist in the decision making process
Business Efficiency Agenda	Assurance: Significant	Critical: 0	High: 0	Medium: 2	Low: 0	<p>Initial evaluation of the processes in place for project management. Lack of business cases for the first tranche of projects undertaken.</p> <p>An additional review will be undertaken in Quarter 4 to analyse new schemes.</p>

DEPARTMENTAL SPECIFIC

AUDIT ACTIVITY	COMMENTARY
Responsive Repairs	Planned for quarter 4
New Build Strategy	Planned for quarter 3
Housing Company	Brought forward from Quarter 4 following the request of the Executive Director Fieldwork in progress.
ICT Governance	Planned for quarter 3. A detailed 3 year IT Audit plan has now been established and is out for discussion with the Head of Service.
Depot	Originally planned for Quarter 2 but deferred to Quarter 4 in light of request above.
Development Control	Fieldwork in progress.

4. DEVELOPMENT OF THE SERVICE

4.1 As part of the development of the shared service, the following initiatives have been commissioned during the first few months:

- Purchase of IDEA software. This powerful / versatile data analysis tool will allow Internal Audit to import data from a wide range of file types which can then be used to compare with other sources for missing items, duplicate items etc. The Internal Auditor has recently received training on its use.
- Use of VISION audit software. Peterborough has been utilising an audit software package which enables all audits to be completed online; from design of the original brief, testing schedules to producing the audit report. All data is held in a central database to allow access by others. The software has now been web access enabled, allowing South Cambridgeshire to also make use of it. The benefits include the potential reduction in storage and duplication of effort, sharing of knowledge and increase the ability to work offsite. Current data is being populated within the software and it is envisaged to go live in April 2015.

ARRIVING AT AN OPINION

Where appropriate, each report we issue during the year is given an overall opinion based on the criteria below. Certain pieces of work do not result in an audit report with an opinion – such as consultancy work, involvement in working groups, review of National Fraud Initiative (NFI) reports and follow-ups. The assessment from each report, along with our consideration of other audit work, is used to formulate the overall Opinion.

AUDIT ASSURANCE	
Assurance	Definitions
Full	The system is designed to meet objectives / controls are consistently applied that protect the Authority from foreseeable risks.
Significant	The system is generally sound but there are some weaknesses of the design of control and / or the inconsistent application of controls. Opportunities exist to mitigate further against potential risks.
Limited	There are weaknesses in the design of controls and / or consistency of application, which can put the system objectives at risk. Therefore there is a need to introduce additional controls and improve compliance with existing ones to reduce the risk exposure for the Authority.
No	Controls are weak and / or there is consistent non-compliance, which can result in the failure of the system. Failure to improve controls will expose the Authority to significant risk, which could lead to major financial loss / embarrassment / failure to achieve key objectives.

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This is based upon the number and type of recommendations we make in each report and is for any control weaknesses that jeopardises the complete operation of the service. The prioritisation is established as follows:

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

South Cambridgeshire District Council

Corporate Governance Committee Summary

For the year ended 31 March 2014

Audit Results Report – ISA (UK & Ireland) 260

18 September 2014

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Agenda Item 5



Building a better
working world

Mark Hodgson, Director
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Rachel Brittain, Manager
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 - ▶ Extent and progress of our work
 - ▶ Addressing audit risk
 - ▶ Financial statements audit – issues and findings
 - ▶ Arrangements to secure economy, efficiency and effectiveness
 - ▶ Independence and audit fees
 - ▶ Appendix

Executive summary

Key findings

Audit results and other key matters

The Audit Commission's Code of Audit Practice (the Code) requires us to report to those charged with governance – the Corporate Governance Committee - on the work we have carried out to discharge our statutory audit responsibilities together with any governance issues identified.

This report summarises the findings from the 2013/14 audit which is substantially complete. It includes the messages arising from our audit of your financial statements and the results of the work we have undertaken to assess your arrangements to secure value for money in your use of resources.

Financial statements

- ▶ As of 18 September 2014, we expect to issue an unqualified opinion on the financial statements.

Value for money

- ▶ We expect to conclude that you have made appropriate arrangements to secure economy, efficiency and effectiveness in your use of resources.

Whole of Government Accounts

- ▶ Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. .

Audit certificate

- ▶ The audit certificate is issued to demonstrate that the full requirements of the Audit Commission's Code of Audit Practice have been discharged for the relevant audit year. We expect to issue the audit certificate at the same time as the audit opinion.

Extent and purpose of our work

The Authority's responsibilities

The Authority is responsible for preparing and publishing its Statement of Accounts, accompanied by the Annual Governance Statement. In the Annual Governance Statement, the Authority reports publicly on the extent to which it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

The Authority is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Purpose of our work

Our audit was designed to:

- Express an opinion on the 2013/14 financial statements;
- Report on any exception on the governance statement or other information included in the foreword;
- Consider and report any matters that prevent us being satisfied that the Authority had put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources (the Value for Money conclusion).

In addition, this report contains our findings related to the areas of audit emphasis, our views on the Authority's accounting policies and judgments and significant deficiencies in internal control.

As a component auditor, we also follow the group instructions and send to the National Audit Office our group assurance certificate, audit results report and auditor's report on the consolidation schedule.

This report is intended solely for the information and use of the Authority. It is not intended to be and should not be used by anyone other than the specified party.

Addressing audit risks

Significant audit risks

We identified the following audit risks during the planning phase of our audit, and reported these to you in our Audit Plan. Here, we set out how we have gained audit assurance over those issues.

Audit risk identified within our Audit Plan	Audit procedures performed	Assurance gained and issues arising
Significant audit risks (including fraud risks)		
<p><u>Fraud and Management Override Risk</u></p> <p>As identified in ISA (UK & Ireland) 240, management is in a unique position to perpetrate fraud because of their ability to directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>An area we identified as being susceptible to manipulation is the capitalisation of revenue expenditure on Property, Plant and Equipment.</p>	<ul style="list-style-type: none"> • Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; • Reviewed accounting estimates for evidence of management bias; • Evaluated the business rationale for any significant unusual transactions; and • Tested additions to the Property Plant and Equipment balance to ensure they are properly classified as capital expenditure. 	<p>All our planned procedures are in progress.</p> <p>At this stage there are no findings that indicate a risk of misstatement due to fraud or error.</p>

Addressing audit risks (Continued)

Significant audit risks

Audit risk identified within our Audit Plan	Audit procedures performed	Assurance gained and issues arising
Significant audit risks (including fraud risks)		
<p><u>Property, Plant & Equipment</u></p> <p>Valuation of property assets and capital expenditure are significant accounting estimates that have a material impact on the financial statements.</p>	<p>Our approach focussed on:</p> <ul style="list-style-type: none"> • Reliance on management's expert. • Reliance on auditor expert. • Testing of valuation movements. 	<p>All our planned procedures are complete.</p> <p>No issues have been identified</p>
<p><u>Localisation of business rates retention</u></p> <p>There have been significant changes in the arrangements for business rate arrangements from April 2013. The detailed accounting arrangements for the new arrangement are not yet clear and this therefore presents a risk in terms of the financial statements.</p> <p>One of the main changes is that individual councils now need to provide for rating appeals. This includes not only claims from 1 April 2013 but claims that relate to earlier periods. As appeals are made to the Valuation Office, Councils may not be aware of the level or extent of claims. Councils may also find it difficult to obtain sufficient information to establish a reliable estimate for the appeal provision.</p>	<ul style="list-style-type: none"> • We will review the detailed accounting for business rates to ensure the Council's accounts are materially accurate and compliant with the CIPFA Code of practice. • We will review the Council's provision for business rate appeals to ensure it has been calculated on a reasonable basis in line with IAS 37. As part of this we will ensure the provision is supported by appropriate evidence and that the level of estimation uncertainty is adequately disclosed in the accounts. 	<p>All our planned procedures are complete.</p> <p>The value of the business rate appeals provision of £4.0 million has been assessed as reasonable.</p> <p>The Authority's share of this provision of £1.6 million (40%) had been included within the Balance Sheet as a Creditor. Under the requirements of IAS 37 (Provisions) we believe that this amount should be reflected within the Balance Sheet as a provision.</p> <p>The Authority have amended for this error. Further details are set out in Appendix 1.</p>

Addressing audit risks (Continued)

Other audit risks

Audit risk identified within our Audit Plan	Audit procedures performed	Assurance gained and issues arising
Significant audit risks (including fraud risks)		
<p><u>Formation of trading company</u></p> <p>The Council have set up a wholly owned subsidiary trading company in 2013/14. Whilst the company is expected to have limited transactions, if any, in 2013/14. If transactions are included within the company financial statements, the council will need to consider the requirements for the production of group accounts.</p>	<p>We reviewed:</p> <ul style="list-style-type: none">• The Council's proposal for not preparing group accounts.	<p>The Council have asserted that the wholly owned subsidiary trading company had no business transactions in 2013/14. Subject to written confirmation, we agree with the Council's assertion that it did not therefore need to prepare group accounts.</p>

Financial statements audit

Issues and misstatements arising from the audit

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Progress of our audit

- ▶ The following areas of our work programme remain to be completed:
 - ▶ Receipt of a Letter of Representation
 - ▶ A number of substantive tests in respect of testing for Assets held for sale, IAS 19 Pension entries, subsequent events and payroll.
 - ▶ Final audit closing and review procedures.

We will provide an update of progress at the Corporate Governance Committee meeting.

- ▶ Subject to the satisfactory resolution of the above items, based on the work completed to date, we propose to issue an unqualified audit report on the financial statements.

Uncorrected Errors

There are currently no unadjusted errors for your consideration.

Corrected Misstatements

Our audit identified one reclassification adjustment of £1.6 million between Creditors and Provisions within the Balance Sheet in respect of Business Rate appeals. The Authority has made this adjustment, which has no impact on the General Fund reserve.

Our audit identified a small number of disclosure errors which our team have highlighted to management for amendment. All of these have been adjusted during the course of our work. None of these are of significance to report to you.

Other Matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we are required to communicate to you significant findings from the audit and other matters that are significant to your oversight of the Authority's financial reporting process including the following:

- ▶ Qualitative aspects of your accounting practices; estimates and disclosures;
- ▶ Matters specifically required by other auditing standards to be communicated to those charged with governance. For example, issues about fraud, compliance with laws and regulations, external confirmations and related party transactions; and,
- ▶ Any significant difficulties encountered during the audit; and
- ▶ Other audit matters of governance interest.

We would like to work with the Authority throughout the year to develop the working papers required for audit. This will ensure superfluous working papers are avoided and there is a structured approach to providing supporting information to ensure audit requirements are met efficiently.

Financial statements audit (continued)

Internal Control, Written Representations & Whole of Government Accounts

Internal Control

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

We have tested the controls of the Authority only to the extent necessary for us to complete our audit. We are not expressing an opinion on the overall effectiveness of internal control.

We have reviewed the Annual Governance Statement and can confirm that:

- ▶ It complies with the requirements of CIPFA/SOLACE Delivering Good Governance in Local Government Framework; and
- ▶ It is consistent with other information that we are aware of from our audit of the financial statements.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

Request for written representations

We have requested a management representation letter to gain management's confirmation in relation to a number of matters.

In addition to the standard representations, we have requested a specific representation in relation to:

- ▶ Confirmation that the Council's wholly owned trading company had no business transactions in 2013/14.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review and the nature of my report are specified by the National Audit Office.

The Authority's WGA return falls below the threshold for a full audit. We therefore only need to undertake the limited procedures required in such circumstances.

We have no matters to report.

Arrangements to secure economy, efficiency and effectiveness

The Code of Audit Practice (2010) sets out our responsibility to satisfy ourselves that South Cambridgeshire District Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In examining the Authority's corporate performance management and financial management arrangements, we have regard to the following criteria and focus specified by the Audit Commission.

Criteria 1 - Arrangements for securing financial resilience

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▶ *“Whether the Council has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future”*

▶ We did not identify any significant risks in relation to this criteria.

We have no issues to report in relation to this criteria

Criteria 2 - Arrangements for securing economy, efficiency and effectiveness

▶ *“Whether the Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.”*

▶ We did not identify any significant risks in relation to this criteria.

We have no issues to report in relation to this criteria

We have no other issues to report.

Independence and audit fees

Independence

- ▶ We confirm there are no changes in our assessment of independence since our confirmation in our Audit Plan dated March 2014.
- ▶ We complied with the Auditing Practices Board's Ethical Standards for Auditors and the requirements of the Audit Commission's Code of Audit Practice and Standing Guidance. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning of regulatory and professional requirements.

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We confirm that we are not aware of any relationships that may affect the independence and objectivity of the firm that we are required by auditing and ethical standards to report to you.

- ▶ We consider that our independence in this context is a matter that should be reviewed by both you and ourselves. It is therefore important that you consider the facts of which you are aware and come to a view.

If you wish to discuss any matters concerning our independence, we will be pleased to do so at the forthcoming meeting of the Corporate Governance Committee on 26 September 2014..

- ▶ We confirm that we have met the reporting requirements to the Corporate Governance Committee, as 'those charged with governance' under International Standards on Auditing (UK&I) 260. Our communication plan to meet these requirements were set out in our Audit Plan of March 2014.

Audit fees

The table below sets out the scale fee and our final proposed audit fees.

	Proposed final fee 2013-14	Scale fee 2013-14	Variation comments
	£s	£s	
Total audit fee - Code work	68,400	68,400	None

- ▶ Our actual fee is in line with the agreed fee at this point in time, subject to the satisfactory clearance of the outstanding audit work.
- ▶ We confirm that we have not undertaken any non-audit work outside of the Audit Commission's Audit Code requirements.

Appendix 1 - Corrected audit misstatements

- The following corrected misstatements, have been identified during the course of our audit and warrant communicating to you.
- These items have been corrected by management within the revised financial statements.

Balance Sheet and Statement of Comprehensive Income and Expenditure

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Item of Account	Nature	Type	Balance Sheet	Statement of Comprehensive Income & Expenditure
	Description	F, P, J	Debit/(Credit)	Debit/(Credit)
1. Balance Sheet - Creditors	The Authority share of Business Rate appeals was shown as a Creditor within the Balance Sheet. Under IAS 37 (Provisions) this should be shown as a Provision.	F	£1,600,000	
2. Balance Sheet - Provisions			(£1,600,000)	
Cumulative effect of uncorrected misstatement			£0	

Key

- F – Factual misstatement
- P – Projected misstatement based on audit sample error and population extrapolation
- J – Judgemental misstatement

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In March 2010 the Audit Commission issued a revised version of the 'Statement of responsibilities of auditors and audited bodies' (Statement of responsibilities). It is available from the Chief Executive of each audited body and via the [Audit Commission's website](#).

The Statement of responsibilities serves as the formal terms of engagement between the Audit Commission's appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The Standing Guidance serves as our terms of appointment as auditors appointed by the Audit Commission. The Standing Guidance sets out additional requirements that auditors must comply with, over and above those set out in the Code of Audit Practice 2010 (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Results Report is prepared in the context of the Statement of responsibilities. It is addressed to the Members of the audited body, and is prepared for their sole use. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.



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Agenda Item 7

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Corporate Governance Committee

26 September 2014

AUTHOR/S: Executive Director (Corporate Services)

APPROVAL OF THE 2013-14 STATEMENT OF ACCOUNTS

Purpose

1. To approve the amended 2013-14 Statement of Accounts and to discuss and agree the letter of representation.
2. This is not a key decision but is a legal and auditing requirement.

Recommendations

3. That the 2013-14 Statement of Accounts is approved and the letter of representation discussed and agreed.

Reasons for Recommendations

4. It is a legal requirement under the Accounts and Audit (England) Regulations 2011 for the Statement of Accounts to be considered and approved no later than 30 September.
5. It is an auditing requirement under International Auditing Standard (UK and Ireland) 580 for the letter of representation to be discussed and agreed by those charged with governance.

Background

6. The Statement of Accounts 2013-14 (subject to audit) was certified by the Executive Director (Corporate Services) as the Council's responsible financial officer and noted by this Committee on 27 June 2014.

Considerations

7. The results of the audit are now known and are set out in the Auditor's Audit Committee Summary Report, which is a separate item on this agenda. Further to the correction indicated in Appendix 1 of the Audit Committee Summary report Council officers identified an amendment relating to a single item, the required changes were notified to the Auditors. The amendments to the statements and disclosures have been included in the final version of the statement of accounts.
8. The letter of representation is included as Appendix A to this report. This needs to be discussed and agreed by this Committee and then signed by the Executive Director (Corporate Services) as the Council's responsible financial officer

Options

9. None.

Implications

10.	Financial	Members were informed of the balances, i.e. how much money we have got to spend in the future, in the weekly bulletin of 16 July 2014. These were the balances on the General Fund, Housing Revenue Account and Capital account as at 31 March 2014 as set out in the draft Statements of Accounts. The audit of the accounts has reviewed these balances, and confirmed the balances as shown in the Statement of Accounts.
	Legal	None
	Staffing	None
	Risk Management	There is a reputational risk to the Council if the accounts cannot be agreed with the Auditors and issued with an unqualified audit opinion
	Equality and Diversity	None
	Equality Impact Assessment completed	No Not applicable
	Climate Change	None

Consultations

11. None.

Consultation with Children and Young People

12. None.

Effect on Strategic Aims

13. The amended Statement of Accounts confirms the balances available for inclusion in the medium term financial strategy.

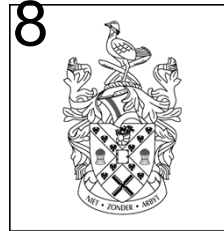
Conclusions / Summary

14. None.

Background Papers: the following background papers were used in the preparation of this report:

Contact Officer: Sally Smart - Principal Accountant
Telephone: (01954) 713706
sally.smart@scambs.gov.uk

Agenda Item 8



**South
Cambridgeshire
District Council**

REPORT TO: Corporate Governance Committee 26 September 2014
LEAD OFFICER: Executive Director (Corporate Services)/Legal and Democratic Services Manager

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL'S ANNUAL GOVERNANCE STATEMENT 2013/14

Purpose

1. To consider and approve the draft Annual Governance Statement 2013/14 prior to the statement being signed by the Leader and Chief Executive and being included in the statement of accounts for the year ending 31st March 2014.

Recommendations

2. That the Committee considers and approves the amendments to the draft Annual Governance Statement proposed by the external auditors as set out in the appendix.

Background

3. The requirement to publish an Annual Governance Statement ("the AGS") is a statutory requirement, which aims to provide public assurance about the effectiveness of the Council's system of internal control and the Council's corporate governance arrangements and assurance framework.
4. The CIPFA/SOLACE governance framework "Delivering Good Governance in Local Government" brings together an underlying set of legislative requirements, governance principles and management processes and highlights the fact that good governance relates to the whole organisation. Six core principles of governance in the framework focus on the systems and processes for the direction and control of the Council and its activities through which it accounts and engages with the community.

Considerations

5. The functions of the Corporate Governance Committee include consideration of the AGS prior to its inclusion in the annual statement of accounts. The AGS should explain the governance framework operating during the accounting period, assess the effectiveness of those controls and identify any significant issues and associated actions. The Corporate Governance Committee agreed at its March 2013 meeting that it would instruct officers and the internal auditors to produce a revised format for the 2012/13 AGS to make it more accessible to members of the public. It was concluded that the six governance principles should be mapped to the Council's performance framework as it is widely agreed that good governance is usually linked to good performance. This format has been continued with the 2013/14 AGS, which is appended to this report.

6. No “significant” governance issues have been identified in this year’s AGS. The draft AGS includes the anticipated External Audit “unqualified” opinion for 2013/14 that the council has followed the right accounting processes, delivered value for money and that the Council’s finances were adequately presented. The AGS will be updated with the External Audit opinion following the meeting.
7. The external auditors have made a number of suggested amendments to the draft AGS following a more in-depth consideration than last year, when new external audit arrangements had just been put in place. The amendments aim to add some more detail to certain sections of the AGS to ensure it clearly demonstrates compliance with the CIPFA guidance.

Implications

8. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

Financial

9. Good corporate governance and internal controls reduce the risk to the Council of financial loss.

Legal

10. It is a statutory requirement to produce an Annual Governance Statement under the Accounts and Audit (Amendment) (England) Regulations 2006 and the Statement of Reporting Practice 2007 (CIPFA). Operating good corporate governance and internal control systems should demonstrate high ethical standards.

Staffing

11. None.

Risk Management

12. Failure to produce an Annual Governance Statement would affect the approval of the statement of accounts and the use of resources assessment

Equality and Diversity

13. None

Consultations

14. The Executive Management Team, other senior officers, Internal Audit and External Audit were consulted as part of the preparation of this report.

Effect on Strategic Aims

15. The Annual Governance Statement covers the whole range of Council activities and the way in which it implements its policies and values reflecting the strategic aims of the authority.

Background Papers

Where [the Local Authorities \(Executive Arrangements\) \(Meetings and Access to Information\) \(England\) Regulations 2012](#) require documents to be open to inspection by members of the public, they must be available for inspection: -

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;

- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

Annual Governance Statement 2012/2013

Delivering Good Governance in Local Government – Guidance and Framework published by CIPFA 2007 & 2012

Report Author: Fiona McMillan – Legal and Democratic Services Manager
Telephone: (01954) 713027

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**South
Cambridgeshire
District Council**

How did we do in 2013/14?

**Were we well-governed?
Did we perform well?**

**SCDC's annual assessment of its
governance and performance
during the year
to 31 March 2014**

South Cambridgeshire District Council

INTRODUCTION AND PURPOSE OF THIS DOCUMENT

This document is an assessment of our “governance”, but what do we mean by that word? There is no legal definition of “governance”, but we believe it is best summarised as having:

- the right **governance structures** (including constitution, committees, delegated powers, internal management structures and audit arrangements)
- the right **plan of action** (including **vision, aims, approaches and ambitions**); and
- the right **way of operating** (including openly, honestly and efficiently)

So that we deliver:

- the **right services**, to the **right people**, at the **right price** and at the **right time**.

Further guidance is given by CIPFA (the Chartered Institute for Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) which, in 2007 (updated in 2012), jointly published a “Framework for Delivering Good Governance in Local Government”.

This guidance ~~is recognised as the proper practices referred to in the Accounts & Audit Regulations 2011 that we must follow (and in that sense is the nearest one can get to the ‘official’ definition of Governance), and~~ sets out six core principles of good governance, which we think are compatible with the summary ~~we gave~~ above.

CIPFA/SOLACE lists these core principles as:

1. **Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area**
2. **Members and Officers working together to achieve a common purpose with clearly defined functions and roles**
3. **Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour**
4. **Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**
5. **Developing the capacity and capability of Members and Officers to be effective**
6. **Engaging with local people and other stakeholders to ensure robust public accountability.**

The law requires each council to produce an annual statement to provide assurance that it is a well-governed organisation with the right policies and controls in place to ensure excellent public services are delivered and public money is spent wisely. **This is called our ‘Annual Governance Statement’ and includes a ‘review of effectiveness’, where we do a self-assessment of how well all our processes are working to make sure we do things well and in the right way. This report seeks to provide this assurance in respect of South Cambridgeshire District Council.**

We need to demonstrate that we meet the requirements of the Accounts and Audit (England) Regulations 2011 in relation to the publication of a statement on internal control which shows that we manage risk to a reasonable level. We must also fulfil our duty under the Local Government Act 1999 to continually improve the way we function, having regard to economy, efficiency and effectiveness.

Governance matters because we all believe that **good governance produces good results**. Since it is sometimes difficult to measure governance, it is standard practice to ‘work backwards’ and assess the results and performance, and infer that, if these outputs are good, that is a sign that the

underlying governance is also working properly. This report therefore also focuses on how far we achieved the objectives we set ourselves, in terms of positive outcomes for our communities.

Some people will, rightly, question whether it is right that we report on ourselves: surely that gives rise to a conflict of interest? In response, we would say that:

- we are required to do so;
- we have tried to be as objective as possible in summarising our performance against our corporate objectives;
- feedback from residents has in many cases contributed to our assessment of how far we have delivered;
- all political groups – those in control of the council and those in opposition or independent – have been given the opportunity to input into this report, challenging its content where appropriate; and
- this report is only part of the overall process, as we are also subject to internal and external audit.

This report is written under the authority of the council's Corporate Governance Committee, who will be asked to approve it formally on 26th September 2014. Subject to this approval, it will be signed by the Leader (an elected Councillor) and Chief Executive (an Officer) and published with the final accounts on 30th September 2014. It will also be submitted to our external auditors along with our annual accounts in July 2014; the auditors will consider whether the information we've submitted meets their expectations as part of their annual opinion in September 2014.

GOVERNANCE STRUCTURES

In the Introduction above, the first thing we said was that we should have the right governance structures in place. This section reviews those structures. We govern ourselves through **Council**, an Executive **Management Team (EMT)**, **Cabinet** and **Committees**, and we have many **policies** in place that govern our activities and which we follow. These are listed in turn below:

- **Council**

The Council met eight times. Of the 57 Councillors, the numbers attending were 46, 48, 49, 47, 48, 50, 46, 55 respectively. All meetings of Council were held in open forum and considered reports and recommendations from other committees.

- **Cabinet**

The Cabinet, or Executive, is the Council's principal decision-making body, consisting of elected Councillors, appointed by the Leader of the Council, each with an area of responsibility called a 'portfolio'. Across the country, councils are allowed to choose between a number of models for their committee structures. We have been using the Cabinet model since 2001, and although the Cabinet can be made up of any political proportion, at the moment all our Cabinet Members come from the majority political party. Cabinet met seven times during the year – details of agendas and minutes can be found at <http://scams.moderngov.co.uk/mgCommitteeDetails.aspx?ID=293>

- **Executive Management Team and structure**

The management team structure (i.e. employees, who we call 'Officers', as opposed to elected Councillors) is available to view here <http://www.scams.gov.uk/content/about-council>

EMT meets fortnightly throughout the year, reviewing and approving reports before they are sent on for consideration by Councillors. They are also involved in the development of new policies and strategies for the Council, either directly, or by management review and comment. EMT comprises:

- the **Chief Executive** (Jean Hunter) is the Head of the Paid Service, and is the person who is ultimately responsible for the welfare of the Council's employees.
- the **Chief Financial Officer** (Alex Colyer) is responsible for looking after the financial affairs of the Council. and is the designated Chief Finance Officer responsible for the proper administration

of the Council's financial affairs under Section 151 of the Local Government Act 1972. The Council's financial management arrangements conform to the governance requirements of the CIPFA "Statement on the Role of the Chief Financial Officer in Local Government" (2010).

- the **Monitoring Officer** (Fiona McMillan) is responsible for ensuring that decisions by the Council are legal, and are made in an open and transparent way. The Monitoring Officer also reviews any reports or complaints about conduct and behaviour; complaints were received about 15 district and parish councillors during the year.
- The Directors of Affordable Homes (Stephen Hills), Health and Environmental Services (Mike Hill) and Planning and New Communities (Jo Mills), are responsible for direct service delivery
- The Head of Finance, Policy and Performance (John Garnham), Deputy Chief Financial Officer
- The Head of Human Resources (Susan Gardner Craig) is responsible for organisational development and the council's policies and procedures relating to its staff
- The Council's three statutory officers have the skills, knowledge, experience and resources to perform effectively in their roles and their roles are properly understood within the authority.

- **Corporate Governance Committee**

This Committee met four times during the year. Its main purposes are:

- reviewing and advising on the effectiveness of governance arrangements including risk management and internal controls
- approving the Statement of Accounts each year, agreeing the Annual Governance Statement (this document) and confirming the annual Audit Risk Index and Strategic Audit Plan
- commissioning studies as appropriate (including on 'Value for Money'), [and considering the Performance Indicators and Local Authority Profile as published by the Audit Commission]
- recommending action to the Council in respect of any issues of major concern arising from audit reports and/or management letters
- monitoring overall efficiency and effectiveness of internal and external audit
- monitoring the use of directed surveillance under the Regulations of Investigatory Powers Act (RIPA)
- receiving information from the Chief Finance Officer or Monitoring Officer of any suspected fraud, maladministration or illegality

- **Civic Affairs Committee**

This Committee met four times during the year. Its main purposes are:

- reviewing the Council's Constitution, including proposals for substantive changes for consideration by the Council (excluding those matters which are specifically included within the remit of other bodies on the Council)
- considering changes to electoral arrangements, (including District, ward and parish ward boundaries), and making recommendations to Council
- setting ethical standards (as set out in Article 9.03 of the Council's constitution)

- **Employment Committee**

The Employment Committee deals with the appointment of senior management, re-gradings and disciplinary and grievance issues. It met once during the year.

- **Scrutiny and Overview Committee**

The Scrutiny and Overview Committee consists of 9 non-Executive members (ie. not members of the Cabinet) whose role is to hold Cabinet decision takers to account, focusing on issues considered as 'internal'.

It monitors the performance of the Leader and Cabinet, scrutinises services and policies throughout the district, whether or not South Cambridgeshire District Council provides them, and makes recommendations for improvement.

During the year, the Committee met six times and:

- received ongoing updates from the South Cambridgeshire Youth Council;
- scrutinised the annual report of Mears Group PLC, as the company responsible for the Council's social housing maintenance and repairs;
- scrutinised the Medium Term Financial Strategy and the Corporate Plan, before they were considered by Cabinet and Council;
- scrutinised the Communications Strategy;
- considered the implications of the introduction of the Community Infrastructure Levy;
- considered proposals for the use of the Council's redundant ICT equipment, following an informal Member working group;
- considered performance and risk management issues quarterly;
- considered issues relating to shared equity schemes and the Council's Empty Homes Strategy;
- scrutinised proposals for a review of the Council's Conservation Service;
- considered the Council's Enforcement and Inspection Review;
- considered the annual report for the Council's in-house Customer Contact Centre;
- considered the annual report for the Council's newly developed Website;

An annual report of the Council's scrutiny and overview function, consisting of the work of the Partnerships Review Committee and the Scrutiny and Overview Committee, will be presented to the Council's Annual General Meeting on 5 June 2014.

• **Partnerships Review Committee**

The Partnerships Review Committee was introduced to the Council's committee structure at the Annual General Meeting in May 2013. The Committee's remit is mainly externally focused with members scrutinising, challenging and holding decision takers to account on issues relating to the work of those organisations in the council's area, including formal partnerships.

Its membership consists of 9 non-executive members and it met five times during the year, when it:

- considered the role and function of Local Neighbourhood Policing Panels in its role as the Council's Crime and Disorder Committee and held a question and answer session with senior representatives of Cambridgeshire Police;
- considered the district-wide implications of changes to public health and wellbeing provision in Cambridgeshire;
- considered the Council's approach to equalities partnership working;
- held a question and answer session with the Member of Parliament for Cambridgeshire South;
- considered proposals for a Greater Cambridgeshire City Deal;
- considered aspects of partnership working across the district relating to youth issues and services for children and young people;
- received updates from Members of the Council appointed to outside bodies.

The Council also has other committees (planning, licensing etc), but as these are not concerned directly with governance arrangements they are not listed here.

- **Policies**

The following table lists the Council's main documents, policies and procedures which underpin our assurance framework; we refer to and follow these, to make sure we do things in the right and consistent way. All these policies have been approved by your elected Councillors where required and all are available for inspection at the Council's reception as well as via our website-

-The Council has put procedures in place to ensure informed and transparent decisions which are subject to effective scrutiny and management of risk • The Council has a Risk Management Strategy which is reviewed annually by Full Council alongside a strategic risk register which is reviewed quarterly by senior officers and members. It also has a Code of Conduct for staff incorporated in the Constitution, Capability and Disciplinary Procedures and a Whistleblowing policy.

Compliance with the Council's Anti- Theft, Fraud and Corruption Policy is monitored by the internal auditors in liaison with the council's Fraud Team. The National Fraud Initiative will mean the delivery of investigating fraud will change by the creation of the Single Fraud Investigations Service within DWP. Internal Audit recommended to Corporate Governance Committee in March 2014 that an annual report is produced on fraud and irregularities and the steps taken to mitigate and reduce. This will also include review of the appropriate policies to ensure that they remain relevant and raise the awareness and appreciation amongst officers and members.

The Council is committed to the ongoing development of its staff and members. The People and Organisation Development Strategy is under review and was considered by Scrutiny Committee on 4th September 2014. On 18 June 2013 the Council was reaccredited for the East of England Charter for Elected Member Development due to continually meeting the standards set out in the Charter and a revised Member Development Strategy is to be considered by Full Council in September 2014.

<i>Title</i>	<i>Contact Officer</i>	<i>Last updated</i>
The Council's Constitution (including Procurement Strategy, Financial and Contract Regulations, Code of Conduct)	Fiona McMillan	April 2013
People and Organisation Development Strategy	Susan Gardner Craig	November 2011 (currently under review)
Risk Management Strategy	John Garnham	March 2014
Anti-Fraud and Corruption Policy	John Garnham	September 2013
Whistleblowing Policy	John Garnham/Fiona McMillan	September 2013
Corporate Plan	Richard May	February 2014
Service Plans	Richard May	March 2014
Statement of Accounts	Sally Smart	June 2013
Member Development Strategy 2014-17 (link to be added after Council on 25 September 2014)	Graham Watts	September 2014

VISION, AIMS, AND OBJECTIVES

In the introduction to this document, the second thing we said we needed was the right plan of action. During 2013-2014, the Council's Vision was as follows:

"South Cambridgeshire will continue to be the best place to live, work and study in the country. Our district will demonstrate impressive and sustainable economic growth. Our residents will have a superb quality of life in an exceptionally beautiful, rural and green environment.

"The Council will be recognised as consistently innovative and a high performer with a track record of delivering value for money by focussing on the priorities, needs and aspirations of our residents, parishes and businesses."

Each year we agree a rolling five-year **Corporate Plan**, showing how we will work towards this Vision. We have chosen to express this in terms of "Aims, Approaches and Actions", because we believe that a clear, simple, transparent set of statements provides the best way of establishing and then achieving them, and of being able to monitor performance – all of which is good governance.

The 2013/14 Corporate Plan had three strategic **aims**:

- A. We will listen to and engage with residents, parishes and businesses to ensure we deliver first class services and value for money
- B. We will work with partners to create and sustain opportunities for employment, enterprise, education and world-leading innovation
- C. We will make sure that South Cambridgeshire continues to offer an outstanding quality of life for our residents

For each of these three aims, we set out:

- a number of **approaches** (i.e. how we will go about achieving those aims); and
- 30 specific **actions** (10 under each Aim), performance against which is summarised in Appendix 1.

REPORTING

In the Introduction, we said that we needed the right way of operating (including openly, honestly, efficiently, etc) so that, as outputs, we deliver the right services, to the right people, at the right price, and the right time. We also mentioned above that "it is standard practice to 'work backwards' and assess the results and performance, and infer that, if these outputs are good, that is a sign that the underlying governance is also working properly. This section reviews how we operated and delivered.

Regular reporting

We publish, annually (<http://www.scams.gov.uk/content/statement-accounts>):

- **Statutory accounts**: The format of these is set by accounting regulations, and we recognise that these are hard for many people to understand. To help make them comprehensible, we add an 'explanatory foreword'.
- **Plain English Accounts** · these are intended to be an even more straightforward version of the statutory accounts

With respect to the Council's Vision and Objectives mentioned above, we publish:

- **Corporate Plan and in-year three, six, nine-month and year-end progress reports.**

These documents can be found at <http://www.scams.gov.uk/content/council-aims-and-objectives>

REVIEW OF EFFECTIVENESS

The Council must review the effectiveness of its governance arrangements annually by considering the work of senior managers on the development and maintenance of the governance environment, the head of internal audit's annual report and comments by external auditors and other review agencies and inspectorates.

Auditing and monitoring

The Council was subject to four principal auditing and monitoring processes, which were intended to be objective and (where necessary) critical:

- **Internal audit:** Although this is called 'internal' audit, the first 3 months of 2013/14 saw the end of a contract we had in place with an external firm (RSM Tenon) to help us. Since 1st July 2013 we have entered into a shared service internal audit arrangement with Cambridge City Council and Peterborough City Council. We commissioned 250 days work and they carried out audits on a number of specific areas that we asked them to investigate. For each area, we asked them to check our policies and procedures; report on a graded system as to how they think each area is doing; and to make recommendations for changes to our procedures. We then accepted or rejected each of their recommendations. The 2013/14 Internal Audit annual report, which includes all the areas they investigated; how many hours they spent doing so; what grading they gave; how many major/minor recommendations they made; and how many of these we accepted, can be found at:

<http://scams.moderngov.co.uk/documents/s76070/Internal%20Audit%20Report.pdf>

The overall conclusion is that the Council "*has a sound governance framework from which those charged with governance can gain reasonable assurance*" and no significant control weaknesses were identified. The report concluded that "*the internal control environment is fundamentally well established and continues to operate well in practice throughout the year.*"

The Council's assurance arrangements conform with the governance requirements of CIPFA's Statement on the Role of the Head of Internal Audit in Local Government (2010)

- **External audit:** The Audit Commission was the external auditor of the Council. It performed work on the accounts and other documents and processes; checked that we are delivering good value for money; and provided an audit opinion at the end of that work. In 2013-14 (**to be confirmed – the following is potential wording only**) it gave the Council an 'unqualified' audit opinion, which means that it was satisfied that we had followed the right accounting processes, delivered value for money and that the numbers were an accurate view of the Council's finances. The full report is available here (**new link to be added in Sept 2014**):

<http://scams.moderngov.co.uk/documents/s72255/External%20Audit%20Report.pdf>

- **Other external assurance sources:** During 2013-2014 we carried out a self-assessment against the 'Excellent' standard of the Equalities Framework for Local Government, which found much evidence that we are listening to and responding to the needs of our diverse communities and remain a community leader in equalities as an employer and service provider. We were also reassessed by the East of England Local Government Association for the Charter for Elected Member Development and were pleased that we continue to meet the standards for this award. The council's housing service has a number of external methods of scrutinising its performance. The Affordable Homes service submits its key financial and performance data to Housemark, a national benchmarking service, which allows the Council to compare its performance with other landlords across the country. In line with the Homes & Communities Agency regulatory framework for housing organisations, the council has established an independent tenant lead scrutiny body that will undertake scrutiny reviews of the housing management service.
- **Major Opposition Leader's annual report:** Another 'critical friend' of the Council is the Leader of the largest opposition political party. For SCDC in 2013/14, when the majority of Councillors were Conservative (29 out of 57), the Major Opposition Leader was Cllr Sebastian

Kindersley, leading 13 Liberal Democrats. The Major Opposition Group Leader's Annual statement for 2014, which was made by Cllr Bridget Smith as the new opposition leader, can be found here:

<http://scams.moderngov.co.uk/documents/s75888/Opposition%20Group%20Leader%20Annual%20Statement.pdf>

There were also seven members of the Independent Group in opposition and two non-group councillors.

Analysis performed for this Governance statement

In drawing up this governance statement we have reviewed the 30 actions in the Corporate Plan from a governance and performance basis, as set out in Appendix 1. For each action, the table:

- lists the action
- asks 'how did we do?'
- asks 'what's still left to do?'
- shows how that action relates to CIPFA/SOLACE's six core principles of good governance listed on page 2 of Appendix 1.

We believe that a study of the table in Appendix 1 shows that our results and performance was good, when measured against the visions, aims, approaches and actions that we set ourselves, and (on the basis of the 'work backwards' approach discussed above) we take that as a sign that our governance was also good.

IMPROVEMENTS

Last year (2012-13), we did not identify any significant governance areas which required improvement. This year (2013/14), during our own review of our arrangements, and by the work of the internal and external auditors, we did not identify any governance issues which we regard as 'significant'. We consider that the Council's governance arrangements are fit for purpose in accordance with the governance framework.-

We, the Leader and Chief Executive, undertake over the coming year to continue to monitor our governance arrangements to ensure they remain fit for purpose. We are satisfied that they were effective in 2013/14, and will reflect and report on their operation and effectiveness as part of our next annual review.

Signed

Signed

Date:

Date:

Leader

Chief Executive

CONCLUSION

The Council's Corporate Governance Committee is responsible for ensuring that the Council complies with its own governance code, including monitoring the effectiveness of the governance framework and ensuring plans are put in place to address any weaknesses and ensure continuous improvement of the system. The Committee believes that it has discharged that responsibility, and that this report is evidence of that.

We recognise that there will always be room for improvement (which will need to be balanced by the costs associated with that, and whether the 'law of diminishing returns' applies), but on balance we are delighted to report that **we believe that, during 2013/14, the council was well-governed, and performed well.**

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Agenda Item 9



Report To: Corporate Governance Committee
Lead Officer: Executive Director (Corporate Services)

26 September 2014

Treasury Management Annual Report

Purpose

1. To report on the performance of the treasury management function for the period 1 April 2013 to 31 March 2014.
2. This is not a key decision but reporting to the Corporate Governance Committee is a requirement of the Council's Investment and Borrowing Strategy.

Recommendations

3. It is recommended that Corporate Governance Committee note the creditable performance of the treasury management function.

Reasons for Recommendations

4. The performance of the treasury management function should be reviewed to ensure reasonable returns are achieved commensurate with risk. This is achieved by being a member of a benchmarking group and the Council compares favourably with the members of that group.

Background

5. The Borrowing and Investment Strategy approved by Council on 27 February 2013 requires an annual report to be presented to Corporate Governance Committee after the end of the financial year.

Considerations

6. Investments at 31 March 2014 were:
7. The Council is a member of a benchmarking club on treasury management, which is organised by the Chartered Institute of Public Finance and Accountancy. The results of this benchmarking exercise for 2013/14 were issued in July and the results over the last five years are shown in **Appendix A**.
8. The results for 2013/14 show that South Cambridgeshire achieved a return of 1.18% on combined investments (less than and more than 365 days) compared to 0.94% for its comparator group and 0.85% for the overall group. South Cambridgeshire was third in the comparator group of 14 other organisations and eighth highest in the overall group of 50 other organisations.

9. The performance target is a greater return than average over a five-year rolling period. For 2013/14, a better than average return was achieved compared to the comparator group and to the overall group. Over the five-year period the target has been met.
10. In March 2012, following the introduction of the Housing Revenue Account Self Financing regime, the Council acquired debt of £205 million. The full sum was borrowed from the Public Works Loans Board at an average fixed rate of 3.5% as 41 individual loans with maturity dates between 2037 and 2057.
11. The Council's Borrowing and Investment Strategy states that the effective management and control of risk are the prime objectives of its treasury management activities. The specific risks in treasury management are:
 - (a) **credit and counterparty risk**
The risk of failure by a counterparty to meet its contractual obligations to pay interest and repay principal: the Council's range of counterparties is restricted to UK banks, financial institutions approved by the Council and large building societies (all of which must have a satisfactory credit rating) and to public sector bodies.
 - (b) **liquidity risk**
The risk that cash will not be available when it is needed: the Council has cash flow forecasts which are updated weekly, an overdraft facility with its bank and, as a last resort, can borrow on the open market or from the Public Works Loan Board.
 - (c) **interest rate risk**
The risk of loss through adverse movements in interest rates: the Council mainly invests in fixed interest rate deposits so it accepts the risk of an opportunity cost that money is invested at fixed rates and market rates subsequently rise.
 - (d) **exchange rate risk**
The risk of loss through adverse movements in exchange rates: the Council's Investment strategy restricts all treasury management transactions to £ sterling.
 - (e) **refinancing risk**
The risk that maturing investments cannot be reinvested at favourable rates: the Council's investments for less than a year are made to match liabilities and for more than one year have a spread of maturity dates.
 - (f) **legal and regulatory risk**
The risk of loss due to the Council or its counterparties failing to act in accordance with their legal powers and regulatory requirements: the Council only deals in simple investments and only deals with well recognised and perceived to be reliable counterparties.
 - (g) **fraud, error and corruption**
The risk of loss through fraud, error and corruption; the Council has internal controls including segregation of duties, an internal audit function to evaluate those internal controls and fidelity guarantee insurance.

(h) **market risk**

The risk of adverse fluctuations in the value of investments: the Council only invests in non-negotiable investments which are held to maturity and realised at face value.

Prudential Indicators

12. The Prudential Code for Capital Finance in Local Authorities came into effect from 1 April 2004, the objective being to provide a framework for capital programmes to ensure that:
- Capital expenditure plans are affordable;
 - All external borrowing and other long term liabilities are within prudent and sustainable levels; and
 - Treasury management decisions are taken in accordance with professional good practice.
13. The indicators are primarily to show whether a local authority is entering into a long term commitment which it may not be able to afford in the future. The Council's main long term commitment is the £205 million debt resulting from the Government's Housing Revenue Account Self Financing Reforms and the affordability and sustainability of this debt are addressed in the Housing Revenue Account business plan.
14. A key prudential indicator is the capital financing requirement, which is capital expenditure which has not been fully financed from a local authority's own resources in the year but has been covered by raising external or internal debt, the position at 31 March 2014 is shown below:

	Estimate 31/03/2014 £,000	Actual 31/03/2014 £,000	Estimate 31/03/2015 £,000
General Fund	3.697	4.630	3.944
Housing Revenue Account	205.123	204.430	205.123
Total	208.820	209.060	209.067

15. The General Fund capital financing requirement fluctuates due to financing internally refuse and street cleaning vehicles, part of the purchase of wheeled bins and cash overdrawn on equity share repurchases, but this financing is then partly repaid over a period.
16. One of the indicators of prudence is that net debt is not in excess of the capital financing requirement; this position is confirmed in the table below. External debt relates to the Housing Revenue Account Self Financing debt of £205 million, the Council set an external debt authorised limit for 2013/14 of £212.5 million.

	Estimate 2013/14 £,000	Actual 2013/14 £,000	Estimate 2014/15 £,000
Borrowing	212.5	205.1	212.5
Investments	-20.0	-29.4	-20
Net debt	192.5	175.7	192.5

Options

17. Options for the investment of surplus funds will be limited in the future as it may be more beneficial to use such funds to reduce marginally and temporarily the £205 million debt arising from Housing Revenue Account Reform. Other options for any surplus funds include:
- (a) Out-sourcing; however, external managers usually require a minimum of £10 million for a period of at least three years and, with the reduction in capital receipts and other reserves, these requirements cannot be met;
 - (b) The Investment Strategy restricts the range of counterparties and weekly monitoring of credit ratings and bank financial strength ratings restricts this range even further. The range of counterparties could be extended but any additions would need to be subject to an assessment of risk as the successful identification, monitoring and control of risk is the Council's prime criteria for measuring the effectiveness of treasury management; and
 - (c) External treasury management consultants are used by many local authorities but there is no budget for this.

Implications

18. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered: -

Financial

19. The in-house treasury management function achieved an average rate of 1.18% on combined investments compared to an overall group average of 0.85%. The differential of 0.33% on the average amount invested of £31.1 million during the year amounts to higher interest of around £102,630.
20. The cost of the in-house investment function, excluding cash flow forecasting and planning and control, is estimated at £630 per million (£510 in 2012/13) invested compared to an overall group average per million invested of £880 (£520 in 2012/13) for in-house costs plus £50 for external fund managers (£1,530 in 2012/13). Accurate comparisons of costs on a true like for like basis can be complex and time-consuming and there may be questions raised over the validity of benchmarking data on costs.
21. The affordability of capital expenditure at 31 March 2014 has been affirmed by the prudential indicator for net debt which does not exceed the capital financing requirement.

Risk Management

22. As noted in this report.

Consultation responses (including from the Youth Council)

23. The Youth Council were not consulted.

Effect on Strategic Aims

24. This report has no direct implications for any of the Strategic Aims but any increase in interest received (commensurate with risk) may reduce the need for cuts in individual services and assist in the achievement of actions to support those aims.

Conclusion

25. The in-house treasury management has achieved a good performance in 2013/14 at a minimal cost.

Background Papers

Where [the Local Authorities \(Executive Arrangements\) \(Meetings and Access to Information\) \(England\) Regulations 2012](#) require documents to be open to inspection by members of the public, they must be available for inspection: -

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

CIPFA Treasury Management Benchmarking Club 2014 reports (confidential)

Report Author: Sally Smart – Principal Accountant
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Treasury management investment performance	2009/10			2010/11			2011/12			2012/13			2013/14		
	SCDC Ranking	Group Size		SCDC Ranking	Group Size		SCDC Ranking	Group Size		SCDC Ranking	Group Size		SCDC Ranking	Group Size	
Money Market Funds															
SCDC	0.57%			0.56%			0.69%			0.47%			0.32%		
Comparable Group	0.67%	7	14	0.63%	7	11	0.72%	10	13	0.52%	8	9	0.38%	11	11
Overall Group	0.65%	42	67	0.62%			0.72%			0.52%			0.39%		
Notice Accounts															
SCDC										0.96%			1.11%		
Comparable Group										0.78%	2	8	0.66%	1	14
Overall Group										0.82%			0.66%	1	50
Less than 365 days (in-house, fixed term and callable)															
SCDC	1.96%			1.09%			1.63%			1.64%			0.90%		
Comparable Group	1.84%	5	14	1.18%	9	14	1.21%	1	16	1.15%	3	11	0.79%		14
Overall Group (excluding impaired investments)	1.91%	47	137	1.06%			1.23%			1.34%			0.82%		50
Over 365 days (in-house, fixed term and callable)															
SCDC	5.56%			5.21%			5.19%			5.56%			5.30%		
Comparable Group	4.42%	2	14	3.53%	4	13	2.49%	1	12	2.84%	1	11	2.14%		14
Overall Group (excluding impaired investments)	4.98%	42	137	3.60%			2.53%			2.59%			2.28%		50
Combined (externally managed)															
Comparable Group	2.69%	N/A		-0.06%			-1.78%			1.74%			3.93%		2
Overall Group (excluding impaired investments)	2.05%	N/A		1.27%			1.57%			1.57%			1.80%		10
Combined Investments (fixed term, callable, call and money markets) (all period: in-house and externally managed)															
SCDC	2.68%			2.21%			2.45%			2.03%			1.18%		
Comparable Group	2.21%	5	14	1.55%	3	14	1.20%	1	16	1.24%	2	11	0.94%	3	14
Overall Group (excluding impaired investments)	1.87%	23	137	1.19%	5	95	1.19%	3	84	1.11%	5	69	0.85%	8	50

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Agenda Item 10

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Corporate Governance Committee 26th September 2014
AUTHOR/S: Executive Director (Corporate Services) / Legal & Democratic Services Manager

REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) AMENDMENTS TO POLICY & UPDATE ON USE OF RIPA

Purpose

1. To update on the use of RIPA powers in the last quarter, note the use of RIPA powers over the last year and as part of an annual review of the Council's policy to make the amendments highlighted in the appendix.

Recommendations

2. That Corporate Governance Committee:
 - (a) **AGREE** the amendments to the Council's RIPA policy highlighted in bold red in the Appendix ;
 - (b) **NOTE** the information contained in the report about the council's use of surveillance powers in the period July to September 2014 and the annual summary of RIPA usage.
 - (c) **NOTE** the intention of the Office of the Surveillance Commissioner to carry out an inspection of SCDC's use of RIPA in November.

Background

3. The Regulation of Investigatory Powers Act 2000 regulates covert investigations by a number of bodies, including local authorities. It was introduced to ensure that individuals' rights are protected while also ensuring that law enforcement and security agencies have the powers they need to do their job effectively.
4. Following a Home Office Review into counter-terrorism and security powers the Protection of Freedoms Act 2012 was passed on in May 2012 requiring all local authority surveillance authorised under RIPA to be approved by a Magistrate from November 2012. The council's policy and procedures were amended at that time to reflect these changes.
5. The Council comprehensively reviewed and updated its policy in September 2012 and made further minor amendments as part of an annual review in September 2013.
6. The Annual Report of the Chief Surveillance Commissioner was published on the 4th September 2014 and received by SCDC on the 10th September:-
<https://www.gov.uk/government/publications/annual-report-of-the-chief-surveillance-commissioner-for-2013-to-2014>
7. The Office of the Surveillance Commissioner is responsible for regulating surveillance conducted by public authorities. This is done through a programme of inspections,

followed by a report of the inspection findings. Inspections are usually conducted with little or no notice. Local authorities are subject to inspection every third year, with SCDC last being visited in 2011, and SCDC have just received notification that the next inspection will be on the 4th November 2014. The inspection report should be available to be reported to the next Corporate Governance Committee.

Considerations

8. The attached draft policy has been updated and amended to take into account the recent Commissioners report. Aside from changes to the format and some minor changes to language the main changes, which are highlighted in bold red font, aim to recognise that some activities undertaken by the Council could inadvertently become surveillance.
9. It is not unlawful for a local authority to conduct surveillance without RIPA authorisation but RIPA provides a safeguard to ensure that if the application is properly made the authority is protected from potential civil claims by those subjected to surveillance. There are times where it is justifiable and necessary to conduct surveillance without RIPA authorisation, for example in disciplinary investigations. The policy now includes a section setting out a process mirroring RIPA authorisation, except there is no approval from a magistrate required (this is not an amendment).
10. In his latest report the Surveillance Commissioner has noted (at para.127): *“I strongly advise all public authorities empowered to use RIPA to have in place a corporate policy on the use of social media in investigations”* and, at para. 5.39 *“My Inspectors ... occasionally discover activities that ought to have been authorised, particularly, for example, in social media monitoring”*.
11. The draft amended policy has been updated to incorporate the use of social media in investigations and also to seek to ensure that consideration is given across SCDC to all activities, which may constitute surveillance, which should be RIPA authorised or otherwise authorised as per the SCDC policy as non-RIPA surveillance. This will ensure that any Human Rights impact on those under investigation and those who may also be observed is properly considered and such activities are properly authorised. The aim is not to introduce unnecessary bureaucracy but to ensure that proper consideration is given and that SCDC can justify its actions in all cases.

The council’s use of RIPA in Quarter 4 2014

12. The information in the table below outlines the authorisations granted by the council during the fourth quarter of the year 2013/14.
13. Although there were no formal RIPA authorisations in the last quarter there was one non-RIPA authorisation of surveillance, which was in relation to a sickness absence case as part of an HR investigation.

Quarter	Directed surveillance	CHIS	Total	Purpose
July - Sept 2014	0	0	0	n/a

Annual summary of the Council’s use of RIPA (September 2013 – September 2014)

14. The information in the table below summarises the authorisations granted by the council in the last year, from September 2013 to September 2014. As the Committee is aware from its quarterly update reports there have been no such authorisations.

Sept 2013- Sept 2014	Directed surveillance	CHIS	Total	Purpose
October 2013 – December 2013	0	0	0	n/a
January 2014 – March 2014	0	0	0	n/a
April 2014–June 2014	0	0	0	n/a
July 2014 – September 2014	0	0	0	n/a

Implications

15. Financial	No implications
Legal	Authorisation of surveillance activity gives that surveillance “lawful authority” for the purposes of the European Convention on Human Rights
Staffing	No implications
Risk Management	See comments under “Legal”
Equality and Diversity	See comments under “Legal”
Equality Impact Assessment completed	No adverse impact
Climate Change	No implications

Effect on Strategic Aims

13. None identified.

Conclusions / Summary

14. This report outlines proposed amendments to the Council’s RIPA policy and updates the Committee on the Council’s use of RIPA powers in the last quarter, along with an overview of the last year. Relevant staff will receive up-date training on the application of the amendments to the policy shortly.

Background Papers: the following background papers were used in the preparation of this report:

Annual Report of the Chief Surveillance Commissioner for 2013 to 2014

Contact Officer: Fiona McMillan – Legal & Democratic Services Manager
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South Cambridgeshire District Council

Regulation of Investigatory Powers Act 2000 Corporate Policy & Procedures

Statement of Intent: South Cambridgeshire District Council attaches a high value to the privacy of citizens. It will adhere to the letter and to the spirit of the Act and will comply with this policy.

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1 Introduction

1.1 The Regulation of Investigatory Powers Act 2000 (“RIPA”) is designed to ensure that public bodies respect the privacy of members of the public when carrying out investigations, and that privacy is only interfered with where the law permits and where there is a clear public interest justification.

1.2 The purpose of this policy is to explain the scope of RIPA and the circumstances where it applies to the Council. It provides guidance on the authorisation procedures to be followed in the event that surveillance is needed. This policy sets out the correct management of the process by the Council.

1.3 This policy also ensures that activities that should be subject to RIPA authorisation is recognised as such and that appropriate authorisation is sought. It also seeks to ensure that any activity which should be carefully monitored, but which is not subject to RIPA authorisation, is still given correct authority and scrutiny.

1.4 The Protection of Freedoms Act 2012 imposed new restrictions on the circumstances in which the Council is permitted to use directed surveillance and this policy has been updated to take into account these new restrictions. Separate guidance has been issued by the Home Office which specifies the procedure for the consideration and approval of applications by Magistrates and this policy must be read in conjunction with that procedure and documents issued by the Office of the Surveillance Commissioner.

1.5 The Executive Director (Corporate Services) is the Senior Responsible Officer for the RIPA process for the Council. All staff involved in the process must take their responsibilities seriously in order to assist with the integrity of the Council’s processes and procedures.

1.6 In preparing this policy the Council has followed the Revised Codes of Practice (April 2010) produced by the Home Office and considered guidance provided by the Office of Surveillance Commissioners.

1.7 In the case of any uncertainty advice should be sought from an Authorising Officer or the Legal and Democratic Services Manager, who is the Council’s RIPA Monitoring Officer.

1.8 Copies of the Codes of Practice can be found on the Council’s RIPA Intranet page and at the following links:

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

1.9 Further guidance can also be obtained from the Office of Surveillance Commissioners website:

<https://osc.independent.gov.uk/>

2 Background

2.1 The Human Rights Act 1998 brought into UK law many of the provisions of the 1950 European Convention on Human Rights and Fundamental Freedoms. Article 8 requires the Council to have respect for people's private and family lives, their homes, and their correspondence. These subjects can be referred to as "Article 8 rights".

2.2 The Human Rights Act makes it unlawful for any local authority to act in a way which is incompatible with the European Convention on Human Rights. However these are not absolute rights and are qualified by the ability of the Council to interfere with a person's Article 8 rights if :-

- such interference is in accordance with the law
- is **necessary**; and
- is **proportionate**

2.3 "*In accordance with the law*" means that any such interference is undertaken in accordance with the mechanism set down by RIPA and the Home Office Covert Surveillance Codes of Practice. The Codes of Practice deal with the use of Covert Surveillance and the use of persons such as informants and undercover officers who gather information in a covert capacity, known as a **Covert Human Intelligence Source or "CHIS"**. Any covert activity must also meet the test of necessity and proportionality and these are dealt with later in this policy.

2.4 A considerable amount of observations are carried out in an overt capacity by Council employees carrying out their normal functions. These activities are general and routine and do not involve the systematic surveillance of an individual. RIPA is not designed to prevent these activities or regulate them.

2.5 RIPA also applies to the **Accessing of Communications Data** under Part 1, Chapter 2 of the legislation. The Council has produced separate guidance dealing with the accessing of communications data under the Single Point of Contact ("SPOC") provisions.

2.6 The Council has numerous statutory duties and powers to investigate the activities of private individuals and organisations within its jurisdiction for the benefit and protection of the greater public. Some of these investigations may require surveillance or the use of a CHIS. These may include:

- environmental health
- housing
- planning
- audit
- revenues and benefits fraud

2.7 RIPA provides a framework to control and supervise covert activities such as surveillance and the use of a CHIS in these criminal investigations. It aims to balance the need to protect the privacy of individuals against the need to protect others by the Council in compliance with its enforcement functions. Covert Surveillance and CHIS are covered by separate Codes of Practice which can be found on the Council's Intranet RIPA page.

3 When RIPA applies

3.1 RIPA applies to Public Authorities such as Local Authorities and permits them to conduct covert surveillance activities and use Covert Human Intelligence Sources (CHIS) such as informants and undercover officers only when the following two conditions are both met and when properly authorised by an authorising officer and a Magistrate:

For the “...**preventing or detecting conduct which constitutes one or more criminal offences or is or corresponds to, any conduct which, if it all took place in England and Wales, would constitute one or more criminal offences.**”

and

“an offence which is punishable, whether on summary conviction or on indictment by a maximum term of at least 6 months of imprisonment or certain other specified offences”

- 3.2 It should be noted that the provision relating to the prevention of disorder is no longer included.
- 3.3 Using the RIPA application process helps protect the Council from legal challenges and provides the lawful authority for officers to conduct covert surveillance and use CHIS in connection with the prevention and detection of crime or of preventing disorder. South Cambridgeshire District Council and its staff have a responsibility to adhere to the legislation and the Human Rights Act. Any contract staff employed by South Cambridgeshire District Council to undertake such activity are also covered by the codes.
- 3.4 The RIPA Codes of Practice state where there is an interference by a public authority with the right to respect for private and family life guaranteed under Article 8 of the European Convention on Human Rights, and where there is no other source of lawful authority, the consequence of not obtaining an authorisation under the 2000 Act may be that the action is unlawful by virtue of section 6 of the Human Rights Act 1998.
- 3.5 Public authorities are therefore strongly recommended to seek an authorisation under RIPA where the surveillance is likely to interfere with a person’s Article 8 rights to privacy by obtaining private information about that person, whether or not that person is the subject of the investigation or operation. Obtaining an authorisation will ensure that the action is carried out in accordance with law and subject to stringent safeguards against abuse.
- 3.6 In some instances it is not possible to obtain RIPA authorisation for surveillance activities due to the limited grounds set in the legislation where authorisation can be granted. It may be, however, that covert surveillance is still necessary and proportionate. This is dealt with later in this Policy but, as per s.80 of RIPA and para 355 of the explanatory notes “... *nothing in [the] Act makes any actions unlawful unless that is explicitly stated. The availability of an authorisation or a warrant does not mean that it is unlawful not to seek or obtain one. In this respect, the Act must be read with section 6 of the Human Rights Act, which makes it unlawful to act in a way which is incompatible with a Convention right.*”

4 Surveillance Definitions

4.1 Surveillance

4.1.1 Surveillance is defined in paragraph 1.9 of the Revised Codes of Practice as:

“Surveillance, for the purpose of the 2000 Act, includes monitoring, observing or listening to persons, their movements, conversations or other activities and communications. It may be conducted with or without the assistance of a surveillance device and includes the recording of any information obtained.”

4.2 Covert Surveillance

4.2.1 Covert Surveillance is defined in paragraph 1.10 of the Revised Codes of Practice as:

“Surveillance is covert if, and only if, it is carried out in a manner calculated to ensure that any persons who are subject to the surveillance are unaware that it is or may be taking place.”

4.2.2 If activities are open and not hidden from the persons subject to surveillance such as Officers conducting Council business openly, e.g. a market inspector walking through markets, the RIPA framework does not apply because that is overt surveillance. Equally, if the subject is told that surveillance will be taking place, the surveillance is overt. This would happen, for example, where a noise maker is informed that noise will be recorded if it continues. RIPA does not regulate overt surveillance.

4.2.3 RIPA regulates only two types of Covert Surveillance which are:

- Directed Surveillance
- Intrusive Surveillance

4.2.4 However, where the purpose of a surveillance operation is to obtain private information about a person, his family or what he does, the authorisation procedures set out in this policy should be followed and the surveillance treated as being “directed”.

4.3 Directed surveillance

4.3.1 Surveillance is directed surveillance (paragraph 2.2. of the Revised Codes of Practice) if the following are all true:

it is covert, but not intrusive surveillance;

it is conducted for the purposes of a specific investigation or operation;

it is likely to result in the obtaining of private information about a person (whether or not one specifically identified for the purposes of the investigation or operation);

it is conducted otherwise than by way of an immediate response to events or circumstances the nature of which is such that it would not be reasonably practicable for an authorisation under Part II of the 2000 Act to be sought.

4.3.2 The planned covert surveillance of a specific person, where not intrusive, would constitute directed surveillance if such surveillance is likely to result in the obtaining of private information about that, or any other person.

4.3.3 It is important that all activity that may constitute surveillance is recognised as such and correctly authorised, either as directed surveillance or, in some instances, as surveillance outside of RIPA as governed by this policy. Anything involving the use of concealed cameras or anything involving keeping covert observation on premises or people should be considered as potentially amounting to directed surveillance. In the case of uncertainty advice should be sought from the Legal and Democratic Services Manager.

4.4 Private information

- 4.5 Private information includes any information relating to a person's private or family life. Private information should be taken generally to include any aspect of a person's private or personal relationship with others, including family and professional or business relationships.
- 4.6 Whilst a person may have a reduced expectation of privacy when in a public place, covert surveillance of that person's activities in public may still result in the obtaining of private information. This is likely to be the case where that person has a reasonable expectation of privacy even though acting in public and where a record is being made by a public authority of that person's activities for future consideration or analysis.
- 4.7 Private life considerations are particularly likely to arise if several records are to be analysed together in order to establish, for example, a pattern of behaviour, or if one or more pieces of information (whether or not available in the public domain) are covertly (or in some cases overtly) obtained for the purpose of making a permanent record about a person or for subsequent data processing to generate further information. In such circumstances, the totality of information gleaned may constitute private information even if individual records do not. Where such conduct includes surveillance, a directed surveillance authorisation may be considered appropriate.

5 Risks of not having correct RIPA Authorisation

- 5.1 If Investigators undertake covert activity to which this legislation applies without the relevant authority being obtained and the case progressed to criminal proceedings the defence may challenge the validity of the way in which the evidence was obtained under Section 78 of the Police and Criminal Evidence Act 1984. Should the evidence then be disallowed by a court, the prosecution case may be lost with a financial cost to the Council.
- 5.2 The person who was the subject of surveillance may complain to the Ombudsman who may order the Council to pay compensation. The activity may also be challenged through the civil courts under the Human Rights Act 1998 for breach of privacy.
- 5.3 A properly obtained and implemented authorisation under RIPA will provide the Council with lawful authority to interfere with the rights of the individual. It is not simply enough that an authorisation for surveillance is obtained. It must be properly obtained, implemented, managed, reviewed and cancelled.

6 Surveillance Outside of RIPA

- 6.1 There may be a necessity for the Council to undertake surveillance which does not meet the criteria to use the RIPA legislation such as in cases of serious disciplinary investigations. The Council still must meet its obligations under the Human Rights Act and therefore any surveillance outside of RIPA must still be necessary and proportionate having taken account of the intrusion issues. The decision making process and the management of such surveillance will mirror that of RIPA-authorized surveillance, except that the activity will not require approval from a Magistrate.**
- 6.2 An application will be made using the normal RIPA application form but these forms will not make any reference to the Act.**

- 6.3 The authorising officer will be required to give the application the same degree of consideration and copies of all forms will be passed to the RIPA Monitoring Officer, who will keep a record of all activity separately from the records of RIPA-authorized surveillance

7 Immediate Response to Events

- 7.1 There may be occasions when officers come across events unfolding which were not pre-planned which then require them to carry out some form of observation. This will not amount to Directed Surveillance. However, as the Council is no longer able to grant urgent oral authority to conduct surveillance the officer must be prepared to explain their decisions in court should it be necessary. Therefore they should document their decisions, what took place, what evidence or information was obtained.

8 Recording of Telephone Conversations

- 8.1 The recording of telephone conversations connected to criminal investigations outside of the Councils monitoring at work policy for its own equipment falls under RIPA and provides, where one party to the communication consents to the interception, it may be authorised in accordance with section 48(4) of the 2000 Act. In such cases, the interception is treated as directed surveillance.
- 8.2 There may be occasions where this is required such as a witness who has text or voicemail evidence on their mobile telephone and SCDC require to examine the phone.

9 Intrusive surveillance

- 9.1 **South Cambridgeshire District Council has no authority in law to carry out Intrusive Surveillance or activity under the Police Act 1997.**
- 9.2 Intrusive surveillance is defined in section 26(3) of the 2000 Act as covert surveillance that:
- is carried out in relation to anything taking place on any residential premises or in any private vehicle; and**
- involves the presence of an individual on the premises or in the vehicle or is carried out by means of a surveillance device.**
- 9.3 Where surveillance is carried out in relation to anything taking place on any residential premises or in any private vehicle by means of a device, without that device being present on the premises, or in the vehicle, it is not intrusive 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. Thus, an observation post outside premises, which provides a limited view and no sound of what is happening inside the premises, would not be considered as intrusive surveillance.
- 9.4 A risk assessment of the capability of equipment being used on residential premises and private vehicles should be carried out to ensure that it does not fall into Directed Surveillance.
- 9.5 Commercial premises and vehicles are excluded from the definition of intrusive surveillance. However they are dealt with under the heading of Property Interference contained within the Police Act 1997.

10 Covert Human Intelligence Source (CHIS)

10.1 Definition

10.1.1 A CHIS could be an informant or an undercover officer carrying out covert enquiries on behalf of the council. However the provisions of the 2000 Act are not intended to apply in circumstances where members of the public volunteer information to the Council as part of their normal civic duties, or to contact numbers set up to receive information such as the Fraud Hotline. Members of the public acting in this way would not generally be regarded as sources.

10.1.2 Under section 26(8) of the 2000 Act a person is a source if:

(a) 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.

10.1.3 By virtue of section 26(9)(b) of the 2000 Act a purpose is covert, in relation to the establishment or maintenance of a personal or other relationship, if and only if, the relationship is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the purpose.

10.1.4 By virtue of section 26(9)(c) of the 2000 Act a relationship is used covertly, and information obtained as above is disclosed covertly, if and only if it is used or, as the case may be, 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.

10.1.5 The use by South Cambridgeshire District Council of a CHIS is expected to be extremely rare and if contemplated advice should be sought from the Legal and Democratic Services manager urgently. Only the Chief Executive should authorise the use of a juvenile CHIS.

10.2 Conduct and Use of a Source

10.2.1 South Cambridgeshire District Council will ensure that arrangements are in place for the proper oversight and management of sources including appointing a Handler and Controller for each source prior to a CHIS authorisation. The Handler of the source will usually be of a rank or position below that of the Authorising Officer.

10.2.2 The **use of a source** involves inducing, asking or assisting a person to engage in the conduct of a source or to obtain information by means of the conduct of such a source.

10.2.3 The **conduct** of a source is any conduct falling within section 29(4) of the 2000 Act, or which is incidental to anything falling within section 29(4) of the 2000 Act.

10.2.4 The use of a source is what the Authority does in connection with the source and the **conduct** is what a source does to fulfill whatever tasks are given to them or which is incidental to it. **Both the use and conduct require separate consideration before authorisation.**

10.2.5 When completing applications for the use of a CHIS this will include who the CHIS is, what they can do and for which purpose

10.2.6 When determining whether a CHIS authorisation is required consideration should be given to the covert relationship between the parties and the purposes mentioned in a, b, and c above.

10.3 Management of Sources

10.3.1 Within the provisions there has to be;

- (a) a person who has the day to day responsibility for dealing with the source and for the source's security and welfare (**Handler**)
- (b) at all times there will be another person who will have general oversight of the use made of the source (**Controller**)
- (c) at all times there will be a person who will have responsibility for maintaining a record of the use made of the source

10.3.2 The **Handler** will have day to day responsibility for:

- dealing with the source on behalf of the authority concerned;
- directing the day to day activities of the source;
- recording the information supplied by the source; and
- monitoring the source's security and welfare;

10.3.3 The **Controller** will be responsible for the general oversight of the use of the source.

10.4 Tasking

10.4.1 Tasking is the assignment given to the source by the Handler or Controller by, asking him to obtain information, to provide access to information or to otherwise act, incidentally, for the benefit of the relevant public authority. Authorisation for the use or conduct of a source is required prior to any tasking where such tasking requires the source to establish or maintain a personal or other relationship for a covert purpose.

10.4.2 In some instances, the tasking given to a person will not require the source to establish a personal or other relationship for a covert purpose. For example a source may be tasked with finding out purely factual information about the layout of commercial premises. Alternatively, a Council Officer may be involved in the test purchase of items which have been labelled misleadingly or are unfit for consumption. In such cases, it is for the Council to determine where, and in what circumstances, such activity may require authorisation.

10.4.3 **Should a CHIS authority be required, all of the staff involved in the process should make themselves fully aware of all of the aspects relating to tasking contained within the CHIS codes of Practice.**

10.5 Security and Welfare

10.5.1 The Council has a responsibility for the safety and welfare of the source and for the consequences to others of any tasks given to the source. Before authorising the use or conduct of a source, the Authorising Officer should ensure that a risk assessment is carried out to determine the risk to the source of any tasking and the likely consequences should the role of the source become known. The ongoing security and

welfare of the source, after the cancellation of the authorisation, should also be considered at the outset.

11 RIPA Application and Authorisation Process

11.1 Application, Review, Renewal and Cancellation Forms

- 11.1.1 No covert activity covered by RIPA should be undertaken at any time unless it has been authorised by an Authorised Officer and a Magistrate and the appropriate forms completed at the appropriate time.
- 11.1.2 All the relevant forms for authorisation through to cancellation must be in writing using the standard forms which are available on the Council's Intranet site but officers must ensure that the circumstances of each case are accurately recorded on the application form (see Application Process).
- 11.1.3 If it is intended to undertake both directed surveillance and the use of a CHIS on the same surveillance subject the respective applications forms and procedures should be followed and both activities should be considered separately on their own merits.
- 11.1.4 An application for an authorisation must include an assessment of the risk of any collateral intrusion or interference. The Authorising Officer will take this into account, particularly when considering the proportionality of the directed surveillance or the use of a CHIS.

11.2 Applications

- 11.2.1 All the relevant sections on an application form must be completed with sufficient information for the Authorising Officer and then the Magistrate to consider Necessity, Proportionality and the Collateral Intrusion issues. Risk assessments should take place prior to the completion of the application form. Each application should be completed on its own merits of the case. *Cutting and pasting or using template entries should not take place as this would leave the process open to challenge.*
- 11.2.2 All applications will be submitted to the Authorising Officer via the Line Manager of the appropriate enforcement team in order that they are aware of the activities being undertaken by the staff. The Line Manager will perform an initial quality check of the application. However they should not be involved in the sanctioning of the authorisation. Completed application forms are to be initialled by Line Managers to show that the quality check has been completed.
- 11.2.3 Applications whether authorised or refused will be issued with a unique number by the Authorising Officer, taken from the next available number in the Central Record of Authorisations. To obtain this number contact the Legal Services team.
- 11.2.4 The procedure for submitting applications to Magistrates for consideration is set out in the procedure issued by the Home Office for this purpose.

11.3 Duration of Applications

Directed Surveillance	3 Months
Renewal	3 Months
Covert Human Intelligence Source	12 Months
Juvenile Sources	1 Month

All Authorisations must be cancelled by completing a cancellation form. They must not be left to simply expire.

11.4 Reviews

- 11.4.1 Regular reviews of authorisations should be undertaken to assess the need for the surveillance to continue. The results of a review should be recorded on the central record of authorisations. Particular attention is drawn to the need to review authorisations frequently where the surveillance provides access to confidential information or involves collateral intrusion.
- 11.4.2 In each case the Authorising Officer should determine how often a review should take place. This should be as frequently as is considered necessary and practicable and they will record when they are to take place on the application form. This decision will be based on the circumstances of each application. However reviews will be conducted on a monthly or less basis to ensure that the activity is managed. It will be important for the Authorising Officer to be aware of when reviews are required following an authorisation to ensure that the applicants submit the review form on time.
- 11.4.3 Applicants should submit a review form by the review date set by the Authorising Officer. They should also use a review form for changes in circumstances to the original application so that the need to continue the activity can be reassessed. However if the circumstances or the objectives have changed considerably a new application form may be more appropriate. The applicant does not have to wait until the review date if it is being submitted for a change in circumstances.
- 11.4.4 Managers or Team Leaders of applicants should also make themselves aware of when the reviews are required to ensure that the relevant forms are completed on time.

11.5 Renewal

- 11.5.1 If at any time before an authorisation would cease to have effect, the Authorising Officer considers it necessary for the authorisation to continue for the purpose for which it was given, he may renew it in writing for a further period of three months. Like applications, all renewals must also be considered by a Magistrate
- 11.5.2 A renewal takes effect on the day on which the authorisation would have ceased.
- 11.5.3 An application for renewal should not be made until shortly before the authorisation period is drawing to an end but the applicant must consider the need to allow sufficient time for consideration by the authorising officer and any potential delay in getting the matter before a Magistrate for consideration.
- 11.5.4 Authorising Officers should examine the circumstances with regard to Necessity, Proportionality and the Collateral Intrusions issues before making a decision to renew the activity.
- 11.5.5 A CHIS application should not be renewed unless a thorough review has been carried out covering the use made of the source, the tasks given to them and information obtained.
- 11.5.6 The Authorising Officer must consider the results of the review when deciding whether to renew or not. The review and the decision must be documented.

11.6 Cancellation

- 11.6.1 The cancellation form is to be submitted by the applicant or another investigator in their absence. The Authorising Officer who granted or last renewed the authorisation must cancel it if they are satisfied that the directed surveillance no longer meets the criteria upon which it was authorised. Where the Authorising Officer is no longer available, this duty will fall on the person who has taken over the role of Authorising Officer or the person who is acting as Authorising Officer
- 11.6.2 As soon as the decision is taken that directed surveillance should be discontinued, the applicant or other investigating officer involved in the investigation should inform the Authorising Officer. The Authorising Officer will formally instruct the investigating officer to cease the surveillance, noting the time and date of their decision. This will be required for the cancellation form. The date and time when such an instruction was given should also be recorded in the central record of authorisations (see paragraphs 2.14 - 2.15 in the Codes of Practice).
- 11.6.3 **It will also be necessary to detail the amount of time spent on the surveillance as this is required to be retained by Central Register.**
- 11.6.4 The officer submitting the cancellation should complete in detail the relevant sections of the form and include the period of surveillance and what, if any, images were obtained and any images containing third parties. The Authorising Officer should then take this into account and issues instructions regarding the management and disposal of the images etc.
- 11.6.5 The cancellation process should also be used to evaluate whether the objectives have been achieved and whether the applicant carried out what they stated was necessary in the application form. This check will form part of the oversight function. Where issues are identified they will be brought to the attention of the line manager and the Senior Responsible Officer (SRO). This will assist with future audits and oversight.

11.7 Authorising Officers

- 11.7.1 Officers who are designated "Authorising Officers" may authorise written applications for the use of directed surveillance or the use of a CHIS but, from the 1st November 2012, all applications now also require the authorisation of a Magistrate.
- 11.7.2 Please refer to Appendix 1 for the list of Authorising Officers, to show name, departmental details, contact number and levels of Authority.
- 11.7.3 The Chief Executive Officer or in her absence the Executive Director (Corporate Services) will authorise cases where confidential information is likely to be gathered or in the case of a juvenile or vulnerable CHIS.
- 11.7.4 The Legal and Democratic Services Manager should be informed of any changes to the list of Authorising Officers and will amend the policy accordingly. The intranet will also be updated appropriately.

11.8 Urgent Oral Authorisations

- 11.8.1 The provision for urgent oral authorisations is no longer available to local authorities, with effect from the 1st November 2012 as all applications now have to be put before a Magistrate for consideration.

11.9 Local Sensitivities

- 11.9.1 Authorising Officers and Applicants should be aware of particular sensitivities in the local community where the directed surveillance is taking place, or of similar activities being undertaken by other public authorities which could impact on the deployment of surveillance. This should form part of the risk assessment.
- 11.9.2 It should be noted that although this is a requirement there is no provision made within the application form for this information. Therefore applicants should cover this area where they feel it is most appropriate such as when detailing the investigation or proportionality or within the separate risk assessment form. However it must be brought to the attention of the Authorising Officer when deciding whether to authorise the activity.

11.10 Authorising Officers Responsibility

- 11.10.1 Authorising officers should not be responsible for authorising investigations or operations in which they are directly involved, although it is recognised that this may sometimes be unavoidable such as where it is necessary to act urgently. Where an Authorising Officer authorises such an investigation or operation the Central Record of Authorisations should highlight this and it should be brought to the attention of a Commissioner or Inspector during their next inspection.
- 11.10.2 Authorising Officers must treat each case individually on its merits and satisfy themselves that the authorisation is **necessary**, the surveillance is **proportionate** to what it seeks to achieve, taking into account the **collateral intrusion** issues, and that the level of the surveillance is appropriate to achieve the objectives. If any equipment such as covert cameras, video cameras are to be used the Authorising Officer should know the capability of the equipment before authorising its use. This will have an impact on collateral intrusion, necessity and proportionality. They should not rubber-stamp a request. It is important that they consider all the facts to justify their decision. They may be required to justify their actions in a court of law or some other tribunal.
- 11.10.3 Authorising Officers are responsible for determining when reviews of the activity are to take place.
- 11.10.4 Before authorising surveillance the Authorising Officer should also take into account the risk of intrusion into the privacy of persons other than those who are directly the subjects of the investigation or operation (collateral intrusion). Measures should be taken, wherever practicable, to avoid or minimise unnecessary intrusion into the lives of those not directly connected with the investigation or operation.
- 11.10.5 In the absence of a Line Manager or Head of Department the application should be submitted to another Authorising Officer for authorisation.

11.11 Necessity and Proportionality

- 11.11.1 Obtaining a RIPA authorisation 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. It must be necessary for the **prevention and detection of crime or of preventing disorder**. It must also be shown the reasons why the requested activity is necessary in the circumstances of that particular case. Can the same end result be achieved without the surveillance?

- 11.11.2 **If similar objectives could be achieved by methods other than covert surveillance, then those methods should be used unless it can be justified why they can not be used.**
- 11.11.3 Then, if the activities are **necessary**, the person granting the authorisation must believe that they are **proportionate** to what is sought to be achieved by carrying them out. This involves balancing the intrusiveness of the activity on the subject and others who might be affected by it against the need for the activity in operational terms. The activity will not be proportionate if it is excessive in the circumstances of the case or if the information which is sought could reasonably be obtained by other less intrusive means. All such activity should be carefully managed to meet the objective in question and must not be arbitrary or unfair. The interference with the person's right should be no greater than that which is required to meet the aim and objectives.
- 11.11.4 The onus is on the Authorising Officer to ensure that the surveillance meets the tests of **necessity and proportionality**.
- 11.11.5 The codes provide guidance relating to proportionality which should be considered by both applicants and Authorising Officers :
- balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence;
 - explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others;
 - considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the necessary result;
 - evidencing, as far as reasonably practicable, what other methods had been considered and why they were not implemented.
- 11.11.6 It is important that the staff involved in the surveillance and the Line Manager manage the enquiry and operation and evaluate constantly the need for the activity to continue.

11.12 Collateral Intrusion

- 11.12.1 Collateral intrusion is an integral part of the decision making process and should be assessed and considered very carefully by both applicants and Authorising Officers.
- 11.12.2 The Revised Codes state that Collateral Intrusion **is intrusion into the privacy of persons other than those who are directly the subjects of the investigation or operation such as neighbours or other members of the subject's family**. Where it is proposed to conduct surveillance activity specifically against individuals who are not suspected of direct or culpable involvement in the overall matter being investigated, interference with the privacy or property of such individuals should not be considered as collateral intrusion but rather as intended intrusion. Any such surveillance activity should be carefully considered against the necessity and proportionality criteria.
- 11.12.3 Intended intrusion could occur if it was necessary to follow a person not committing any offences but by following this person it would lead to the person who is committing the offences.

- 11.12.4 Where such collateral intrusion is unavoidable, the activities may still be authorised, provided this intrusion is considered proportionate to what is sought to be achieved. The same proportionality tests apply to the likelihood of collateral intrusion as to intrusion into the privacy of the intended subject of the surveillance.
- 11.12.5 Prior to and during any authorised RIPA activity, a risk assessment should take place to identify the likely intrusion into the subject and any collateral intrusion. Officers should take continuing precautions to minimise the intrusion where possible. The collateral intrusion, the reason why it is unavoidable and the precautions taken to minimise it will have to be detailed on any relevant application forms. This will be considered by the Authorising Officer.
- 11.12.6 Before authorising surveillance the Authorising Officer should take into account the risk of collateral intrusion detailed on the relevant application forms as it has a direct bearing on the decision regarding proportionality.
- 11.12.7 The possibility of Collateral Intrusion does not mean that the authorisation should not be granted, but the authorising officer must balance this with the importance of the activity to be carried out in operational terms.

11.13 Unexpected Interference with Third Parties

- 11.13.1 When carrying out covert directed surveillance or using a CHIS the Authorising Officer should be informed if the investigation unexpectedly interferes with the privacy of individuals who are not the original subjects of the investigation or covered by the authorisation in some other way. It will be appropriate in some circumstances to submit a review form and in other cases the original authorisation may not be sufficient and consideration should be given to whether a separate authorisation is required.

11.14 Confidential Information

- 11.14.1 Confidential information consists of matters subject to Legal Privilege, confidential personal information or confidential journalistic material and applications where there is a likelihood of acquiring such information can only be authorised by the Chief Executive or the Executive Director (Corporate Services).
- 11.14.2 **No authorisation should be given if there is any likelihood of obtaining legally privileged material without consulting the Legal and Democratic Services Manager.**
- 11.14.3 Confidential personal information is information held in confidence relating to the physical or mental health or spiritual counselling concerning an individual (whether living or dead) who can be identified from it. Such information, which can include both oral and written communications, is held in confidence if it is held subject to an express or implied undertaking to hold it in confidence or it is subject to a restriction on disclosure or an obligation of confidentiality contained in existing legislation. Examples might include consultations between a health professional and a patient, or information from a patient's medical records. Journalistic material is also mentioned in the codes however it is highly unlikely that this will be obtained. The definition should it be required can be obtained from the Codes of Practice at Chapter 4.
- 11.14.4 The following general principles apply to confidential material acquired under authorisations:

- Those handling material from such operations should be alert to anything which may fall within the definition of confidential material. Where there is doubt as to whether the material is confidential, advice should be sought from the Legal and Democratic Services Manager before further dissemination takes place;
- Confidential material should not be retained or copied unless it is necessary for specified purpose;
- Confidential material should be disseminated only where an appropriate officer (having sought advice from the Legal and Democratic Services Manager) is satisfied that it is necessary for a specific purpose;
- The retention or dissemination of such information should be accompanied by a clear warning of its confidential nature. It should be safeguarded by taking reasonable steps to ensure that there is no possibility of it becoming available, or its content being known, to any person whose possession of it might prejudice any criminal or civil proceedings related to the information;
- Confidential material should be destroyed as soon as it is no longer necessary to retain it for a specified purpose.

11.15 Documentation and Central Record

- 11.15.1 Authorising Officers or Managers of relevant enforcement departments may keep whatever records they see fit to administer and manage the RIPA application process. However this will not replace the requirements under the Codes of Practice for the Council to hold a centrally held and retrievable record.
- 11.15.2 A centrally retrievable record of all authorisations will be held by the Legal and Democratic Services Manager and regularly updated whenever an authorisation is refused, granted, renewed or cancelled. The record will be made available to the relevant Commissioner or an Inspector from the Office of Surveillance Commissioners, upon request. These records should be retained for at least three years from the ending of the authorisation or for the period stipulated by the Council's document retention policy, whichever is greater, and should contain the following information:
- if refused, that the application was not authorised and a brief explanation of the reason why. The refused application should be retained as part of the Central Record of Authorisation.
 - if granted, the type of authorisation and the date the authorisation was given;
 - name and rank/grade of the authorising officer;
 - the unique reference number (URN) of the investigation or operation;
 - the title of the investigation or operation, including a brief description and names of subjects, if known;
 - whether the urgency provisions were used, and if so why.
 - frequency and the result of each review of the authorisation;
 - if the authorisation is renewed, when it was renewed and who authorised the renewal, including the name and rank/grade of the authorising officer;

- whether the investigation or operation is likely to result in obtaining confidential information as defined in this code of practice;
- the date the authorisation was cancelled.
- authorisations by an Authorising Officer in urgent cases where they are directly involved in the investigation or operation (see Authorising Officer Responsibility page 17.) If this has taken place it must be brought to the attention of a Commissioner or Inspector during their next RIPA inspection.
- the date and time when any instruction was given by the Authorising Officer.

11.15.3 As well as the Central Record the Legal and Democratic Services Manager will also retain:

- the original of each application, review, renewal and cancellation together with any supplementary documentation of the approval given by the Authorising Officer
- a record of the period over which the surveillance has taken place

11.15.4 **For CHIS applications the Codes state;**

In addition, records or copies of the following, as appropriate, should be kept by the relevant authority:

- the original authorisation form together with any supplementary documentation and notification of the approval given by the Authorising Officer;
- the original renewal of an authorisation, together with the supporting documentation submitted when the renewal was requested;
- the reason why the person renewing an authorisation considered it necessary to do so;
- any authorisation which was granted or renewed orally (in an urgent case) and the reason why the case was considered urgent;
- any risk assessment made in relation to the source;
- the circumstances in which tasks were given to the source;
- the value of the source to the investigating authority;
- a record of the results of any reviews of the authorisation;
- the reasons, if any, for not renewing an authorisation;
- the reasons for cancelling an authorisation.
- the date and time when any instruction was given by the Authorising Officer to cease using a source.

- 11.15.5 The Legal and Democratic Services Manager will be responsible for maintaining the Central Record of Authorisations and will ensure that all records are held securely with no unauthorised access.
- 11.15.6 The only persons who will have access to these documents will be the Legal and Democratic Services Manager, the Senior Responsible Officer and Authorising Officers.
- 11.15.7 The records kept by public authorities should be maintained in such a way as to preserve the confidentiality of the source and the information provided by that source. There should, at all times, be a designated person within the relevant public authority who will have responsibility for maintaining a record of the use made of the source.

12 Use of CCTV

- 12.1.1 The use of the CCTV systems operated by the Council do not normally fall under the RIPA regulations. However it does fall under the Data Protection Act 1998 and the Councils CCTV policy. However should there be a requirement for the CCTV cameras to be used for a specific purpose to conduct surveillance it is likely that the activity will fall under Directed Surveillance and therefore require an authorisation.
- 12.1.2 On the occasions when the CCTV cameras are to be used in a Directed Surveillance situation either by enforcement officers from relevant departments within the Council or outside law enforcement agencies such as the Police, either the CCTV staff are to have a copy of the application form in a redacted format, or a copy of the authorisation page. If it is an urgent oral authority a copy of the applicants notes are to be retained or at least some other document in writing which confirms the authorisation and exactly what has been authorised. It is important that the staff check the authority and only carry out what is authorised. A copy of the application or notes is also to be forwarded to the Information Management Team for filing. This will assist the Council to evaluate the authorisations and assist with oversight.
- 12.1.3 Operators of the Councils CCTV system need to be aware of the RIPA issues associated with using CCTV and that continued, prolonged systematic surveillance of an individual may require an authorisation.

13 Joint Agency Surveillance

- 13.1.1 In cases where one agency is acting on behalf of another, it is usually for the tasking agency to obtain or provide the authorisation. For example, where surveillance is carried out by Council employees on behalf of the Police, authorisation would be sought by the police. If it is a joint operation involving both agencies the lead agency should seek authorisation.
- 13.1.2 Council staff involved with joint agency surveillance are to ensure that all parties taking part are authorised on the authorisation page of the application to carry out the activity. When staff are operating on another organisation's authorisation they are to ensure they see what activity they are authorised to carry out and make a written record. They should also Legal and Democratic Services Manager of the unique reference number, the agencies involved and the name of the officer in charge of the surveillance. This will assist with oversight of the use of Council staff carrying out these types of operations.

14 Activities Which May Constitute Surveillance or Require Authorisation Outside of RIPA

14.1 Definition

- 14.1.1 Some investigative activities may not be easily recognised as constituting surveillance which requires authorisation. Any action that is likely to reveal private information¹ may constitute surveillance if it includes:
- monitoring, observing, listening to persons, their movements, conversations, other activities or communications
 - recording anything monitored, observed or listened to in the course of surveillance
 - surveillance, by or with, assistance of a surveillance device²
- 14.1.2 This policy requires RIPA authorisation to be sought in cases where an authorisation can be sought (as per Part 3 of the Policy). Where RIPA authorisation cannot be sought, for instance where an investigation is not into a criminal offence or the offence threshold in Part 3 is not met the activity should still be authorised as per Part 6 of this policy.

14.2 Social Networks and the Internet

- 14.2.1 The internet is a useful investigative tool, giving access to a large amount of information which could not otherwise be obtained. The techniques and websites used change frequently and so it is difficult for definitive guidance to be written by the OSC as, by the time it is published, it may be obsolete. There is also a lack of definitive case law in this area.
- 14.2.2 The Chief Surveillance Commissioner comments in his 2013-14 report:
- “The same considerations of privacy, and especially collateral intrusion against innocent parties, must be applied regardless of the technological advances”*
- 14.2.3 The report clarifies (quoting from the 2011-12 annual report) that the internet is a surveillance device as per s.48(1) of RIPA and that viewing material on the internet may constitute covert surveillance as just because something is put into the public domain by someone does not mean that they expect it to be read by a public authority as “[k]nowing that something is capable of happening is not the same as an awareness that it is or may be taking place.”
- 14.2.4 For SCDC purposes it will not be necessary to seek RIPA or non-RIPA authorisation where the activity does not constitute monitoring of material on the internet. This means that viewing material which is publically available should not require surveillance authorisation. However if repeated checks are required, for example to establish a pattern of behaviour, then this is likely to require authorisation as it will constitute monitoring.

¹ Private information is defined in the RIPA Codes of Practice for Covert Surveillance as: “2.4 The 2000 Act states that private information includes any information relating to a person’s private or family life. Private information should be taken generally to include any aspect of a person’s private or personal relationship with others, including family and professional or business relationships.”

² Section 48(2) Regulation of Investigatory Powers Act 2000

- 14.2.5 Some material may be protected from view and require the subject's authorisation in order to view it, for example by sending them a "friend request". This is likely to constitute activity which will require CHIS authorisation.
- 14.2.6 It is advisable for officers to take steps to protect themselves from possible reprisals. Some social networking sites make users aware of who has viewed their profile, allowing them to visit those profiles. It is not acceptable to create user profiles in false names but a separate profile should be created for work purposes which is entirely unconnected to officer's personal life and accounts.
- 14.2.7 It is essential that detailed notes be made by any officer viewing material on the internet explaining what they were seeking, why it was necessary and proportionate to do so and why prior authorisation was not sought.
- 14.2.8 Where material is printed or saved consideration must be given to the management of collateral intrusion – there may be personal data of people not subject to the investigation and this must be managed appropriately.

14.3 Visits and Observing Properties and Vehicles

- 14.3.1 Surveillance which is overt does not require authorisation. A visit to a property by an SCDC officer will not normally constitute surveillance if the intention is to speak to the occupier.
- 14.3.2 In some cases repeated visits may be made to a property in connection with an investigation and without the intention of speaking to the occupier, for example driving past the property to obtain details of vehicles or to look for signs of occupation. Such activity could become surveillance, as per 13.1 above and RIPA or non-RIPA authorisation should be sought if this is the case. This will be the case where the activity is intended to identify a pattern of behaviour, such as the presence of a vehicle at a particular location. A visit to obtain details of a vehicle is unlikely to constitute surveillance.
- 14.3.3 If an officer plans to conduct a visit (other than a routine visit to the occupier as per 13.3.1 above) detailed notes must be made explaining the purpose of the visit, why it is necessary and proportionate and why RIPA or non-RIPA authorisation has not been sought.

15 Annual Report to Office of Surveillance Commissioners

- 15.1 The Council is required to provide statistics to The Office of Surveillance Commissioners every year in March for the purposes of the OSC Annual Report. The Legal and Democratic Services Manager shall be responsible for completing the return and providing the statistics.

16 Storage and Retention of Material

- 16.1 All material obtained and associated with an application will be subject of the provisions of the Criminal Procedures Investigations Act 1996 (CPIA) Codes of Practice which state that relevant material in an investigation has to be recorded and retained and later disclosed to the prosecuting solicitor in certain circumstances. It is also likely that the material obtained as a result of a RIPA application will be classed as personal data for the

purposes of the Data Protection Act. All officers involved within this process should make themselves aware of the provisions within this legislation and how it impacts on the whole RIPA process. Material obtained together with relevant associated paperwork should be held securely. Extra care needs to be taken if the application and material relates to a CHIS.

- 16.2 Material is required to be retained under CPIA should be retained until a decision is taken whether to institute proceedings against a person for an offence or if proceedings have been instituted, at least until the accused is acquitted or convicted or the prosecutor decides not to proceed with the case.
- 16.3 Where the accused is convicted, all material which may be relevant must be retained at least until the convicted person is released from custody, or six months from the date of conviction, in all other cases.
- 16.4 If the court imposes a custodial sentence and the convicted person is released from custody earlier than six months from the date of conviction, all material which may be relevant must be retained at least until six months from the date of conviction.

17 Training

- 17.1 There will be an ongoing training programme for Council Officers who will need to be aware of the impact and operating procedures with regards to this legislation. The Legal and Democratic Services Manager will be required to retain a list of all those officers who have received training and when the training was delivered.
- 17.2 Authorising Officers must have received formal RIPA training before being allowed to consider applications for surveillance and CHIS.

18 Oversight

18.1 Responsibilities

- 18.1.1 It is important that all staff involved in the RIPA application process take seriously their responsibilities. Overall oversight within the Council will fall within the responsibilities of the Senior Responsible Officer (SRO) for the Council. However careful management and adherence to this policy and procedures will assist with maintaining oversight and reduce unnecessary errors.

18.2 Reporting to Members

- 18.2.1 Quarterly returns of all surveillance activity undertaken by Council staff will be made to the Council's Corporate Governance Committee by the Senior Responsible Officer line with the current duties in the Codes of Practice. The Corporate Governance Committee will review the policy annually and amend the policy where necessary.

18.3 Scrutiny and Tribunal

- 18.3.1 Scrutiny will be provided by the Office of the Surveillance Commissioner (OSC) The Surveillance Commissioner will periodically inspect the records and procedures of the Authority to ensure the appropriate authorisations have been given, reviewed, cancelled, and recorded properly.

- 18.3.2 It is the duty of any person who uses these powers to comply with any request made by a Commissioner to disclose or provide any information he requires for the purpose of enabling him to carry out his functions.
- 18.3.3 A tribunal has been established to consider and determine complaints made under RIPA if it is the appropriate forum. Persons aggrieved by conduct, e.g. directed surveillance, can make complaints. The forum hears application on a judicial review basis. Claims should be brought within one year unless it is just and equitable to extend that period.
- 18.3.4 Complaints can be addressed to the following address:

Investigatory Powers Tribunal
PO Box 33220
London
SW1H9ZQ

Appendix 1: LIST OF AUTHORISING OFFICERS AND AUTHORISING LEVELS

Jean Hunter

Chief Executive

Alex Colyer

Executive Director (Corporate Services)

Mike Hill

Director (Health and Environmental Services)

Senior Responsible Officer:

Alex Colyer, Executive Director, Corporate Services

RIPA Monitoring Officer:

Fiona McMillan, Legal & Democratic Services Manager

Appendix 2: RESOLUTION OF FULL COUNCIL

On the Council considered the revised Policy for Regulation of Investigatory Powers Act 2000 and resolved as follows:-

To adopt the revised RIPA policy with effect from 22nd September 2011

To amend the Scheme of Delegation for Officers in the Council Constitution to incorporate the changes needed to implement the revised RIPA policy.

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7 July 2014

By email

Ms Jean Hunter
Chief Executive
South Cambridgeshire District Council

Dear Ms Jean Hunter

Annual Review Letter 2014

I am writing with our annual summary of statistics on the complaints made to the Local Government Ombudsman (LGO) about your authority for the year ended 31 March 2014. This is the first full year of recording complaints under our new business model so the figures will not be directly comparable to previous years. This year's statistics can be found in the table attached.

A summary of complaint statistics for every local authority in England will also be included in a new yearly report on local government complaint handling. This will be published alongside our annual review letters on 15 July. This approach is in response to feedback from councils who told us that they want to be able to compare their performance on complaints against their peers.

For the first time this year we are also sending a copy of each annual review letter to the leader of the council as well as to the chief executive. We hope this will help to support greater democratic scrutiny of local complaint handling and ensure effective local accountability of public services. In the future we will also send a copy of any published Ombudsman report to the leader of the council as well as the chief executive.

Developments at the Local Government Ombudsman

At the end of March Anne Seex retired as my fellow Local Government Ombudsman. Following an independent review of the governance of the LGO last year the Government has committed to formalising a single ombudsman structure at LGO, and to strengthen our governance, when parliamentary time allows. I welcome these changes and have begun the process of strengthening our governance by inviting the independent Chairs of our Audit and Remuneration Committees to join our board, the Commission for Administration in England. We have also recruited a further independent advisory member.

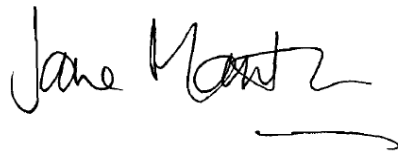
Future for local accountability

There has been much discussion in Parliament and elsewhere about the effectiveness of complaints handling in the public sector and the role of ombudsmen. I have supported the creation of a single ombudsman for all public services in England. I consider this is the best way to deliver a system of redress that is accessible for users; provides an effective and comprehensive service; and ensures that services are accountable locally.

To contribute to that debate we held a roundtable discussion with senior leaders from across the local government landscape including the Local Government Association, Care Quality Commission and SOLACE. The purpose of this forum was to discuss the challenges and opportunities that exist to strengthen local accountability of public services, particularly in an environment where those services are delivered by many different providers.

Over the summer we will be developing our corporate strategy for the next three years and considering how we can best play our part in enhancing the local accountability of public services. We will be listening to the views of a wide range of stakeholders from across local government and social care and would be pleased to hear your comments.

Yours sincerely

A handwritten signature in black ink that reads "Jane Martin". The signature is written in a cursive style with a long horizontal flourish at the end.

Dr Jane Martin
Local Government Ombudsman
Chair, Commission for Local Administration in England

Local authority report – South Cambridgeshire District Council

For the period ending – 31/03/2014

For further information on interpretation of statistics click on this link to go to <http://www.lgo.org.uk/publications/annual-report/note-interpretation-statistics/>

Complaints and enquiries received

Local authority	Adult care services	Benefits and tax	Corporate and other services	Education and children's services	Environmental services and public protection and regulation	Highways and transport	Housing	Planning and development	Total
South Cambs DC	0	4	0	1	0	0	2	4	11

Decisions made

Local authority	<u>Detailed investigations carried out</u>		Advice given	Closed after initial enquiries	Incomplete/Invalid	Referred back for local resolution	Total
	Upheld	Not upheld					
South Cambs DC	2	2	2	6	1	4	17

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