



Corporate Issues Overview and Scrutiny Committee

Date **Friday 19 September 2014**
Time **9.30 am**
Venue **Committee Room 2, County Hall, Durham**

Business

Part A

Items during which the Press and Public are welcome to attend. Members of the Public can ask questions with the Chairman's agreement.

1. Apologies for Absence.
2. Substitute Members.
3. Declarations of Interest, if any.
4. Minutes of the meeting held 7 July 2014. (Pages 1 - 6)
5. Council's use of powers under Regulation of Investigatory Powers Act 2000 - Annual Review of the Council's use of powers and Approval of RIPA Policy. (Pages 7 - 62)
6. Fairness of Local Government Funding. (Pages 63 - 64)
Report of the Corporate Director Resources.
7. Medium Term Financial Plan (5), Council Plan, Services Plans 2015/16 - 2017/18 and review of the Council's Local Council Tax Reduction Scheme (Pages 65 - 82)
Joint Report of the Corporate Director Resources and Assistant Chief Executive.
8. Quarter 1 2014/15 Performance Management Report. (Pages 83 - 100)
Report of the Assistant Chief Executive
9. Quarter 4 Revenue and Capital Outturn 2013/14 (Pages 101 - 116)
 - i. Report of the Corporate Director Resources.
 - ii. Report of the Assistant Chief Executive.

10. Quarter 1 Forecast of Revenue and Capital Outturn 2014/15
(Pages 117 - 130)
 - i. Report of the Corporate Director Resources.
 - ii. Report of the Assistant Chief Executive.
11. Such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration.

Colette Longbottom
Head of Legal and Democratic Services

County Hall
Durham
11 September 2014

To: **The Members of the Corporate Issues Overview and Scrutiny
Committee**

Councillor J Lethbridge (Chairman)
Councillor K Henig (Vice-Chairman)

Councillors J Alvey, J Armstrong, L Armstrong, G Bleasdale, J Buckham,
P Crathorne, J Hillary, E Huntington, N Martin, P McCourt, A Shield, T Smith,
P Stradling, L Taylor, A Turner, M Wilkes, S Wilson and R Young

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DURHAM COUNTY COUNCIL

CORPORATE ISSUES OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of **Corporate Issues Overview and Scrutiny Committee** held in Committee Room 2, County Hall, Durham on **Monday 7 July 2014 at 9.30 am**

Present:

Councillor J Lethbridge (Chairman)

Members of the Committee:

Councillors J Alvey, J Armstrong, L Armstrong, K Henig (Vice-Chairman), J Hillary, E Huntington, N Martin, T Smith, P Stradling, L Taylor, M Wilkes, S Wilson and R Young

1 Apologies.

Apologies for absence were received from Councillors G Bleasdale and A Turner.

2 Substitute Members.

There were no substitutes.

3 Declarations of Interest, if any.

There were no declarations of interest.

4 Minutes of the meeting held 27 March 2014.

The minutes of the meeting held on 27 March were confirmed as a correct and signed by the Chairman.

5 Report on the Council's use of powers under the Regulation of Investigatory Powers Act 2000 - Quarter 4 2013/14

The Committee considered a report of the Head of Legal and Democratic Services which informed Members about the Council's use of powers under the Regulation of Investigatory Powers Act 2000 (RIPA) during the period 1 January 2014 until 31 March 2014.

A query was raised by Councillor Wilkes regarding the timing of the reporting of activity and questioned whether it was necessary to receive quarterly. In response the Property, Planning and Projects Manager advised that the quarterly reporting of RIPA activity had been agreed by the Committee and showed that the Committee were actively monitoring activity.

Resolved:

That the content of the report be noted.

6 Quarter 4 2013/14 Performance Management Report

The Committee considered a report of the Assistant Chief Executive which presented progress against the council's corporate basket of performance indicators (PIs) for the Altogether Better Council theme and reported upon other significant performance issues for the 2013/14 financial year (for a copy of report and slides of presentation see file of minutes).

The Corporate Improvement Manager reported on key achievements during the quarter including, processing times for new benefit claims, council tax and collection rates, tenant rent arrears, improved telephone call handling and improved sickness absence levels.

Members further noted key performance challenges in respect of staff appraisal levels, percentage of Freedom of Information and Environmental Information Regulations requests responded to within the deadline and the payment of supplier invoices within 30 days.

Discussion then took place regarding call length and whether calls were now taking longer to deal with. The Customer Relations, Policy and Performance Manager advised that Council Tax calls generally took on average 3–4 minutes, waste calls 2.5-3.5 minutes. However there were changes around payment card compliance implemented from April 2014 and this meant that by diverting calls to an automated payment line, call times would be shorter.

Moving on to sickness absence Councillor Stradling queried the high volume of cases recorded as digestive / liver and kidney and whether it was known if these were long standing issues. In response the Policy, Performance and Planning Manager advised that she would have to check this after the meeting and follow up accordingly.

Further discussion took place on absences related to mental health and it was queried whether the council was doing anything constructive to train managers in dealing with mental health issues. The Policy, Performance and Planning Manager advised that there was a policy in place which provided advice for managers and rehabilitation advice for those being supported back in to work.

Members then discussed categories of sickness and in particular sickness related to cancer. It was noted that cancer was not recorded within the system as an individual category and therefore it was very difficult to pull this information off, however individual managers will be aware of staff within their own services dealing with cancer.

Further debate took place regarding staff appraisals and Councillor Huntington added that in her opinion one to one staff meetings should also be recorded to sit alongside staff appraisal records.

Councillor Martin raised a query with regard to the average days per post in the sickness categories listed, and commented that he felt that the data could be presented with more clarity.

He further, in noting the 40% increase in FOI requests, queried what area of activity was causing this increase.

In response the Head of Planning and Performance reported that increase of FOI requests was not specific to one area of activity and was in fact across the board. The requests continued to be from a mix of the local and national media, local people and commercial organisations. In addition the increase in requests was in line with the national upward trend. Further details were reported in relation to the wider publication of information.

Further discussion took place regarding the cost of sickness absence and it was questioned whether agency and overtime costs had reduced in line with sickness absence. In response the Policy, Performance and Planning Manager advised that this would need to be looked into further and reported back to a future meeting.

Councillor Wilkes queried whether sickness absence could be broken down by the day of the week. In addition he commented that he was disappointed to learn that the launch of the council's new website had been delayed.

In response the Policy, Performance and Planning Manager advised that due to the current management of 2 recording systems, retrieving this type of sickness data was a current problem.

Councillor Wilkes commented that he failed to see how Heads of Service could effectively manage sickness and appraisals without the appropriate data.

Resolved:

That the content of the report be noted.

7 Customer feedback: Complaints, Compliments and Suggestions Year End Report 2013/14

The Committee considered a report of the Corporate Director, Neighbourhood Services which presented the Customer Feedback: Complaints, Compliments and Suggestions Year End Report 2013/14 (for copy see file of Minutes).

The Customer Relations, Policy and Performance Manager advised that between 1 April 2013 and 31 March 2014, Durham County Council received 3,298 non-statutory complaints, 1,003 compliments and 325 suggestions. 194 complaints were escalated to stage 2 of the complaints process.

She further pointed out an error in paragraph 10 of the report, advising that the figure in Q3 for 2013/14 should read 701 not 707.

It was reported that complaints received during 2013/14 had reduced by 9% when compared to the previous year. Further details relating to service area complaints, compliments and suggestions were included within the report.

Moving on the Customer Relations, Policy and Performance Manager advised that during 2013/14 the Local Government Ombudsman (LGO) made initial enquiries / investigations into 121 matters.

In conclusion she reported that of the complaints received, 96% were resolved internally and only 4% referred to the Local Government Ombudsman as unresolved.

Councillor Wilkes added that in his opinion paragraph 48 relating to Durham City Homes gave a misleading view and added that Durham City Homes managed over 6,500 homes and all had been subject to increased renovation works recently. The figures equated to 35 complaints per month however only a few of those were valid.

Councillor Smith queried whether there had been any focus on the refuse team and customer services training. In response the Customer Relations, Policy and Performance Manager advised that regular meeting with Direct Services take place to go through customer service journeys in relation to refuse collections.

Further discussion took place regarding strategic highway complaints and it was noted that this type of complaint generally related to verge hardening requests etc.

Councillor L Armstrong further queried whether it would be possible to drill down complaints to wards / divisions to highlight hot spot areas. In response the Customer Relations, Policy and Performance Manager advised that she would report back to the committee as to whether this was possible.

Councillor Wilkes further commented that he had in previous years asked for a list of CRM issues relating to his ward on a 3/6 monthly basis, however this had never been implemented. It was noted in response that this task was very resource intensive however it would be investigated further.

Councillor Stradling raised a query regarding the recording of refuse incidents. In response the Customer Relations Policy and Performance Manager advised that each incident reported was recorded even if it was from another caller reporting the same incident.

Further discussion took place regarding the CRM system and Councillor Henig commented that she felt it made a lot of sense to share the CRM information with Members on a regular basis or allow mediated access to the system so that it could be viewed directly. The Customer Relations, Policy and Performance Manager advised that she would take the comments back to the Corporate Director responsible for this area.

Resolved:

That the content of the report be noted.

8 Creditor Payment Performance 2013/14

The Committee received a report of the Head of Finance – Financial Services which presented an overview of creditor payment performance for 2013/14 and actions being undertaken to improve performance.

The Revenue and Benefits Manager advised that the 2013/14 target to pay 92% of undisputed creditor invoices within 30 days from the date on the invoice had been 1% higher than the target in 2012/13, despite the Council only achieving the previous 91% target in three months in 2012/13. The target of 92% had been retained for 2014/15.

He reported that whilst performance had been improving over the last two years as a result of the actions put in place by the Scrutiny review group, overall creditor payment performance for 2013/14 was only 90.47%.

Further information relating to performance was reported, including updates to the Oracle E-Business Suite and OCR functionality to enable multi-line purchase order matching. Various further actions had been implemented to improve performance including additional resources, which had driven up performance to 93% for April and May 2014.

In conclusion the Revenue and Benefits Manager advised that further work would continue to be undertaken in order to maintain the current performance levels and performance would be closely monitored and resources deployed accordingly.

Further work would be undertaken alongside ICT to ensure that a robust and efficient system was delivered.

Councillor Wilson asked what the current read rate was on the scanning of invoices. In response the Revenue and Benefits Manager advised that at this time he was unable to say however this was due a system reporting failure, the suppliers had been asked to improve this function.

Councillor Wilkes commented that the team had made staggering improvements since the review and he was highly impressed with the ways things were moving forward. He did however comment that there was still a substantial amount of invoices being received with either no purchase order number or the incorrect number. He further asked what percentage of invoices received still had no PO number.

In response the Revenue and Benefits Manager advised that work was being undertaken with suppliers to improve this element of invoicing. However he was unable to say what the current percentage was, however agreed to report back to Councillor Wilkes on this in due course.

Councillor Stradling complimented Councillor Wilkes on the work that he had undertaken on the review group and the success those actions had made in improving performance.

Councillor Smith added that in her opinion the ICT system was the key to the success of the service, and therefore queried whether work was being undertaken to look at the best practice of other authorities. She further asked whether procurement advised suppliers on the correct way to send invoices.

In response the Revenue and Benefits Manager advised that this was not currently undertaken but could be looked into further in the future.

Resolved:

That the content of the report be noted.

9 Refresh of the Work Programme 2014/15 for the Corporate Issues Overview and Scrutiny Committee

The Committee received a report of the Assistant Chief Executive which provided for Members consideration an updated draft work programme for the Corporate Issues Overview and Scrutiny Committee for 2014/15 (for copy see file of minutes).

The Head of Planning and Performance advised that the draft work programme was attached for Members' consideration with the final programme to be agreed at the meeting.

Councillor Stradling commented that given the good progress reported in respect of creditor performance he did not feel it was necessary to look at invoices. He did however think it was important to look at appraisals.

Councillor Wilkes agreed with Councillor Stradling, but did however comment that sickness absence should also be looked at alongside appraisals in an in-depth review. Further members concurred with these comments and agreed that a combined scrutiny review looking at appraisals and sickness absence would be useful.

Resolved:

- (i) That the content of the report be noted.
- (ii) That the review of accounts payable be removed from the work programme.
- (iii) That a review into appraisals and sickness absence be included in the work programme.

**Corporate Issues Overview and Scrutiny
Committee**

19 September 2014

**Regulation of Investigatory Powers Act
2000 – Annual Review of the Council’s
use of powers and Approval of RIPA
Policy**



**Report of Colette Longbottom, Head of Legal and Democratic
Services**

Purpose of the Report

1. To inform members about the Council's use of powers under the Regulation of Investigatory Powers Act 2000 (RIPA) during the period 1 April 2013 to 31 March 2014, to notify members of the outcome of the Council's inspection by the Office of Surveillance Commissioner and to invite members to approve the Council's RIPA policy for the forthcoming year.

The Council's use of RIPA for the period 1 April 2013 – 31 March 2014

2. The table below provides details of RIPA authorisations that have been granted by the Council during the period 1 April 2013 to 31 March 2014. The Council has a low usage of its powers under RIPA and will use overt methods to detect and prevent crime and disorder where possible.

Type of Investigation	Number of Authorisations during the period 1 April 2013 – 31 March 2014
Illicit tobacco	3 (Directed Surveillance)
Benefit fraud	1 (Directed Surveillance)
Underage sales of alcohol/tobacco	3 (Directed Surveillance)
Test Purchases	2 (Directed Surveillance)
Illicit fireworks	2 (1 x Directed Surveillance and 1 x covert human intelligence sources (CHIS))
Counterfeit Goods	3 (1 x Directed Surveillance, 1 x CHIS, 1 x Communications Data)
	Total - 14

The Council's RIPA Inspection by the Office of the Surveillance Commissioners

3. On 13 May 2014 the Council was inspected by the Office of Surveillance Commissioners (OSC) and a copy of the inspection report is attached as Appendix 2.
4. The inspection report makes two recommendations and the Senior Responsible Officer has taken the necessary steps to implement the recommendations identified within the report. This can be summarised as follows:

RECOMMENDATION 1 – To ensure that future training covers the need to set the duration of each and every authorisation.

ACTION TAKEN – An e-mail has been circulated reminding officers of the need to set the duration of each authorisation following Magistrates' Approval and officers will be reminded of this at the next training event.

The Council's internal RIPA authorisation procedure has been updated to include a step regarding the completion of the box entitled "expiry time and date" and this document will be republished on the intranet with the updated policy.

RECOMMENDATION 2 – Establish a robust system to review all RIPA forms.

ACTION TAKEN – Quarterly meetings will be established with effect from the end of the quarter (September) to review RIPA forms and issue reminders to officers where appropriate.

Review of the Council's Corporate Guidance on RIPA

5. The Council's RIPA policy was last approved by the Corporate Issues Overview and Scrutiny Committee at its meeting held on 13 June 2013. The review for this year has been delayed pending the outcome of the OSC inspection in order to incorporate any comments from the OSC regarding the Council's policy.
6. As part of the annual review, the policy has been reviewed and is attached as Appendix 3, with the changes highlighted. The proposed amendments to the policy consist of an addition to the section on Intrusive Surveillance to incorporate a minor suggestion made by the OSC Inspector and an expansion to the definition of private information and the inclusion of

information regarding the reporting of errors and storage and retention of product following feedback on the policy from the Council's external trainer. There is also a new section regarding Social Networking Sites and Internet Sites and the names of Authorising Officers have been updated following changes in staffing.

Recommendations and Reasons

7. It is recommended that members
 1. Receive the annual report on the Council's use of powers under RIPA.
 2. Receive the OSC Inspection Report
 3. Approve the Council's policy on the use of RIPA.

Background Papers

None

Contact: Clare Burrows

Tel: 03000 260548

Appendix 1: Implications

Finance: None

Staffing: None

Equality and Diversity: None

Accommodation: None

Crime and Disorder: The appropriate use of an oversight of RIPA powers will enable the Council to provide evidence to support appropriate prosecutions and tackle crime.

Human Rights: None

Consultation: None.

Procurement: None

Disability Discrimination Act: None

Legal Implications: The policy and the procedures are designed to ensure as far as possible that the legislation is complied with.



Office of Surveillance
Commissioners

The Rt. Hon. Sir Christopher Rose
Chief Surveillance Commissioner
Office of Surveillance Commissioners
PO Box 29105
London SW1V 1ZU

26 June 2014

**DURHAM COUNTY COUNCIL
INSPECTION REPORT**

Inspection Date 13 May 2014
Inspector His Honour David Hodson
 Assistant Surveillance Commissioner

Introduction

1. It would, I think, be fair to say that any Prince Bishop returning today to the land where he once held sway and immense feudal power would not be able to recognise the administrative arrangements that now exist in County Durham. In truth His Grace would probably have had difficulties in coming to terms with anything that smacked of democracy throughout the long years of the County Palatine . There have been many changes over the centuries and particularly during the past thirty years. These culminated in 2009 when Durham County Council became a unitary authority and one of the largest in England. This council now serves a widespread population of over half a million people and employs a total in excess of 17.400 people (including school employees).
2. The Senior Management Structure is headed by Mr George Garlick as Chief Executive Officer. He has an Assistant Chief Executive Officer and, in support, there are four Corporate Directors to whom Heads of Service report.

3. The same personnel as were responsible for RIPA matters at the time of the last inspection remain in post now. Ms Collette Longbottom, Head of Legal and Democratic Services and the Council's senior lawyer is RIPA Senior Responsible Officer. Ms Clare Burrows is the Council's Governance Solicitor, RIPA Monitoring Officer and author of the Council's impressive Corporate Guidance Document published in June 2013. Ms Jocasta Lawton is the RIPA Co-ordinating Officer and is also responsible for the Central Record. Ms Lawton warmly welcomed me to County Hall and was responsible for all the arrangements for my visit and ensured that everything passed off smoothly. I am most grateful to her for all her efforts.
4. During the inspection period there were 43 authorisations for directed surveillance – four cases of fly-tipping, 25 cases relating to under-age sales of alcohol or tobacco, five cases relating to unlicensed taxi drivers, four cases relating to counterfeit goods and five separate single cases relating to benefit fraud, illegal sale of fireworks, a licensing offence, a food safety matter and a case concerning unsafe products. There were four occasions between 2012 and 2014 when there were CHIS authorisations. Two concerned sales on social networking sites, one concerned illegal fireworks and the other counterfeit goods. Two applications for directed surveillance authorisations were refused but no authorisation concerned the likely acquisition of confidential material.
5. Ms Longbottom, Ms Burrows and Ms Lawton remained with me for the duration of the inspection and we were able to have a full and useful exchange of views on RIPA matters.
6. The Chief Executive's address for correspondence is: Durham County Council, County Hall, Durham DH1 5UF.

Council Corporate Guidance Document

7. i) This an up to date, comprehensive and accurate document describing the Council's policy on covert surveillance and containing a most helpful practical guide to all the processes necessary to obtain directed surveillance and CHIS authorisations. The RIPA principles are fully enunciated and officers following the procedures described in the document can be confident that their actions will be fully RIPA compliant. In his report of April 2011 His Honour Norman Jones QC made detailed recommendations (Recommendation VII and paragraph 34) for the amendment of the earlier

policy document. These have been fully discharged with the publication of the June 2013 edition.

ii) I commend the inclusion in the document of a section covering "Non-RIPA surveillance." The Council have embraced the OSC Procedures and Guidance 2011 advice and have established a formal procedure and record-keeping process covering decisions and actions where covert surveillance is used but where RIPA does not apply. This is clearly a prudent and sensible step which provides appropriate protection in the event of a challenge.

iii) I also commend the Council on the inclusion in the document of a suitable CCTV protocol. This ensures that a further recommendation by His Honour (Recommendation VIII) has also been discharged.

iv) I do have, however, a very minor suggestion but which is one that cannot be glorified by the description of "recommendation" but which might make the section more complete and avoid misunderstanding. In the section on Intrusive Surveillance on page three of the Corporate Guidance Document it may be helpful to add "*In no circumstances is Durham County Council permitted to carry out intrusive surveillance.*"

Examination of the Central Record and RIPA authorisation forms during the Inspection period.

8. i) The Council is a not insignificant user of its RIPA powers as is demonstrated by the 43 authorisations over the inspection period although latterly there has been something of a reduction in their number. The Council is clearly alert to the questions that surround the applicability of RIPA to accessing social networking sites in furtherance of criminal investigations and I was given a copy of Counsel's Opinion which informs decision-making in this area.

ii) In his report of April 2011 His Honour Norman Jones QC made extended suggestions and recommendations (Recommendation 1 and paragraph 10) in respect of the Central Record. I am pleased to be able to say that the additions to the spread sheet he suggested have been incorporated and the Central Record is in good order. Recommendation 1 has therefore been discharged.

iii) A survey of all the authorisations revealed a number of similar failings:

2011/12. In four instances no duration of the directed surveillance was on the form; in one instance the authorising officer's statement was inadequate and also not signed.

2012/13. Again there were four instances of durations not being set and in one no review date was set.

2013/14. Again four more instances of durations not being set were to be seen and a review box was left uncompleted.

iv) His Honour made a number of recommendations concerning the RIPA forms highlighting in particular the cancellation of authorisations. This has been attended to and all authorisations had been appropriately cancelled. Recommendation II has therefore been discharged.

v) The other factors requiring attention identified in paragraphs 10 – 17 have been largely addressed. However, a more robust oversight of the RIPA process would have identified the limited failings I have mentioned in paragraph 8 (iii). The importance of setting the duration of a particular authorisation can be emphasised in future training.

See Recommendation.

vi) The principles of proportionality and necessity have been very nearly understood and applied universally. Although there was one case in 2011/12 where an authorising officer's statement in this regard was defective it would be unfair to say that Recommendation III has not been implemented.

Training

9. His Honour recommended (Recommendation VI) that a corporate training programme for RIPA be established providing regular refresher training for all officers engaged or likely to be engaged in covert surveillance. General RIPA training from an outside provider has been delivered each year since 2012 the last session (of refresher training) being in January 2014. Each session has been well attended and I have seen a schedule of the numbers present. In addition there was CHIS training in December 2013 and regular up-dating material is also provided. This recommendation has been well and truly discharged.

CCTV

10. I have already referred to the CCTV protocol in the Corporate Guidance Document. This is entirely satisfactory and fully describes the appropriate use of CCTV under RIPA. In fact although the Council deploys 643 CCTV cameras throughout the area they are all operated overtly and no use whatsoever has been made of them covertly during the inspection period. A current log of the equipment used is kept by the Trading Standards Department and I am most grateful to Ms Lawton for letting me have this information electronically after the inspection.

Conclusion

11. This has been a very satisfactory inspection. Virtually all the matters highlighted in April 2011 have been attended to and with one or two minor exceptions the recommendations have been discharged. There remain the training points which can easily be covered in the regular system of training that is now in place. There is an undoubted enthusiasm amongst all the staff to ensure that there is an efficient and effective RIPA regime in place. They are alive to current developments and are keen to make full use of their powers when required in appropriate circumstances. They are to be congratulated on what they have achieved in the past three years and I am sure that they can look to their RIPA future with confidence.

Recommendations

1. Ensure that future training covers the need to set the duration of each and every authorisation.
2. Establish a robust system to review all RIPA forms.

His Honour David Hodson
Assistant Surveillance Commissioner
26 June 2014

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CORPORATE GUIDANCE DOCUMENT

REGULATION OF INVESTIGATORY POWERS ACT 2000

September 2014

C O N T E N T S

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Any member of staff requiring parts of this guidance to be made available in a different language or format should contact their Service Diversity Group member representative.

APPENDICES

<u>Appendix Number</u>	<u>Document</u>	<u>Page</u>
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2	Policy Statement Durham County Council Policy on the Use of Covert Surveillance and Covert Human Intelligence Sources	36
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FOREWORD

- 1.0 This document addresses the requirements of the Regulation of Investigatory Powers Act 2000 (RIPA) and its codes of practice, in relation to the covert surveillance of individuals, the use of covert human intelligence sources, including undercover officers/agents/informants and the recording of telephone conversations. In addition, procedures for obtaining communications data fall within the Act's remit.

These procedures provide a summary and overview of the legislation and codes of practice. DO NOT seek to rely on them alone. In the event of any doubt, the officer should refer to the relevant legislation or code or contact Legal Services for advice.

- 1.1 RIPA had effect from 1 October 2000. There are Codes of Practice which impose requirements as regards authorisation procedures and records, which must be followed by Public Authorities undertaking investigations, which fall within the scope of RIPA. Durham County Council's policy in respect to this legislation can be found in Appendix 2.
- 1.2 Durham County Council works almost exclusively with, through and for people. We are, therefore, passionate about the authority's commitment to promoting a just society that gives everyone an equal chance to learn, work and live, free from discrimination and prejudice. This guidance demonstrates our desire to carry out our criminal investigations in a fair and equitable manner that respects all human rights and contributing to this commitment.
- 1.3 Enforcement activities of the authority which fall within the remit of RIPA are subject to monitoring and oversight by the Office of Surveillance Commissioners and the Interception of Communication Commissioner's Office.
- 1.4 Staff should therefore familiarise themselves with this document and the Codes of Practice. If in any doubt guidance should be sought before undertaking any activity, which falls within the scope of RIPA.
- 1.5 Complaints made regarding activities of the Authority, which are within the scope of the RIPA, can be investigated by an independent tribunal.
- 1.6 Copies of the Codes of Practice are readily available for reference on the Intranet.
- 1.7 Officers must appreciate that should they fail to follow the requirements of RIPA and Codes of Practice, Durham County Council may be liable to claims alleging breaches of an individual's rights under the Human Rights Act 1998.
- 1.8 Failure to follow RIPA and its Codes of Practice may also adversely affect the admissibility of any evidence obtained using methods covered by the Act. The safety of members of the public supplying information to the council may also be compromised. Where an authorisation is not in place, it may not be possible to seek exemption from disclosure under the provisions of Public Interest Immunity.

- 1.9 When undertaking any covert investigation, officers should have regard to the health and safety of persons affected by the activity. This may include themselves, colleagues and members of the public. A suitable and sufficient risk assessment of the investigation technique being proposed should be undertaken, having regard to Durham County Council Corporate Health and Safety Policy and any supplemental guidance issued by individual directorates. This needs to be communicated to all those at risk.
- 1.10 The monitoring of Internet and e-mail within the Council use is regulated by The Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000. The ICT service within the Resources Directorate has software in place to monitor the use of the internet and email. If anomalies are identified, these will be investigated by the Information Security Officer in liaison with Internal Audit.
- 1.12 A register, which records all of the authority's activities falling within the remit of RIPA, has been prepared and is included within the Central Record which is held by Legal and Democratic Services.
- 1.13 **The most frequently used RIPA applications forms are available on the Intranet and from the RIPA Monitoring Officer in Legal and Democratic Services. The other forms are available from the RIPA Monitoring Officer.**

DEFINITIONS

Directed Surveillance and Covert Human Intelligence Sources

Authorising Officer	The person(s) designated under Sections 28 and 29 of the Act to grant authorisations for directed surveillance and the use and conduct of a Covert Human Intelligence Source, respectively. Within a Local Authority this is Corporate Director, Head of Service or Service Manager. The Council's Authorising Officers are appointed by the Chief Executive. A list of the Council's Authorising Officers can be found as Appendix 1.
Confidential Material:	Communications subject to legal privilege, communications between a Member of Parliament and another person on constituency matters, confidential personal information or confidential journalistic material.
Covert Human Intelligence Source: (CHIS)	Commonly known as Agents, Informants, Undercover Officers. (NB. See RIPA and the Codes of Practice for the definition).
Covert Surveillance	Surveillance carried out in a manner calculated to ensure that the persons subject to the surveillance are unaware that it is taking place.
Directed Surveillance:	Means surveillance which is covert but not intrusive, is conducted for the purposes of a specific investigation, is likely to result in the obtaining of private information about a person and 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 Act to be sought.
Intrusive Surveillance:	<p><i>In no circumstances is the Council permitted to carry out intrusive surveillance</i></p> <p>Covert surveillance carried out in relation to anything taking place on residential premises or in any private vehicle, that involves the presence of an individual on the premises or in the vehicle or is carried out by means of a surveillance device.</p> <p>Surveillance which is carried out by means of a surveillance device in relation to anything taking place on any residential premises or in any private vehicle, but is carried out without that device being present on the premises or in the vehicle, is not intrusive unless the device is such that it consistently provides information of the same quality and detail as might be expected to be obtained from a device actually present on the premises or in the vehicle.</p>

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RIPA Monitoring Officer Governance Solicitor and Senior Committee Services Officer who are responsible for maintaining the central register, the oversight of RIPA applications and training.

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

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

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

Senior Responsible Officer (SRO): Head of Legal Services/Monitoring Officer who is responsible for the integrity of the process in place within the authority for surveillance, compliance with Part 2 of RIPA and the Codes of Practice, oversight of reporting errors, engagement with the OSC during and post inspections.

Controller The person or designated managerial officer responsible for overseeing the use of the source and recording this information.

Handler An investigating officer having day to day responsibility for:

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

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Conduct of a Source Any action of that source, falling within the terms of the Act, or action incidental to it.
(i.e. What they do).

"The Use" of a source Any action to induce, ask or assist a person engaged in the conduct of a source or to obtain information by means of an action of the source.
(What they are asked to do).

Surveillance includes:-

- monitoring, observing or listening to persons, their movements, their conversations, or their activities or communications.
- recording anything monitored, observed or listened to in the course of surveillance.
- surveillance by or with the assistance of a surveillance device (any apparatus designed or adapted for use in surveillance).

Tasking: -

An assignment given to the source, asking him or her to obtain information, to provide access to information, or to otherwise act incidentally for the benefit of the relevant public authority.

Communications Data

Applicant

This is the officer involved in conducting an investigation or operation who makes an application electronically for the acquisition of communications data.

Communications Service Provider (CSP)

These include telecommunications, Internet (including email) and postal service providers.

Designated Person

This is the authorising officer for the purposes of obtaining communications data who must be registered with the National Anti Fraud Network by the SRO. This person must not be the applicant.

Senior Responsible Officer (SRO)

Head of Legal Services/ Monitoring Officer who is responsible for ensuring that the Applicant, Designated Person or other person makes available to the Single Point of Contact such information as the SRO thinks necessary to ensure the integrity of the process, oversight of reporting errors, engagement with the IOCCO during and post inspections.

Single Point of Contact (SPOC)

This is a nominated officer within a public authority who has completed a training course and is accredited by the Home Office to make enquiries with communication service providers. SPOC's will oversee the forwarding and receipt of notices and authorisations sent to and returned by CSP's.

CSP's will not deal with enquiries to obtain communications data from an officer who is not listed with them as being a nominated SPOC.

A. COVERT SURVEILLANCE

1.0 INTRODUCTION

- 1.1 Covert Surveillance means surveillance which is carried out in a manner calculated to ensure that the persons subject to the surveillance are unaware that it is or may be taking place.
- 1.2 A RIPA authorisation provides lawful authority for a Public Authority to carry out covert surveillance.
- 1.3 The Authorising Officers are documented in the central RIPA record held within Legal and Democratic Services. Where possible, Authorising Officers should not authorise operations in which they are directly involved.
- 1.4 Whenever covert surveillance takes place and is for the purpose of obtaining, or is likely to obtain private information about a person (whether or not they are the target of the operation) an authorisation should be obtained.

(For exemption see 4.3.)

- 1.5 By obtaining an authorisation, the surveillance operation is carried out in accordance with the law and the safeguards that exist.
- 1.6 Prior to granting an authorisation the Authorising Officer must be satisfied that the proposed surveillance is necessary for the prevention of crime and is proportionate to what it seeks to achieve. This involves balancing the seriousness of the intrusion into the privacy of the subject of the operation (or any other person who may be affected) against the need for the activity in investigation and operational terms.
- 1.7 Careful consideration must also be given to any community sensitivities that may be exacerbated by any individual surveillance operation.
- 1.8 Before applying for an authorisation, the Investigating Officer should consider whether or not the evidence sought could be obtained by alternative methods.

2.0 COLLATERAL INTRUSION

- 2.1 The officer seeking the authorisation should also consider the possibility of collateral intrusion. This is private information about persons who are not subjects of the surveillance or property interference activity. Steps should be taken to assess the risk, and where possible minimise the risk of collateral intrusion. Where unforeseen collateral intrusion occurs during an operation, the Authorising Officer must be notified and consideration given to amending the authorisation following a review.
- 2.2 Consideration must also be given as to whether or not the surveillance activities of the Service take place where similar activities are also being undertaken by another agency e.g. the Police, Benefits Agency, Environment Agency.

2.3 Liaison should also be made with Durham Constabulary Local Intelligence Officers, where appropriate.

3.0 RECORDS OF AUTHORISATIONS

3.1 A record of all authorisations must be maintained for 3 years from the ending of each authorisation. This should include not only those authorisations granted, but also those which are refused.

3.2 A copy of each authorisation will be maintained by the Authorising Officer, within each service. The original authorisation must be supplied to the **central record** of authorisations managed by Legal and Democratic Services.

3.3 Due to the sensitive nature of **all documentation** covered by the Act, consideration **MUST** be given to the means by which original authorisations are forwarded to the central record to ensure confidentiality.

4.0 AUTHORISATIONS FOR DIRECTED SURVEILLANCE

4.1 An authorisation is required for covert surveillance undertaken:

- (a) for a specific investigation or operation; and
- (b) where the surveillance is likely to result in obtaining private information about any person (whether or not they are the subject of the surveillance).

4.2 An authorisation is **NOT** required for covert surveillance carried out as an immediate response to events or circumstances, which could not be foreseen.

4.3 Authorisations do not cover 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. This activity is termed as **INTRUSIVE SURVEILLANCE AND CANNOT BE UNDERTAKEN BY LOCAL AUTHORITIES**. An observation post outside of premises with a limited view and no sound would not constitute intrusive surveillance. If equipment is used without being the device being on the premises/ vehicle and consistently provides information of the same quality as if it were on the premises / vehicle the action may qualify as intrusive surveillance. (For further guidance see Section 26 of the Act).

4.4 The use of overt CCTV surveillance systems is not normally caught by the Act, since members of the public are aware that such systems are in use. There may be occasions when public authorities use covert CCTV systems for the purposes of a specific investigation or operation. In such cases, authorisation for directed surveillance may be necessary. A protocol has been produced to protect those officers, responsible for such systems, from being pressured into carrying out covert directed surveillance, without an appropriate authorisation. This protocol is shown in Appendix 3.

- 4.5 Where the surveillance activity is likely to result in confidential material being obtained, the authorising officer within Durham County Council, will be the Chief Executive, or in his absence, his Deputy.

5.0 COVERT VIDEO CAMERA AND AUDIO RECORDING EQUIPMENT

- 5.1 This equipment is frequently employed during test purchase exercises and other monitoring activities undertaken by the authority for the purpose of recording the transaction/activity and obtaining photographic evidence of the suspect. Concealed voice recorders may be used to record conversations without the knowledge of the other party.
- 5.2 The deployment of such equipment clearly has the potential for not only obtaining personal information in relation to the suspect, but also collateral intrusion into the activities of other persons in the vicinity of the operation.
- 5.3 An authorisation is **THEREFORE REQUIRED** before using such equipment to safeguard against any challenge as to Human Rights infringements. The manner in which such equipment is used may also invoke the requirements relating to **Covert Human Intelligence Sources and Part B of this Manual should be consulted.**

6.0 GROUNDS FOR AUTHORISING DIRECTED SURVEILLANCE APPLICATIONS

- 6.1 For an authorisation for directed surveillance it **must** be shown to be necessary to use covert surveillance in the investigation on specific grounds. Directed surveillance undertaken by Local Authorities can only be authorised for the purpose of preventing or detecting criminal offences that are either punishable, whether on summary conviction or indictment, by a maximum term of at least 6 months imprisonment or are related to the underage sale of alcohol and tobacco.
- 6.2 Directed surveillance cannot be authorised for the purpose of preventing disorder that does not involve criminal offence(s).

7.0 JUDICIAL APPROVAL OF DIRECTED SURVEILLANCE APPLICATIONS

- 7.1 From 1 November 2012 a local authority who wishes to authorise the use of directed surveillance will need to obtain an order approving the grant or renewal of an authorisation or notice from a Justice of the Peace (a District Judge or Lay Magistrate) before it can take effect. If the Justice of the Peace is satisfied that the statutory tests have been met and that the use of directed surveillance is necessary and proportionate, he/she will issue an order approving the grant or renewal for the use of the technique as described in the application.

Further guidance on the Local Authority judicial application process including the Council's RIPA Authorisation Procedure can be found on the Intranet and from the RIPA Monitoring Officer.

8.0 DURATION OF AUTHORISATION

8.1 A written authorisation is valid for 3 months, unless cancelled. This begins on the day on which the Justice of the Peace approves the grant of the application, the expiry date will be considered to be three months minus one day from the date of signature by the Justice of the Peace. The time at which the authorisation is granted must also be recorded on the documentation.

9.0 RENEWAL

9.1 An authorisation may be renewed for a further period of 3 months. A renewal of a grant of a directed surveillance authorisation must be approved by a Justice of the Peace before it can take place. It may be renewed more than once, provided that the renewal continues to meet the criteria for authorisation. The number of occasions it has been renewed should be recorded. The details of any renewal should be recorded centrally.

9.2 A record should also be made of the following:

- Whether this is the first renewal or every occasion which the authorisation has been renewed previously.
- Any significant changes to information in the initial application.
- Why it is necessary to continue the surveillance.
- The content and value to the investigation or operation of the information obtained so far by surveillance.
- The results of regular reviews of the investigation or operation.

10.0 REVIEW

10.1 The Authorising Officer should ensure that a system is in place to review authorisations, before it ceases to have effect. It is a matter for the authorising officer to determine how frequently a review is necessary and practicable. This must be stated within the authorisation as a **control measure**. The authorisation should also be reviewed prior to expiry to determine whether or not a renewal is required and can be justified. The authorising officer may make use of one of the following for example: a diary entry, work planner, MS Exchange calendar/alarm facility to generate a message prompt at least **ten** days before the expiry date.

10.2 The Authorising Officer may amend specific aspects of the authorisation upon a review, for example by discontinuing surveillance against particular persons or the use of particular tactics.

11.0 CANCELLATIONS

11.1 The officer granting or who last renewed the authorisation **must** cancel it, if satisfied that the directed surveillance no longer satisfies the criteria upon which it was authorised.

- 11.2 An authorisation should also be cancelled once the activity, which was the subject of the authorisation, has been completed. The authorisation should not be left to lapse as a result of the time limit expiring.
- 11.3 The reason for cancellation of the authorisation must be detailed on the cancellation form. The cancellation form will be filed with the original authorisation, by the Authorising Officer.

12.0 RECORDS AND ERRORS

- 12.1 Material obtained as a result of surveillance activities should be recorded on the "Record of Product obtained by Directed Surveillance Form".
- 12.2 A copy of this form should be forwarded to the Authorising Officer to be filed with the Authorisation form. The original should be retained by the Investigating Officer, as part of the case file. Internal procedures within some departments may require that all authorisations and case materials are held within a specified secure location.
- 12.3 A record must also be maintained of the period over which surveillance has taken place to assist with reviews and renewal applications.
- 12.4 There is now a requirement as set out in the OSC Procedures and Guidance 2011 to report all covert activity that was not properly authorised to the OSC in writing as soon as the error is recognised. This includes activity which should have been authorised but wasn't or which was conducted beyond the directions provided by the authorising officer. It is therefore important that when an error has been identified it is brought to the attention of the SRO in order to comply with this guidance. The Council has a responsibility to report to the Inspector at the commencement of an inspection all activity which should have been authorised but wasn't. This is to confirm that any direction provided by the Chief Surveillance Commissioner has been followed. This will also assist with the oversight provisions of the Councils' RIPA activity.
- 12.5 The reporting requirement does not apply to covert activity which is deliberately not authorised because an authorising officer considers that it does not meet the legislative criteria, but allows it to continue. This would be surveillance outside of RIPA.

13.0 HANDLING PRODUCTS FROM SURVEILLANCE ACTIVITIES

- 13.1 Product from Covert Surveillance activities may consist of: Photographs, Video film, Voice recordings, Surveillance log, Officers Notes
- 13.2 The above may be required as evidence in current or future criminal proceedings. Officers must have regard to the provisions of the Criminal Procedure and Investigations Act 1996 in relation to unused material. Product obtained via an authorisation may be used by the authority in other investigations.

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- 13.3 Although specific legislation and the Data Protection Act 1998 provide for the disclosure of information in certain circumstances, additional controls are introduced by RIPA.
- 13.4 The use of any product obtained by authorised surveillance activities outside of the Public Authority or the Courts should only be authorised in the most exceptional circumstances. **Joint operations should make reference to the potential use of evidence by each agency.**
- 13.5 Officers may receive requests from other agencies for product, which may include photographs of suspects, descriptions, and vehicle details. Where this information has been obtained under an authorisation, further guidance should be sought from the Authorising Officer.

14.0 STORAGE AND RETENTION OF PRODUCT

- 14.1 All material associated with an application, together with material obtained throughout a surveillance operation 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 1998 ("DPA").
- 14.2 Officers should make themselves aware of the provisions within the DPA and how it impacts on the whole RIPA process. Material obtained together with relevant associated paperwork should be held securely and any dissemination of the product must take account of the DPA and may only be disclosed to those that can lawfully receive it. The material may only be retained for as long as is necessary. Therefore material which will be retained outside of the CPIA provisions must have some justification to meet the DPA requirements. If in doubt advice should be sought from the RIPA Monitoring Officer.
- 14.3 Material which 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.
- 14.4 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.
- 14.5 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.

15.0 DISPOSAL OF PRODUCT

- 15.1 Officers should have regard to the fifth principle of the Data Protection Act 1998, as follows:

Product, which is not required as evidence should not be retained any longer than necessary. It will be necessary to retain product for a sufficient period of time to safeguard Durham County Council against any civil claims against infringement of an individuals Human Rights. Refer to your service areas retention guidelines.

- 15.2 Product which has been destroyed should have this fact recorded on the record of product obtained by Directed Surveillance, and be signed by the Officer (See 10.0).
- 15.3 An amended copy of this Record form should be forwarded to the Authorising Officer, indicating destruction of the product obtained from the surveillance activity.

16.0 GUIDANCE NOTES FOR THE AUTHORISATION OF DIRECTED SURVEILLANCE

- 16.1 Does the activity involve:-

The systematic covert surveillance of an individual (whether or not the identity is known), which is likely to gather personal information?

IF SO, AN AUTHORISATION IS REQUIRED

- 16.2 Low level activity for example, to determine whether a premise is still trading, will not require authorisation. Surveillance carried out in response to immediate events will also not require authorisation. However if the surveillance activity continues for any period of time, an authorisation will be required.
- 16.3 **The Authorising Officer must be satisfied that:**

The authorisation is:

Necessary for the purposes of preventing or detecting criminal offences that are either punishable by at least a 6 month prison sentence or are related to the underage sale of alcohol or tobacco.

Consideration should also have been given to alternative methods of obtaining the evidence and why this has not or will not work or secure the best evidence.

- 16.4 **The Authorising Officer must also believe that the surveillance is proportionate to what it seeks to achieve, and is not excessive.**

Where the identity of the subject is known to the officer, measures should also be taken to verify, (where appropriate) the address under surveillance (e.g. electoral register, business rates, utility suppliers). The Authorising Officer may

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also wish to include some control measures within the authorisation e.g. reviews, circumstances in which the surveillance must be stopped.

- 16.5 The application should provide the background to the investigation, and details of other methods which have failed to provide the information being sought or why other methods are not appropriate.
- 16.6 The description of the activity to be undertaken should be as comprehensive as possible, describing how the surveillance will be undertaken, where it will occur and any equipment (e.g. cameras, video camera) which will be used. The Authorising Officer must know the capabilities of the equipment. The investigatory officers must not employ techniques which are not permitted by the authorisation.
- 16.7 The information being sought should be described and how this may provide evidence of the offence or other matter being investigated. The potential for collateral intrusion should be identified and plans to avoid / minimise such intrusion.
- 16.8 A statement must also be included as to the likelihood of obtaining confidential information as defined in the codes of practice.
- 16.9 If **confidential material**, is being sought, or **is likely** to be obtained, a higher level of authorisation is required. **This authorisation can only be given by the Chief Executive of Durham County Council, (or in his absence by a Chief Officer)**. Further guidance should be sought if confidential material becomes relevant to the investigation.
- 16.10 Where applications for authorisation are refused by the Authorising Officer, records of the refused application must also be maintained stating the reasons for the refusal and a service number. Copies of these refusals must be sent for inclusion in the central record.

17. NECESSITY AND PROPORTIONALITY

17.1 Necessity

For interference with an individual's rights under 'Article 8' (Right to Privacy) to be necessary. The only ground on which the Council may authorise directed surveillance is for the prevention or detection of a criminal offence, punishable by a maximum term of at least 6 months imprisonment or are related to the underage sale of alcohol or tobacco. In order to be satisfied, the conduct that it is aimed to prevent or detect must be identified and clearly described. The Authorising Officer must be satisfied that overt measures would not be likely to secure the desired result.

17.2 Proportionality

The proposed activity must be proportionate to what it seeks to achieve. The four elements of proportionality must be fully considered in an application.

1. Balance the size and scope of the operation against the gravity and extent of the perceived mischief.

2. Explain how and why the methods to be adopted will cause the least possible intrusion on the target and others.
3. Explain why the activity is an appropriate use of the legislation and the only reasonable way, having considered all others, of obtaining the necessary result; and
4. Provide evidence of other methods considered and why they were not implemented.

18. MEMBER OVERSIGHT

- 18.1 Elected members of a local authority should review the authority's use of RIPA and set the policy at least once a year. They should also consider internal reports on the use of RIPA on at least a quarterly basis to ensure that it is being used consistently with the Council's policy and that the policy remains fit for purpose. Members must not be involved in making decisions on specific authorisations. The Council's Corporate Issues Overview and Scrutiny Committee will carry out this function.

B. COVERT HUMAN INTELLIGENCE SOURCES (C.H.I.S.)

1.0 INTRODUCTION

1.1 This section of the guidance document, deals with Covert Human Intelligence Sources, more commonly known as: Undercover Officers, Informants/Agents

Authorisation is a two-stage process:

- (a) to use a source
- (b) an authority for the conduct of the source.

1.2 A Covert Human Intelligence Source is a person who establishes or maintains a personal or other relationship with another person for the covert purpose of:

- (a) Using such a relationship to obtain information, or to provide access to information to another person, or
- (b) Disclosing information obtained by the use of such a relationship or as a consequence of such a relationship.

1.3 The relationship is used covertly if, and only if, it is conducted in a manner calculated to ensure that the person is unaware of its purpose.

1.4 Durham County Council receives complaints routinely from the public and traders regarding the alleged activities of individuals. The actions of these complainants do not generally fall within the definition of a covert source, since they are a one off provision of information. However, a person may become a covert source if an ongoing relationship with a public authority (Durham County Council) develops and activities described in paragraph 1.2 above are carried out.

1.5 Where the nature of the complaint relates to a matter where an officer requests the complainant to obtain further information covertly, via a relationship with another individual, this activity is likely to fall within the scope of the Act. An authorisation will therefore be required before seeking such information. By following the authorisation procedures, the Authority will also be in a position to seek to safeguard the identity of the source in any subsequent legal proceedings. The origin of any information from the source can be withheld, subject to acceptance by the court of the established **Public Interest Immunity**, disclosure procedures. Further guidance should be sought from Legal Services on this issue, to ensure that the identities of any such individuals are safeguarded in the event of any legal proceedings, tribunals or disciplinary hearings.

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- 1.6 The Code of Practice on Covert Human Intelligence Sources relates not only to sources (which may commonly be referred to as informants) but also the activities of sources, which consist of undercover officers who establish or maintain a covert relationship to obtain information and evidence.
- 1.7 Before a source may be engaged or an undercover officer deployed the **use and conduct** must be authorised. The use part of the authorisation, effectively registers the source with the Authority. The conduct part addresses what the source is tasked to do. The applicant must not be the source.
- 1.8 In most cases, the use and conduct of a source will be restricted to a single investigation. However, situations may arise, where different conducts are required as the investigation develops. Consideration should then be given to cancelling the original authorisation and seeking a new authorisation on the basis of the new circumstances of the investigation.
- 1.9 The same authorisation form is used for both use and conduct. A handler and controller must also be designated, as part of the authorisation process, and detailed records of the use, conduct and tasking of the source maintained.
- 1.10 An Authorising Officer is a person entitled to give an authorisation for the use or conduct of a source in accordance with Section 29 of the Regulation of Investigatory Powers Act 2000. A list of the Authorising Officers is held in the **central record** managed by the RIPA Monitoring Officer, on behalf of the SRO. All Authorising Officers are, however, corporate and therefore can cross service authorise.
- 1.11 The use of Covert Human Intelligence sources should be necessary and proportionate to the matter being investigated.
- 1.12 Failure to obtain an authorisation may render Durham County Council liable to a claim of infringing the human rights of an individual and may adversely affect the admissibility of any evidence obtained by the use of covert methods employed by a source. It is also established that a Public Authority owes a duty of care to a CHIS. Failure to undertake a robust risk assessment and authorisation may also adversely affect the position of the Authority in the source suffering any harm as a result of the activity in which they have been engaged.
- 1.13 Careful consideration must be given to any potential sensitivities, which may exist, before deciding whether to use a CHIS in a particular community or against a particular individual.
- 1.14 A separate **directed surveillance** authorisation is **not** required where any surveillance device (technical equipment) is used in the presence of the covert source.

- 1.15 A Covert Human Intelligence source carrying surveillance equipment **can** be invited to enter residential premises or a private vehicle. However the CHIS **cannot install** surveillance equipment in residential premises since this activity constitutes intrusive surveillance or a private vehicle, since this activity constitutes property interference. These techniques are not available for use by Local Authorities.

2.0 GUIDANCE ON THE SOURCE CULTIVATION PROCESS

- 2.1 When seeking an authorisation for an individual to act as a covert human intelligence source, consideration needs to be made of their potential role in the investigation. Are they prepared to be a witness? Do they need to be given protection as a result of providing information, by means of public interest immunity? The source may also be in a position to provide information relating to a number of different matters worthy of investigation.
- 2.2 The motives of potential sources need to be considered as part of the evaluation process. Could they be motivated by possible rewards or revenge? The aim could be to deflect attention away from themselves towards other individuals.
- 2.3 Has consideration been given to building up a detailed profile of the potential source and their associates. **In all cases**, a face-to-face meeting with the complainant or any other person considered as a potential source should take place. Please be aware that the individual may have needs in respect of language, hearing or sight.
- 2.4 Directed surveillance may be needed to evaluate the source. Consideration should be given in certain circumstances to carrying out checks on the source with the Police. A thorough risk assessment must be carried out on the potential source, and the proposed conduct.

3.0 MANAGEMENT OF SOURCES

- 3.1 Tasking is the assignment given to the source by the handler/controller asking him/her to obtain information, or to take action to obtain information.
- 3.2 All authorisations **should be in writing**, and in place before tasking a source. Every source must have a designated handler and controller.

4.0 DESIGNATED HANDLERS AND CONTROLLERS FOR THE USE OF COVERT HUMAN INTELLIGENCE SOURCES

4.1 Where the Covert Human Intelligence source is a complainant or an informant, the Handler will be the Investigating Officer and the Controller will be their line manager. Where the Covert Human Intelligence source is an Officer of the authority acting in an undercover capacity the Handler will be the Officer's line manager and the Controller will be another manager within the Service. This arrangement will ensure that an Officer does not act as a Controller and Authorising Officer thereby ensuring a level of independent scrutiny.

5.0 SECURITY AND WELFARE OF SOURCES

5.1 A source has no licence to commit crime. In certain circumstances it may be advisable to provide written guidance to the source, explaining what is being requested of them and the limits of the tasking. The source should be asked to sign such a document to confirm that they understand the terms of reference.

5.2 A public authority deploying a source, should take into account the safety and welfare of the source, when carrying out any actions in relation to the authorisation or tasking. The foreseeable consequences of the tasking should also be considered.

5.3 A Risk Assessment should be undertaken to evaluate the source and to determine the risk to the source of any tasking and the likely consequences should the identity and role of the source become known to the subject or others involved with the subject. Appropriate documentation is contained on the intranet or is available from the RIPA Monitoring Officer.

5.4 The handler should draw to the attention of the controller:

The Risk Assessment
The Conduct of the Source
The Safety and Welfare of the Source.

A Handler is responsible for:

Dealing with the source on behalf of the Authority
Directing the day to day activities of the source
Recording the information supplied by the source
Monitoring the security and welfare of the source.

5.5 Where a source is known or suspected of being involved in crime, consideration should be given to their motives in supplying information. It may also be a prudent step in the management of such a source to have two officers present during any meetings with the source. Background checks on the potential source via the Police Local Intelligence Officer should also be considered.

5.6 Special provisions exist for the conduct in use of juvenile sources (Under 18).

A source under 16 cannot be engaged to use a relationship with any person having parental responsibility for them. A source under 16 must have an appropriate adult present during any meetings and a risk assessment must also take place before granting or renewing an authorisation for the conduct and use of a source under 16. This will take account of physical and psychological risks.

See the Regulation of Investigatory Powers (Juveniles) Order 2000 for detailed guidance.

5.7 Special consideration should also be given to the use of vulnerable individuals as a source. This will require the highest level of authorising officer, the Chief Executive (see the code of practice for further guidance).

5.8 Authorisations for juvenile sources i.e. a source under the age of 18, when the authorisation is granted have effect for **one month**. **Juvenile source** authorisations should be issued by the highest level of authorising officer in an Authority, this will be the **Chief Executive** of Durham County Council.

6.0 JUDICIAL APPROVAL OF CHIS APPLICATIONS

6.1 From 1 November 2012 a local authority who wishes to authorise the use of a CHIS will need to obtain an order approving the grant or renewal of an authorisation or notice from a Justice of the Peace (a District Judge or Lay Magistrate) before it can take effect. If the Justice of the peace is satisfied that the statutory tests have been met and that the use of a CHIS is necessary and proportionate, he/she will issue an order approving the grant or renewal for the use of the technique as described in the application.

7.0 DURATION OF AUTHORISATIONS

7.1 Authorisations have effect for a period of twelve months from the date of judicial approval unless a juvenile in which case the authorisation has effect for a period of one month. The Authorisation, should be managed and be made subject to reviews set as a control measure by the Authorising Officer.

7.2 Records of authorisations are to be retained for, a minimum period of one year to comply with the code. However, it will be policy to retain the records for a **period of six years**, to safeguard against any civil claims against the authority under the Human Rights Act 1998.

7.3 Destruction of the authorisation form should be documented in the Authorising Officers Management Record file.

8.0 RENEWALS AND REVIEWS

8.1 An authorisation may be renewed, after the Authorising Officer reviews the use made of the source having regard to:-

- a) The tasks given to the source
- b) The information obtained from the source.

If satisfied that the original authorisation criteria are met, a renewal may be authorised. A renewal of a grant of a CHIS authorisation must be approved by a Justice of the Peace before it can take place.

- 8.2 Since an authorisation for a CHIS may remain in force for a period of twelve months, regular reviews should be undertaken to ensure the ongoing validity of the activity and the ongoing welfare and security of the source. Any changes to circumstances may require that further risk assessments are undertaken.
- 8.3 The reviews should be undertaken at intervals of **no longer than three months** and documented. Additional **control measures** may also be introduced as a result of a review. The Authorising Officer should implement a system to identify appropriate review dates (e.g. the MS Exchange Calendar alarm option).

9.0 CANCELLATIONS

- 9.1 An Authorising Officer must cancel an authorisation where:

The use or conduct of the source no longer meets the original authorisation criteria.

The procedures for managing the source are no longer in place.

Where possible the source should be informed of the cancellation, and this fact noted on the cancellation.

- 9.2 Where an investigation no longer requires the authorisation to be in place e.g. the evidence has been obtained, it should be cancelled promptly rather than allowed to expire through time, and the reason for cancellation documented.

10.0 SOURCE RECORDS

- 10.1 Records of Use of the source and the product provided by the source. Similarly for the procedures detailed for Directed Surveillance records should be maintained by the service, for a **period of six years**. Records should not be destroyed without the authority of the Authorising Officer. Destruction of records should be documented in the Authorising Officers Management Records file.

- 10.2 The following information must be recorded:-

- Authorisation Reference Number
- Authorising Officer
- Identity used by Source (If any)
- Identity of Source

- Reference used in the authority to refer to Source (If any)
- Information relating to security and welfare of Source
- A record that any risks to the security and welfare of the Source have been explained to and understood by the Source
- Records of reviews conducted on the continuing use and welfare of the Source
- The date when the Source was recruited
- The circumstances of the recruitment
- Identity of the Handler and Controller (and details of any changes)
- A record of the tasks and activities given to the Source
- A record of all contacts or communications between the Source and a person representing the Authority
- The information obtained through the Source
- How the information is used
- A statement as to whether any payment, benefit or reward is provided by or on behalf of any investigating authority and details of it (#)
- Reasons for cancelling / not renewing the authorisation and the date and the time of such a decision.

(it is **NOT** currently the Policy of Durham County Council to directly offer any benefits or rewards to a CHIS. Rewards may be forthcoming from a third party e.g. from a trade association or trademark holder where an investigation involves counterfeit goods).

11.0 THE APPLICATION FOR AUTHORISATION

Must include:

- 11.1 The grounds on which the authorisation is sought: and why it is necessary
- Preventing, or detecting a criminal offence, punishable by a maximum of at least 6 months imprisonment or are related to the underage sale of alcohol or tobacco.
 - An explanation of the **proportionality** of the Use/Conduct.
 - Where the matter relates to a specific investigation, details of that investigation or operation.
 - Details of the purpose for which the source will be tasked.

- Details of what the source will be tasked to do.
- Details of the level of authority required having regard to any confidential material that might be obtained as a consequence of the authorisation. (This will invoke the requirement to be authorised by the Chief Executive if confidential material is being sought or is likely to be obtained).
- Details of who will be affected, and plans to avoid/minimise collateral intrusion. Where this changes, the Authorising Officer must be informed and the authorisation reviewed.
- A detailed Risk Assessment must have been undertaken. A review may also be required if the assessment is not current.
- The Authorising Officer may wish to impose **control measures** on the authorisation that is granted.

11.2 Unless renewed or cancelled, an authorisation remains in force for:

12 months from the date of judicial approval (Juveniles One Month). The authorisation should be given a unique operation reference number and be recorded in management record file. Conduct authorisations should be referenced to the original use authorisation.

A duplicate/copy of the authorisation should be issued to the officer. This will ensure that the officer has a record of the scope of the activity authorised.

11.3 Applications, which are refused, should also be recorded together with the reasons for the refusal and a service number. Copies of these refusals must be sent for inclusion in the central record.

12.0 ERRORS

12.1 There is now a requirement as set out in the OSC procedures and Guidance 2011 to report all covert activity that was not properly authorised to the OSC in writing as soon as the error is recognised. This includes activity which should have been authorised but wasn't or which was conducted beyond the directions provided by the authorising officer. It is therefore important that when an error has been identified it is brought to the attention of the SRO in order to comply with this guidance. The Council has a responsibility to report to the Inspector at the commencement of an inspection all activity which should have been authorised but wasn't. This is to confirm that any direction provided by the Chief Surveillance Commissioner has been followed. This will also assist with the oversight provisions of the Councils' RIPA activity.

12.2 This does not apply to covert activity which is deliberately not authorised because an authorising officer considers that it does not meet the legislative criteria, but allows it to continue. This would be surveillance outside of RIPA.

C. RISK ASSESSMENTS

1. Whenever undertaking covert directed surveillance, or engaging in the conduct and use of a Covert Human Intelligence Source, the proposed activity **must** be the subject of a suitable and sufficient risk assessment and evaluation of the proposed Source.
2. Directed Surveillance activities clearly have the potential to expose staff to hazards, should their activities become known to the subject or even to others during the operation. The use of Covert Human Intelligence Sources has the potential to expose handlers, undercover officers, agents/informants and the public to health and safety risks. A duty of care may also lie with officers and the Authority in managing sources.
3. Authorising Officers, Controllers, Handlers Undercover Officers and Investigating Officers **must** all have regard to Durham County Council Corporate Policy on Health and Safety. This addresses issues such as lone working and violence to staff.
4. The Policy states that "Durham County Council will ensure that management systems are produced that are sufficient to effectively identify, assess, manage and control the risks to the health and safety of employees and other people affected by their work".
5. It is a matter for each Service to determine the training required to ensure that staff are competent to undertake risk assessments of proposed operations/use of covert sources. All incidents/dangerous occurrences during the course of operations should be reported in accordance with the corporate Health and Safety Procedures.
6. Consideration should also be given to staff training requirements to engage in covert activities, surveillance and acting in an undercover capacity.
7. This section of this guidance document is intended to provide an overview, which must be borne in mind when undertaking activities within the scope of RIPA.
8. Further Guidance on Health and Safety issues is available from:
 - Management of Health and Safety at Work Regulations 1999
 - The Corporate Health and Safety Policy Document and Guidance
 - The Health and Safety Unit (0191 383 3430)
9. Risk assessments for directed surveillance operations, should be undertaken by the officer in charge of the proposed activity and submitted with the authorisation application.

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10. Risk assessments for the use of a CHIS, should be undertaken by the Handler and considered by the Controller as part of a risk management process. The assessment should then be forwarded to the Authorising Officer with the application. The assessment should consider the **Ethical, Personal and Operational Risks** of the proposed activity. The evaluation of a potential source is an important part of the application process.
11. Risk assessment is not a one off activity, but an ongoing process throughout the operation and use of the source, since circumstances may change and a review may be required.
12. The nature of the risks surrounding the deployment and management of individual sources, handlers and operational activities will vary according to a wide range of factors on a case by case basis. Risk assessment allows the handler and controller to advise the Authorising Officer of the plan for managing the risks.
13. Authorising Officers will **not** authorise a Directed Surveillance operation or the use of a source, without the evidence that the risks have been considered and a plan for their management exists.

D. RECORDING OF TELEPHONE CONVERSATIONS

1. **The interception of communications sent by post or public telecommunications systems or private telecommunications systems attached to the public network may only be authorised by the Secretary of State. (Part I Regulation of Investigatory Powers Act 2000).**
2. The attachment of a surveillance device to a telecommunications system can only be undertaken under a warrant issued under Section 5 of the Act (this is not available to the County Council).
3. An exception to the rule requiring a warrant exists, where one party to the conversation consents and where an authorisation for **directed surveillance** is obtained. See Section 48(4) of the Act.
4. For example, a member of the public may consent to the recording of a telephone conversation made by or to him/her. An officer may seek to record such a conversation to assist with an investigation into another person's activities.
5. An officer may also request a colleague to telephone another person as part of an investigation, or may make the call himself or herself. These situations require an authorisation to be granted.
6. Where the person giving consent is not present and a recording made, this activity is deemed to be **intrusive surveillance**, and is beyond the scope of activities authorised for the Authority.
7. Where the Officer acts in an overt capacity, i.e. clearly identifying the fact that they represent Durham County Council, the activity will require a directed surveillance authorisation.
8. Where the Officer makes/receives the call acting covertly, **both** a directed surveillance **and** CHIS authorisation will be required.
9. Similarly if a member of the public, or another person acting as a covert source is asked to record a telephone conversation made/received by them, both authorisations will be required to be in place.
10. Officers considering making a test purchase, must be very careful when deciding whether the recorded conversation, is to obtain goods, or whether it is to gather information, which will only be obtained in a covert capacity.

E. ACCESSING COMMUNICATIONS DATA

1.0 Introduction

- 1.1 This section of the guidance document details the system in place to ensure compliance with RIPA, when an investigating officer seeks to obtain communications data within the scope of their enquiries.
- 1.2 In a similar manner to the existing provisions of RIPA relating to directed surveillance and the use of Covert Human Intelligence sources, a process of submitting an application and securing an authorisation is established by the legislation and code of practice.
- 1.3 The Council processes its RIPA applications for communications data via the the National Anti Fraud Network (NAFN). NAFN operates a secure online system for the acquisition of communications data under RIPA. NAFN officers act as Single Points of Contact or SPoC's to ensure that Council applications meet the necessary standards before the application is approved by a Designated Person (DP) who is an officer within the Council. Whilst the NAFN system makes it easier to comply with the law, the SRO retains oversight of the process to ensure that it is carried out in a lawful manner and in accordance with the statutory code of practice.

Further guidance on NAFN can be obtained from the RIPA Monitoring Officer.

- 1.4 From 1 November 2012 a local authority who wishes to authorise the use to acquisition of communications data, will need to obtain an order approving the grant or renewal of an authorisation or notice from a Justice of the Peace (a District Judge or Lay Magistrate) before it can take effect. If the Justice of the Peace is satisfied that the statutory tests have been met and that the use of the acquisition of communications data, is necessary and proportionate, he/she will issue an order approving the grant or renewal for the use of the technique as described in the application.
- 1.5 If an application is to be approved by a Justice of the Peace, an accredited individual within NAFN forwards a notice to the communications service provider (CSP), to obtain the information. This activity cannot be undertaken by an officer, as CSPs will only accept requests for information from accredited officers registered with the Home Office and termed Single Points of Contact (SPOC).
- 1.6 Records of all applications, authorisations, notices, cancellations and refusals must be maintained since an inspection regime by the Interception of Communications Commissioner's Office is established under this part of the legislation, making Council procedures and documentation subject to periodic inspection by an external body. These records are held by NAFN but authorisations approved by a Justice of the Peace are retained by the Council in a central record in a similar manner to directed surveillance and CHIS authorisations.

2.0 WHAT IS COMMUNICATIONS DATA

2.1 NAFN are able to obtain communications data from specific telecommunication sources i.e. telephone, e-mail, web address and postal providers. Information obtainable under RIPA is formed into the following three distinct types:

(A) Data

This is not available to Local Authorities.

Classed as "traffic data" comprised in or attached to a communication.

e.g. information identifying the sender and recipient, mobile phone cell site location, pages visited on a website, I.P Address, information on the outside of a parcel, incoming call data.

(B) Data

Classed as any information regarding the use of a service made by any person that does not include contents.

- Itemised outgoing call records only
- Timings and durations of calls
- Call forwarding

(C) Data

Classed as any information held by a telecommunication company not defined as (A) Data or (B) Data,

- Subscriber details
- Payment details
- Top up history
- Connection dates
- Account history
- Royal mail - redirection, PO Box, freepost, registered and franked details
- Website provider

3.0 RECORDS AND ERRORS

3.1 A copy of each authorisation will be maintained by the DP and supplied to the central record of authorisations managed by Legal and Democratic Services.

3.2 Where any errors have occurred in granting authorisations or notices (e.g. subscriber details of an incorrect telephone number being obtained), or more data has been supplied by the CSP than that requested, i.e. obtaining excess data, a record must be kept and the matter reported to the Interception of Communication Commissioner's Office as soon as practicable. A copy of the error record must also be provided to NAFN and to the RIPA Monitoring Officer.

F. SOCIAL NETWORKING SITES AND INTERNET SITES

1. Although social networking and internet sites are easily accessible, if they are going to be used during the course of an investigation, consideration must be given about whether a RIPA authorisation should be obtained.
2. Whilst it is the responsibility of an individual to set privacy settings to protect against unsolicited access to their private information on a social networking site, and even though the data may be deemed published and no longer under the control of the author, it is unwise to regard it as “open source” or publicly available; the author has a reasonable expectation of privacy if access controls are applied. Where privacy settings are available but not applied the data may be considered open source and an authorisation is not usually required. The frequent or systematic check on an open source record could amount to directed surveillance and the appropriate authorisation would be needed.
3. If it is necessary and proportionate for the Council to covertly breach access controls, the minimum requirement is an authorisation for directed surveillance. For example, an authorisation for directed surveillance will be required if an investigating officer is planning to monitor open source information on an individual’s social networking site (i.e. the activity is more than a one off search for information). An authorisation for the use and conduct of a CHIS is necessary if a relationship is established or maintained by the officer (i.e. the activity is more than mere reading of the site’s content). This could occur if an officer covertly asks to become a “friend” of someone on a social networking site. The officer seeking the authorisation should fully consider the issue of collateral intrusion (See Part A, Section 2.0).
4. A CHIS authorisation is unlikely to be required when using an internet trading organisation such as E-bay or Amazon Marketplace. The use of a disguised purchaser details in a simple, overt, electronic purchase does not usually require a CHIS authorisation, because no relationship is usually established at this stage. A CHIS authorisation is required in circumstances when a covert relationship is likely to be formed, for example when liaising via Facebook or other types of site which do not allow for more traditional transactions and where the investigating officer has to make contact with the seller directly and would wish for their true identity or reason for purchasing to be unknown to the seller.

G. JOINT AGENCY SURVEILLANCE

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.
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 form 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 provide a copy of the authorisation to the RIPA Monitoring Officer. This will assist with oversight of the use of Council staff carrying out these types of operations.

H. NON-RIPA SURVEILLANCE

1. Amendments to the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 mean that a local authority can now only grant an authorisation under RIPA where the local authority is investigating criminal offences which attract a maximum custodial sentence of at least six months or criminal offences relating to the underage sale of alcohol or tobacco.
2. As a result of the changes in legislation, it is envisaged that surveillance may be required which falls outside of RIPA (for example in the case of anti-social behaviour offences which do not attract a maximum custodial sentence of at least six months imprisonment). The Office of Surveillance Commissioners Procedures and Guidance 2011 states that it is prudent to maintain an auditable record of decisions and actions to use covert surveillance without the protection of RIPA and that such activity should be regularly reviewed by the SRO. The SRO will therefore maintain an oversight of non RIPA surveillance in her role as SRO to ensure that such use is compliant with Human Rights legislation. The RIPA Monitoring Officer will maintain a central record of non RIPA surveillance.
3. As part of the new process of formally recording and monitoring non RIPA surveillance, a non RIPA surveillance application form should be completed and authorised by at least a tier 4 level manager. A copy of the non RIPA surveillance application form can be found on the Intranet or is available from the RIPA Monitoring Officer.
4. Non RIPA surveillance also includes staff surveillance which falls outside of RIPA. Any surveillance of staff must be formally recorded on the non-RIPA surveillance Application Form and authorised by the Head of Service in consultation with the Head of Internal Audit. A central record of staff surveillance is also maintained by the SRO.

I. AUDITING OF AUTHORISATIONS AND RECORDS

1. Periodic audits will be carried out across relevant services, including the Central Record. These will be conducted by internal Audit in line with the Council's Risk Based Strategic Audit Plan. This may require some material to be sanitised, to maintain the safety of sources.
2. The following should fall within the scope of the audit:
 - Applications
 - Authorisations
 - Risk Assessments
 - Reviews and Renewals
 - Cancellations
 - Records of Product of Directed Surveillance
 - Source Records
 - Staff Awareness e.g. training, memos, e-mails, meetings
 - Access and awareness of the codes of practice.
3. The audit should seek to establish compliance of the authorisations/ renewals/reviews/cancellations and records, with RIPA and the Codes of Practice, and Durham County Council's, RIPA 2000 Guidance Document

J. COMPLAINTS

1. Copies of the Codes of Practice on Covert Surveillance and Property Interference and Covert Human Intelligence Sources are available to the public at Durham County Council, County Hall Help Desk. Copies should also be available at public offices of Durham Council departments undertaking activities, which are within the scope of RIPA.
2. The Investigatory Powers Tribunal (IPT) exists to investigate complaints about conduct by various public bodies under RIPA.

The Tribunal can be contacted at:

The IPT
PO Box 33220
London
SW1H 97Q

Tel: 0207 035 3711
www.ipt-uk.com

K. MANAGEMENT RECORDS

1. The Authorising Officer processing the majority of applications within each service should maintain Management Record Files. The management files, authorisations reviews/renewals/cancellations and Source Records must be kept in a secure place, with restricted access. **Original authorisations (including refusals), reviews, renewals and cancellations, must be provided to the Central Record for Durham County Council.** This is managed by the RIPA Monitoring Officer in Legal and Democratic Services. Officers forwarding confidential material to the Central Record must ensure that it is forwarded by a secure method.
2. The Central Record is held in a locked filing cabinet.

The following officers have sole access to the central record:

The Director of Corporate Resources

Head of Legal and Democratic Services (SRO)

RIPA Monitoring Officer

3. **The Record Retention Period is three years**

RIPA DIRECTED SURVEILLANCE/CHIS AUTHORISING OFFICERS

Authorising Officer	Rank
Paul Bradley	Chief Internal Auditor and Corporate Fraud Manager, Resources
Ian Hout	Neighbourhood Protection Manager Neighbourhood Services
Owen Cleugh	Consumer Protection Manager, Neighbourhood Services
Lesley Jeavons	Head of Adult Care, Children and Adults Services

RIPA COMMUNICATIONS DATA DESIGNATED PERSONS

Designated Person	Rank
Owen Cleugh	Consumer Protection Manager, Neighbourhood Services



DURHAM COUNTY COUNCIL

REGULATION OF INVESTIGATORY POWERS ACT 2000

POLICY STATEMENT ON THE USE OF COVERT SURVEILLANCE TECHNIQUES AND HUMAN INTELLIGENCE SOURCES

1.0 Introduction

- 1.1 The primary function of central and local government enforcement work is to protect the individual, the environment and a variety of groups such as children, consumers and workers. At the same time, carrying out enforcement functions in an equitable, practical and consistent manner helps to promote a thriving national and local economy. We are committed to these aims and to maintaining a fair and safe society.
- 1.2 Durham County Council, is committed to promoting a just society that gives everyone an equal chance to learn, work and live free from discrimination and prejudice. This policy demonstrates our desire to carry out our criminal investigations in a fair and equitable manner that respects all human rights and contributes to this commitment.
- 1.3 The effectiveness of legislation in protecting individuals or sectors of society depends, crucially, on the compliance of those being regulated. We recognise that most people want to comply with the law.
- 1.4 We will, therefore, take care to help business and others meet their legal obligations without unnecessary expense, while taking firm action against those who flout the law, act irresponsibly or endanger the health of others.
- 1.5 On occasions, in the course of our enforcement work, it may become necessary to carry out surveillance work to fulfill our statutory duties. This policy is intended to demonstrate that this method of obtaining information or evidence will only be used when no other technique will suffice.
- 1.6 All citizens, regardless of differences, will reap the benefits of this policy, through effective enforcement of criminal legislation and the protection that it provides, with the minimum intrusion into the activities of the individual.

2.0 Regulation of Investigatory Powers Act 2000

- 2.1 Surveillance plays a necessary part in modern life. It is used not just in the targeting of criminals, but also as a means of protecting the public from harm and preventing crime.
- 2.2 Within the County Council, trading standards officers may need to covertly observe and then visit a shop or business premise as part of their enforcement function to verify the supply of goods or services.
- 2.3 During this visit it may be necessary to covertly video record a transaction, as it takes place. Similarly, planning enforcement staff may need to observe the activities of companies involved in mineral extraction, to ensure that statutory requirements are being met. Officers from Social Care and Health, Environment, Internal Audit, Revenues and Benefits and Education may all, on occasions; need to use covert surveillance techniques as part of their official duties.
- 2.4 Covert directed surveillance is undertaken in relation to a specific investigation or operation, where the person or persons subject to the surveillance are unaware that it is, or may be taking place. The activity is also likely to result in obtaining private information about a person, whether or not it is specifically for the purpose of the investigation.
- 2.5 Our investigations may also require the use of Covert Human Intelligence Sources. These may be under cover officers, agents or informants. Such sources may be used by the County Council to obtain and pass on information about another person, without their knowledge, as a result of establishing or making use of an existing relationship. This clearly has implications as regards the invasion of a person's privacy and is an activity, which the legislation strictly regulates.
- 2.6 The Regulation of Investigatory Powers Act 2000 introduced a system of authorisation and monitoring of surveillance activities, to ensure that the rights of the individual were not unnecessarily compromised, in the pursuance of regulatory compliance. The RIPA also requires a similar control and authorisation procedure to be in place in respect to the acquisition of telecommunications data. The County Council will need to comply with these requirements when obtaining telephone subscriber, billing information and other communications data.
- 2.7 In addition, the Act put in place an Office of Surveillance Commissioners, whose duty it is to inspect those public bodies undertaking this type of work, and introduced an Investigatory Powers tribunal to examine complaints that human rights have been infringed.

3.0 Policy Statement

- 3.1 Durham County Council will not undertake any activity defined within the Regulation of Investigatory Powers Act 2000, without prior authorisation from a trained, senior officer who is empowered to grant such consents (Authorising Officer) and approval of the RIPA application by a Justice of the Peace. The only exception to this policy that is permitted, is when an officer responds to immediate events, or circumstances which could not be foreseen, as permitted in the Act.

- 3.2 The Authorising Officer will not permit the use of surveillance techniques or human intelligence sources unless the authorisation can be shown to be necessary to prevent or detect criminal offences which that are either punishable, whether on summary conviction or indictment, by a maximum term of at least 6 months imprisonment or are related to the underage sale of alcohol and tobacco.
- 3.3 In addition, the Authorising Officer must believe that the surveillance is proportionate to what it seeks to achieve. In making this judgment, the officer will consider whether the information can be obtained using less intrusive methods and whether efforts have been made to reduce the impact of the surveillance on other people, who are not the subject of the operation.
- 3.4 Authorisations will be made in writing and contain the following details:
- a) The action to be authorised
 - b) The identity (if known) of the subject in the operation
 - c) The grounds for the application
 - d) The information being sought
 - e) The potential for intrusion into the activities of others.
- 3.5 Intrusive surveillance operations are defined as activities using covert surveillance techniques, on residential premises, or in any private vehicle, which involves the use of a surveillance device, or an individual, in such a vehicle or on such a premise. Durham County Council officers are not legally entitled to authorise these types of operations.
- 3.6 However public bodies are permitted to record telephone conversations, where one party consents to the recording being made and a Directed Surveillance authorisation has been granted. On occasions, officers of the County Council do need to record telephone conversations, to secure evidence.
- 3.7 It is the policy of this authority to be open and transparent in the way that it works and delivers its services. To that end, a well-publicised Corporate Complaints procedure is in place and leaflets on how to make a complaint to the Investigatory Powers Tribunal are provided on request.

DURHAM COUNTY COUNCIL

REGULATION OF INVESTIGATORY POWERS ACT 2000

CCTV SYSTEM PROTOCOL

1.0 Introduction

- 1.1 Durham County Council has installed Closed Circuit Television Systems (CCTV) into a number of County Council establishments. The primary purpose of these systems being to protect public safety, prevent and detect crime which may affect the premises and individuals frequenting such premises.
- 1.2 It is recognised that CCTV systems may be employed to observe and record the activities of individuals, which clearly has implications under the Human Rights Act 1988 and the Regulation of Investigatory Powers Act 2000, (RIPA) in terms of intrusion into the privacy of individuals.
- 1.3 This protocol is a separate document to any procedure produced by Durham County Council in response to the code of practice issued by the Information Commissioner to ensure compliance with the Data Protection Act 1998. Officers seeking to make use of CCTV systems and recordings should, however, have regard to the requirements of any such procedure.
- 1.4 This protocol serves to establish safeguards for the potential use of CCTV systems to specifically target individuals to observe and/or record their activities. Such planned activities will fall within the scope of Directed Surveillance and are subject to the controls established by RIPA to ensure that the activity is necessary, proportionate and authorised by a suitable senior officer of the authority.
- 1.5 Durham County Council is committed to promoting a just society that gives everyone an equal chance to live, work and live free from discrimination and prejudice. This protocol, demonstrates our concern for human rights, and therefore contributes to our diversity agenda.

2.0 Authorised Activities

- 2.1 General, non-directed recording of events and people, through the use of overt CCTV systems, will not infringe the rights of the individual. This activity does not, therefore, need to be authorised, through the RIPA process.
- 2.2 The retrospective viewing of CCTV footage, to gain evidence of actual or potential criminal activity, does not fall within the definition of covert surveillance and would, similarly, not require any form of authorisation. An approach should be made to the County Hall Facilities Manager, for permission to view. Similarly for sites other than County Hall, the officer in charge of the premises should be approached in the first instance.

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- 2.3 The processing of such data is, however, subject to the Information Commissioner's Code, issued under the Data Protection Act 1998.
- 2.4 Provision also exists within the RIPA framework, to react to immediate events, without the need to obtain an authorisation. For example, should a CCTV operative witness an attempted break-in of any property, it would be completely in order to re-focus or target the camera on that particular activity.
- 2.5 However, on occasions, it can be useful to use this equipment to detect or prevent crime, by means of a planned operation to record the activities of known or unknown persons. This could be, for example, concerning alleged thefts by staff members, or fraudulent use of the Flexi-time Scheme. A comprehensive, corporate guidance document exists, to clearly define the processes and procedures that must be followed if such use is to be contemplated.
- 2.6 In these instances, CCTV operatives must not carry out this targeted, planned surveillance, without an appropriate authorisation from an officer of the County Council.
- 2.7 It is not the responsibility of the CCTV operative to obtain such authorisation, which must **always** be in existence **prior** to any such activity commencing. Any individual approaching a CCTV operative without such an authorisation, should be referred to the Senior Responsible Officer and be advised that any unauthorised use of the CCTV system would be unlawful and may give rise to a claim against the authority.
- 2.8 On occasions, the authority may be approached by an outside law enforcement agency to help in their enquiry, by utilising the authorities CCTV equipment, to undertake planned covert surveillance. Any approach of this nature, must be referred to the Senior Responsible Officer and no such usage should ever be approved unless the agency concerned produces a valid authorisation.
- 2.9 Should an outside agency wish to examine old CCTV footage, this would not infringe human rights, as in Para 2.2 above. The applicant, should, similarly, be referred to the County Hall Facilities Manager, or officer in charge of the premises depending upon the establishment concerned.

3.0 Declaration

3.1 I have read this protocol and agree to abide by the following conditions and the protection that they provide:

- * I will not use CCTV equipment for non-County Council purposes.
- * No unauthorised covert directed surveillance activity will be knowingly carried out during my periods of usage.
- * Any unauthorised requests for covert surveillance tasks will be refused and reported to the Head of Legal and Democratic Services.

I understand that I will not face any disciplinary action in refusing to perform any unlawful activity, following a request from a more senior officer or member of the County Council.

SIGNED

Head of Legal and Democratic Services

SIGNED

NAME (Print).....

DATE

The **original** copy of this form should be forwarded, after signature to:
Jocasta Lawton
RIPA Monitoring Officer
Legal and Democratic Services
Corporate Resources
County Hall
Durham

Please retain a copy for your own records

This document can be provided in different formats and languages on request. Please call Jocasta Lawton on 03000 269707.

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**Corporate Issues Overview and
Scrutiny Committee**

19 September 2014



Fairness of Local Government Funding

Report of Don McLure, Corporate Director Resources

Purpose of the Report

- 1 To provide members with an introduction to a presentation to be given by Jeff Garfoot, Head of Corporate Finance, on an assessment of the fairness of the current local government funding system.

Background

- 2 A number of fundamental changes to the funding of local government have been introduced by the current government. At the same time local government has faced reductions in government funding of in excess of 40%. These changes have had a wide and varied impact upon the relative funding of all local authorities. The presentation will seek to consider these changes whilst considering what the future may hold post the General Election in 2015.

Next Steps

- 3 The presentation is seen as being opportune in providing the Corporate Issues Overview and Scrutiny Committee with the required information to enable a broader understanding of the background and impact of Government funding reductions. This will assist the Committee in understanding and commenting upon MTFP (5) Cabinet reports and inputting into the budget setting process.

Recommendations

- 4 Members of the Corporate Issues Overview and Scrutiny Committee are asked to note this report and consider and comment upon the content of the presentation.

Contact: Jeff Garfoot Tel: 03000 261943

Appendix 1: Implications

Finance – The presentation will provide details on the fairness of government funding settlements since the 2010 Comprehensive Spending Review and expectations in relation to the MTFP (5) period.

Staffing – None

Equality and Diversity – None

Accommodation – None

Crime and Disorder – None

Human Rights – None

Consultation – None

Procurement – None

Disability Discrimination Act – None

Legal Implications – None

**Corporate Issues Overview and Scrutiny
Committee**



19 September 2014

**Medium Term Financial Plan (5), Council
Plan, Service Plans 2015/16 – 2017/18 and
Review of the Council's Local Council
Tax Reduction Scheme**

Report of Lorraine O'Donnell, Assistant Chief Executive

Purpose of the Report

- 1 To inform the Corporate Issues Overview and Scrutiny Committee of the Cabinet report (16 July 2014) that presents the planning frameworks which will enable the Council to develop the 2015/16 Budget, Medium Term Financial Plan 5 (MTFP (5)) and Council Plan/Service Plans 2015/16 to 2017/18, and a review of the Council Tax Reduction Scheme, which has been in place since 1 April 2013, with a view to the committee formulating a response on behalf of the Overview and Scrutiny Management Board (Cabinet Report attached at appendix 2).

Background

- 2 To ensure the next MTFP for 2015/16 to 2017/18, Council Plan and Service Plans can be developed effectively, it is important to agree a robust plan and timetable.
- 3 Between 2011/12 and the end of 2014/15 the Council will have delivered £136.9m of savings. It is forecast that by the end of the MTFP (5) period 2015/16 to 2017/18 additional savings of £87.5m could be required, resulting in a cumulative savings total between 2011/12 and 2017/18 of £224.4m.
- 4 The development of MTFP (5) will utilise the public feedback the Council received during the extensive consultation process in the Autumn of 2013. It is recommended that this consultation feedback continues to drive the development of MTFP (5).
- 5 The Council is one of only two local authorities in the North East to have retained entitlement levels for Council Tax discounts via the Local Council Tax Reduction Scheme in line with that which applied under the Council Tax Benefit regime prior to 2013/14. This policy has protected vulnerable residents at a time when Welfare Reform changes have had a significant adverse impact. The Cabinet report (16 July 2014) recommended that the current Local Council Tax Reduction Scheme be retained for 2015/16, and this was agreed by Cabinet on 16th July 2014. The Council will therefore need to formally adopt this proposal at Full Council by 31 January 2015.
- 6 In accordance with the Council's Constitution, OSMB considerations (see 7) and the agreed Work Programme for Corporate Issues Overview and Scrutiny Committee, members of the committee are invited to consider and comment on the 2015/16 – 2017/18 Medium Term Financial Plan (MTFP) and Council Plan/Service Plans initial Cabinet report.

- 7 The Overview and Scrutiny Management Board considered this report at its meeting of 12 September 2014, and a verbal summary of its considerations will be provided to the meeting. Members are also asked to note that the proposed final scrutiny session on 13 February 2015 (see attached report paragraph 35) is intended to be a joint Corporate Issues and OSMB meeting.

Recommendation

- 8 Corporate Issues Overview and Scrutiny Committee is asked to note:
- (i) the updated 2015/16 budget position with the requirement for £16.362m of savings to balance the budget at this stage;
 - (ii) the current budget shortfall of £61.111m for the two year period 2016/17 to 2017/18;
 - (iii) the option to create a Planned Delivery Programme Reserve and utilise £10m in 2016/17 and 2017/18 to delay savings and to smooth savings implementation;
 - (iv) the proposed approach to preparing the Council Plan and Service Plans;
 - (v) the approach outlined for consultation;
 - (vi) the high level MTFP (5) and Council Plan timetable;
 - (vii) the proposals to build equalities considerations into decision making;
 - (viii) that Cabinet are to recommend to Full Council that the Local Council Tax Reduction Scheme should remain unchanged for 2015/16, with a review to be undertaken in quarter 1 of 2015/16 to inform budget options for 2016/17 and beyond.

Contact: Jenny Haworth, Head of Planning and Performance
Tel: 03000 268071

Appendix 1: Implications (In line with the Cabinet Report of 16 July 2014)

Finance – The report highlights that at this stage £16.362m of savings are required to balance the 2015/16 budget. If £10m of PDP Reserves are utilised in each of 2016/17 and 2017/18 then forecasted additional savings of £61.111m are required for the period 2016/17 to 2017/18.

Staffing – The savings proposals in MTFP(5) could impact upon employees. HR processes will be followed at all times.

Equality and Diversity – Equality considerations are built into the proposed approach to developing MTFP(5), Council Plan and Services Plans, as a key element of the process.

Accommodation – None.

Crime and Disorder – None.

Human Rights – Any Human Rights issues will be considered for any detailed MTFP(5) and Council Plan proposals as they are developed and decisions made to take these forward.

Consultation – The approach to consultation on MTFP(5) is detailed in the report.

Procurement – None.

Disability Discrimination Act – All requirements will be considered as part of the equalities considerations outlined in the main body of the report.

Legal Implications – None.

Cabinet**16 July 2014**

Medium Term Financial Plan (5), Council Plan, Service Plans 2015/16 – 2017/18 and Review of the Council's Local Council Tax Reduction Scheme

Key Decision CORP/R/14/02

**Report of Corporate Management Team
Don McLure, Corporate Director Resources
Lorraine O'Donnell, Assistant Chief Executive
Councillor Alan Napier, Cabinet Portfolio Holder for Finance
Councillor Simon Henig, Leader of the Council**

Purpose of the Report

- 1 To provide an update on the development of the 2015/16 budget, the Medium Term Financial Plan (MTFP (5)) and Council Plan/Service Plans 2015/16 to 2017/18 and a review of the Council Tax Reduction Scheme, which has been in place since 1 April 2013.

Executive Summary

- 2 The financial outlook for the Council continues to be extremely challenging. Although the Chancellor of the Exchequer's March 2014 Budget did not announce any additional specific funding cuts for local government, it confirmed that funding cuts to the public sector will continue until at least 2018/19. Future funding cuts are expected to be of the same scale and scope as those experienced over the last four years although this is conditional upon an additional £12bn of savings being identified against the national Welfare budget.
- 3 In terms of future forecasting, the Council has only received indicative Government funding allocations for 2015/16. Indicative funding allocations beyond 2015/16 have been extrapolated from the chancellor's budget statements and estimates of the impact on the Council made against these. For 2016/17 and beyond, the cuts will only be known after the May 2015 General Election, which means there will be significant uncertainty and risk to planning across years 2016/17 and 2017/18 of the MTFP (5) period. With this in mind, it is prudent for detailed savings plans in MTFP (5) to be focussed upon 2015/16 only at this stage.
- 4 There can be no doubt that the achievement of savings across the three years of the MTFP (5) period will become ever more challenging. The emphasis since 2011/12 has been to minimise savings in front line services protecting them wherever possible whilst maximising savings in management and support service functions. This will become much more difficult in the future however as the scope for management and back office efficiencies are increasingly exhausted.

- 5 The Council has utilised reserves of over £10m in 2014/15 to balance the budget in order to reduce the immediate impact of savings upon the public and it is likely that this policy will become a constant feature of budget planning in the MTFP (5) period and beyond as the Council continues to deal with the uncertainty of future financial settlements, and seeks to delay where practical, the impact of service cuts.
- 6 Between 2011/12 and the end of 2014/15 the Council will have delivered £136.9m of savings. It is forecast that by the end of the MTFP (5) period 2015/16 to 2017/18 additional savings of £87.5m could be required, resulting in a cumulative savings total between 2011/12 and 2017/18 of £224.4m.
- 7 The development of MTFP (5) will utilise the public feedback the Council received during the extensive consultation process in the Autumn of 2013. It is recommended that this consultation feedback continues to drive the development of MTFP (5).
- 8 Similarly the results of the extensive consultation process in the Autumn of 2013 are reflected in the Council Plan and Service Plans which will be updated in the final draft Council Plan presented to Cabinet and Council for consideration following agreement of the final MTFP(5) proposals.
- 9 The Council is one of only two local authorities in the North East to have retained entitlement levels for Council Tax discounts via the Local Council Tax Reduction Scheme in line with that which applied under the Council Tax Benefit regime prior to 2013/14. This policy has protected vulnerable residents at a time when Welfare Reform changes have had a significant adverse impact. This report is recommending that the current Local Council Tax Reduction Scheme is retained for 2015/16. Should the Cabinet agree, the Council will need to formally adopt this proposal at Full Council by 31 January 2015

Background

- 10 To ensure MTFP (5), Council Plans and Service Plans can be developed effectively, it is important that a robust plan and timetable is agreed and followed.
- 11 The Council's current MTFP (4) covers the three year period 2014/15 to 2016/17. There continues to be significant uncertainty in relation to a number of factors, especially the level of future Government financial settlements beyond 2015/16. With this in mind MTFP (5) will cover a three year period, with detailed savings proposals being worked up for 2015/16 only at this stage.
- 12 At this stage of the planning cycle for MTFP (5) the following areas need to be considered:
 - (i) An update on development of the 2015/16 budget since the Council agreed its MTFP (4) on 26 February 2014;
 - (ii) An update on the MTFP (5) period – 2015/16 to 2017/18;
 - (iii) Proposed approach to the Council Plan and Service Plans for 2015/16 to 2017/18;
 - (iv) A draft MTFP (5) and Council Plan timetable;
 - (v) Proposed approach for consultation on MTFP (5) and the Council Plan;
 - (vi) Equality Considerations;

- (vii) Consideration of the proposed Local Council Tax Reduction Scheme for 2015/16.

2015/16 Budgets

- 13 In line with previous years, a thorough review of the Council's budget has taken place subsequent to the approval of MTFP (4) at the County Council meeting on 26 February 2014. This has resulted in a number of changes to the assumptions built into 2015/16 and where necessary future years' budget models. The key adjustments are detailed below.

(i) New Homes Bonus

The New Homes Bonus was introduced in 2011/12 to incentivise and reward local authorities where new houses are built and where empty homes are brought back into use. The funding to finance the New Homes Bonus is being top sliced from the Revenue Support Grant (RSG) and paid back to local authorities as the separately assessed New Homes Bonus. Between 2011/12 and 2014/15 the total sum top sliced from RSG for the Council is estimated to be £9.242m. The New Homes Bonus is expected to be in place for 6 years. At this stage there is some uncertainty as to what may happen to the New Homes Bonus post 2017/18.

The annual sums received by the Council for New Homes Bonus to date are as detailed below:

Year	Sum Received
	£m
2011/12	1.300
2012/13	1.251
2013/14	2.248
2014/15	1.985
TOTAL	6.784

The Council has been particularly successful in the last two years in bringing empty homes back into use which, together with new house building, has boosted the New Homes Bonus sums received, but this income is still £2.458m less than the amount of RSG withheld over this four year period.

It is felt prudent at this stage for planning purposes to introduce an estimate of additional New Homes Bonus of £750k for both 2015/16 and 2016/17. Further work is being undertaken in the current year to review all long term empty properties in advance of the submission of the data which determines the New Homes Bonus grant.

(ii) Council Tax and Business Rates – Tax Base Increase

The Council benefits from any growth in either the Council Tax or Business Rate tax base due in the main to more properties being built. In relation to Council Tax in 2014/15, the Council benefitted from additional council tax income of £1.08m due to council tax base increases. It is felt prudent at this

stage to assume an annual increase in council tax income of £750k per annum across the MTFP (5) period from 2015/16 due to tax base increases.

In relation to business rates, the Council is continuing to develop forecasting strategies to determine future business rate income levels. The key difficulty at this stage is the requirement for the Council to finance the full costs of successful business ratepayer appeals to have the rateable values of their properties reduced, including all backdated reductions. The impact of appeals has resulted in a forecast £3.247m deficit on the business rate collection fund in 2013/14 of which the Council's share is £1.591m. This deficit sum is being recovered during 2014/15.

It is expected that the position on outstanding ratepayer appeals will be more fully understood by the end of 2014/15 with the likelihood of some growth in the business rate tax base being available in 2015/16 including the new Hitachi site in Aycliffe. It is felt prudent therefore to include £750k of additional business rate income in 2015/16. At this stage it is not recommended that any additional tax base increase or reduction is included for later years.

(iii) Health Funding

The Council has worked in partnership with health partners and has been utilising additional NHS funding for a number of years to invest in services and to protect current, vital social care services. There is a shared understanding of the need for partnership working across the two sectors as decisions made on either side can have a financial impact upon the other. The transfer of Public Health functions to the Council in April 2013, the introduction of the Better Care Fund from April 2015 and the introduction of the Care Bill are resulting in ever closer working relationships between the Council and health partners. As part of this approach the Council has fully reviewed all of the funding streams available from Health in partnership with the Clinical Commissioning Groups and identified those elements which can be utilised to invest in new services and those which can be utilised to protect and support current core council services linked to health. The outcome of this review has been reflected in the assumptions for the 2015/16 budget and for the MTFP (5) period. This position will be kept under constant review due to the uncertainty regarding future health funding.

(iv) Employer National Insurance Increase

As previously reported, the introduction of the single State Pension in 2016/17 results in a significant increase in employer national insurance costs for the Council due to the change in 'contracting out' regulations. The cost of this to the Council was previously forecast to be £5.1m. This cost has been reviewed in the light of the reduction in the number of employees in the Council and is now estimated to be £4.7m.

(v) Other Budget Pressures

The Council has previously forecast that Concessionary Fares would continue to be a budget pressure. Significant work has been carried out in negotiation with Bus Contractors and it is felt that the annual £400k budget pressure can now be reduced to £320k in 2015/16 and £100k in later years.

An additional pressure has been introduced into the 2015/16 budget plans in relation to insurance premiums. The Council has been under a long term agreement in relation to Public Liability insurance and Employers Liability insurance which ends as of 31 July 2014. The Council's insurance advisers have indicated that it is likely based upon market conditions that the Council will face an increase in insurance premiums on these policies at renewal. A pressure of £250k has therefore been included in plans for 2015/16 at this stage.

(vi) Capital Financing

The Council is required to borrow to finance some of the projects within the capital programme. Annually sums are included in the MTFP plans to finance future borrowing. These plans assume the interest rate that must be paid on borrowings with the Public Works Loan Board (PWLB) being the main body from which loans are taken. In recent years interest rates have been forecast for borrowing purposes to be in the 5.5% to 6% range in line with advice from the council's treasury management advisers.

Although forecasts in recent years have indicated that interest rates would soon rise, rates have now remained at historically low levels for a number of years and are unlikely to increase until the end of 2015/early 2016. In addition, the PWLB have allowed discounts of 0.2% on loans in recent years further reducing the rates paid.

The Council in recent years has been accessing loans with interest rates below 4.3% which is generating underspends in the Capital Financing budget which can now be released into the MTFP after a review of the future borrowing strategy. With this in mind a sum of £4m has been released back into the MTFP in 2015/16 from the capital financing budget.

Utilisation of Reserves

- 14 In recent years the council has utilised reserves to delay the impact of savings and to smooth the MTFP process. In 2014/15 the following reserves have been utilised to delay the impact of making further savings:

Reserve Utilised	Amount
	£m
Adult Demographic Reserve	3.150
Equal Pay Reserve	3.475
Cash Limit Reserves	2.617
General Reserve	0.933
Procurement Reserve	0.104
TOTAL	10.279

- 15 The utilisation of reserves in this way is significantly aiding effective planning whilst delaying the impact of having to make further savings.
- 16 In relation to the Adult Demographic pressures which are forecast to be an additional £1m per annum across each year of the MTFP, it is forecast that sufficient reserves will be available to delay the need to finance the accumulated budget pressure until

2018/19. This reduces the budget pressure by £800k, £4.35m and £1m in 2015/16, 2016/17 and 2017/18 respectively. It is recognised by utilising the Adult Demographic Reserve in this way will delay a £7.15m budget pressure until 2018/19.

- 17 In relation to the Equal Pay Reserve, sufficient sums are now available to finance the costs of Equal pay which was agreed with effect from October 2012 and are forecast to be £4.5m per annum; until 2017/18. This enables this pressure to be removed from the 2016/17 budget forecast in the previous MTFP model and moved back a year.

2015/16 Savings Forecast

- 18 This thorough review of the Council's budget has resulted in the requirement for the Council to identify savings of £16.362m at this stage to balance the 2015/16 budget. Service Groupings are working up options against this target and planning is well advanced and good progress is being made. Further work will be required over the coming months to finalise these savings plans before final approval at County Council on 25 February 2015.

MTFP (5) – 2015/16 to 2017/18 Update

- 19 When the Council agreed its MTFP (4) on 26 February 2014, it identified that significant additional savings would have to be delivered, especially in 2016/17 to achieve a balanced position across the MTFP (4) period. The base budget reviews described earlier in this report have allowed a full revision to be carried out as regards the 2016/17 position whilst a plan has also been developed for 2017/18.
- 20 Whilst developing plans for MTFP (5) consideration has been given to the ongoing utilisation of Reserves to support the MTFP process.
- 21 Although Earmarked Reserves as detailed above are being used in a targeted way, it is felt prudent at this stage to consider the additional utilisation of Reserves during MTFP (5). This would provide the Council with the scope and flexibility to react to the current uncertainty in relation to future government finance settlements.
- 22 With this in mind, a review will be carried out of all Earmarked Reserves to determine the sums that could be made available to support MTFP (5). In addition the 2014/15 forecast of outturn position will also be monitored closely during the year to determine if additional funding could be made available, albeit on a temporary basis.
- 23 Any sums available would be utilised to create a Planned Delivery Programme (PDP) Reserve. This reserve would be available to the Council to support MTFP (5).

- 24 In relation to MTFP (5), an initial utilisation of £10m from the PDP Reserve could be introduced into MTFP (5) model for both 2016/17 and 2017/18 i.e. the utilisation of £20m PDP Reserve in total in order to reduce the savings targets in these two years. The table below summarises the current forecast budget shortfall across MTFP (5) and the impact of utilising £10m of PDP in each of 2016/17 and 2017/18. An updated MTFP (5) model is attached at Appendix 2.

Year	Budget Shortfall	PDP Utilisation	Savings Requirement
	£m	£m	£m
2015/16	0	0	0
2016/17	32.011	(10.000)	22.011
2017/18	49.100	(10.000)	39.100
Total	-	-	61.111

- 25 Utilisation of the PDP Reserve in this way postpones the need to achieve £10m of additional savings until at least 2018/19 and will be kept under continuous review throughout MTFP (5) and (6) in the context of the Council's overall budget position. Savings of £61.111m would still be required over 2016/17 and 2017/18.
- 26 It is expected that greater clarity in relation to government funding cuts across the 2016/17 to 2018/19 period will become clearer after the outcome of the May 2015 General Election and detailed savings proposals will be developed against these requirements at that stage.

Proposed Approach to the Development of the Council Plan and Service Plans

- 27 The Council Plan is the high level corporate plan for the Council. It sets out what the Council is aiming to achieve over the next three years, and is updated on an annual basis. Investments and savings agreed as part of the MTFP (5) will be targeted to achieving the objectives identified in the Council Plan as part of our strategic planning process.
- 28 The Council Plan also aligns to the Sustainable Community Strategy (SCS), which is a long term strategy for the county running to 2030, developed and agreed by the council and its partners through the County Durham Partnership.
- 29 The Council Plan sets out how the Council will deliver its contribution to the SCS across five priority themes:
- Altogether Wealthier
 - Altogether Better for Children and Young People
 - Altogether Healthier
 - Altogether Safer
 - Altogether Greener
 - Plus a sixth theme of an Altogether Better Council, aimed at improving how the council runs itself.

- 30 The priorities set out in the current Council Plan reflect the results of an extensive consultation exercise carried out in late 2013 and early 2014 on spending priorities, and include an ongoing focus on protecting frontline services. Our spending plans for this year and 2015/16 are also based on these assumptions.
- 31 It is proposed that this year there will be a review of the Council Plan format as well as a rolling forward of the current plan. It is proposed to maintain the focus on ongoing priorities which came out of the 2013/14 consultation, but to streamline the format of the document to include a more concise narrative which is quicker and easier to read, with streamlined performance monitoring arrangements.
- 32 The refresh will also allow the Council Plan to be updated to reflect relevant changes in Government policy, plus any changes to local priorities for example arising from consideration of performance outcomes for the last year. In particular, it is proposed that the refreshed Council Plan and the Neighbourhood Services Service Plan will provide an updated high level policy framework for waste management. In the interests of efficiency, this will replace the separate 2010 Municipal Waste Management Strategy which was due for update via Cabinet in Spring 2014. Member input is proposed via Corporate Issues Overview and Scrutiny Committee considering key Cabinet reports, linked to the MTFP, in accordance with the timetable at paragraph 26.
- 33 Draft Service Plans for each service grouping are also scheduled for development during the autumn, and will include a high level action programme across all services. The final draft Council Plan will be presented to Cabinet and Council for consideration following agreement of the final MTFP (5) proposals.

MTFP (5) and Council Plan and Timetable

- 34 The development of MTFP (5) is fundamental to ensuring that the Council can plan and prepare for the continuing reductions in government funding. The timetable for delivery of MTFP (5), the Council Plan and Service Plans has taken the following into account:
- The need to make changes to Council priorities as part of the development of the Council Plan;
 - Consultation Requirements;
 - Equality and diversity impact considerations;
 - Government announcements;
 - The need to consider both revenue and capital.

35 A high level timetable up to Council Budget Setting is detailed below:

16 July	MTFP/Council Plan scene setting and update report to Cabinet
12 September	Overview and Scrutiny Management Board considers 16 July Cabinet Report
19 September	Corporate Issues Overview and Scrutiny Committee consider 16 July Cabinet report
15 October	MTFP/Council Plan report to Cabinet providing further update
14 November	Corporate Issues Overview and Scrutiny Committee consider 15 October Cabinet report
October/Nov	MTFP/Council Plan consultation process
November/Dec	2015/16 Finance Settlement announced by DCLG
17 December	Tax Base Update
14 January 2015	MTFP/Council Plan report to Cabinet. Detail on settlement and outcome of consultation process
23 January	Corporate Issues Overview and Scrutiny Committee consider 14 January Cabinet report
11 February	Budget report to Cabinet
13 February	OSMB meeting to consider Budget
25 February	Council Budget and MTFP report

Proposed Approach to Consultation

- 36 During autumn 2013, the Council attracted over 10,000 people to take part in the largest public engagement event ever held in County Durham. These events were managed through the Area Action Partnerships (AAPs) and were held across the County. They provided the opportunity for the public to take part in allocating grants to local projects, setting AAP priorities and critically, providing views as to how the Council should manage its budget challenges up to March 2017.
- 37 At these events, almost 1,300 people took the time to take part in 270 budget setting group exercises where, over 30-45 minutes they deliberated with other members of the public as to how the Council should allocate savings of £100 million over the next few years. Feedback from those taking part in the activities was very positive, with 97% of participants feeling that it was a good way to involve local people in decision making.
- 38 In addition to the group exercises, comments as to how the Council should achieve its savings target were also provided in 2,074 completed paper questionnaires with a further 517 completed online.

- 39 The results of this budget consultation, which included over 3,800 responses, were reported to Cabinet on the 12th February 2014. It is intended that the results of the 2013 events will inform the Council's budget setting process for this and subsequent years.
- 40 It is proposed that the budget consultation carried out in October and November 2014 will concentrate on seeking views from the 14 AAPs and the key partner agencies that make up the County Durham Partnership on the details of the 2015/16 proposals. Where individual budget proposals involve a significant service change to the public, these will be subject to a detailed public consultation prior to a decision being made in line with our established practice.

Equality Considerations

- 41 As in previous years, equality impact assessments will be considered throughout the decision making process, alongside the development of MTFP (5). This is in line with the Equality Act 2010 which under the public sector equality duty requires us to pay 'due regard' to the need to:
- Eliminate discrimination, harassment, victimization and any other conduct that is prohibited under the Act;
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 42 To ensure that equalities considerations are properly built into this year's MTFP (5) process, there will be updated guidance for services, setting out an overall timetable and approach for completing equality impact assessments for any additional savings proposals identified. Cumulative impacts of ongoing changes will also continue to be considered through quarterly reports to Cabinet on MTFP delivery, and cumulative impacts will also be considered alongside any new impact assessments,
- 43 We will continue to ensure that full equality impact assessments inform final decision-making on implementing MTFP (5) savings for 2015/16 and subsequent years. This is built into management arrangements to monitor delivery of all MTFP savings, and will help to ensure that any changes implemented take into account equality impacts and that mitigating actions are taken where possible.

Local Council Tax Reduction Scheme

- 44 The Government abolished the national Council Tax Benefit System on 1 April 2013, replacing it with a requirement for local authorities to work with their precepting bodies to establish a local Council Tax Reduction Scheme. These schemes provide a discount against Council Tax, rather than a benefit, and as such impact on the Council Tax Base and therefore the amount of council tax raised in the year.
- 45 Councils are free to design their own Local Council Tax Reduction Schemes, however pensioners, who account for around 50% of the caseload in County Durham, have to be protected, with any reductions in benefit awards applied to working age claimants only. Local schemes must be consulted upon and be subject to an equality impact

assessment. Councils are required to review and approved their schemes annually and have this agreed by a Council Meeting before 31 January each year.

- 46 The Local Council Tax Reduction Scheme adopted by the Council for 2013/14 and continued into 2014/15 mirrors the previous entitlement under the national Council Tax Benefit System for all claimants. This created a budget pressure in 2013/14 in terms of the reductions in Government support under the new system, which now forms part of formula grant, and an increased risk in terms of sensitivity to changes in caseload and costs from that point.
- 47 In approving the scheme for 2013/14 and extending this into 2014/15, the Council considered the impacts of the wider Welfare Reforms and the fact that the additional Council Tax liabilities would be relatively small at around £250 per annum and were expected to be more difficult and costly to recover.
- 48 In the North East region, Durham and Northumberland have schemes that mirror entitlement under the former Council Tax Benefit system, whilst the other ten have schemes that have entitlement to working age claimants on average by between 7% and 30%. Budget assumptions in terms of collecting this additional Council tax income from affected council tax payers in these ten authorities ranges from 50% to 96.7% in 2013/14.
- 49 Whilst the full impacts of the Government's Welfare Reforms is complex and difficult to track, anecdotal evidence, from demand for Discretionary Housing Payments; Social Fund Applications and Rent Arrears statistics in County Durham compared to others across the region, would suggest that the council tax benefit protection afforded to working age claimants in addition to the wide ranging proactive support that has been put in place is having a positive impact on these areas.
- 50 Given the updated financial forecast position for 2015/16 and in light of the beneficial impact on vulnerable residents who are being impacted by other Welfare Reform changes, it is proposed that Cabinet recommends to full Council that the existing council tax reduction scheme be extended into 2015/16 without any changes.

Recommendations and Reasons

- 51 Cabinet is asked to:
- (ix) Note the updated 2015/16 budget position with the requirement for £16.362m of savings to balance the budget at this stage;
 - (x) Note the current budget shortfall of £61.111m for the two year period 2016/17 to 2017/18;
 - (xi) Note the option to create a Planned Delivery Programme Reserve and utilise £10m in 2016/17 and 2017/18 to delay savings and to smooth savings implementation;
 - (xii) Agree the proposed approach to preparing the Council Plan and Service Plans;
 - (xiii) Agree the approach outlined for consultation;
 - (xiv) Agree the high level MTFP (5) and Council Plan timetable;

- (xv) Agree the proposals to build equalities considerations into decision making;
- (xvi) Agree that Cabinet recommend to Full Council that the Local Council Tax Reduction Scheme should remain unchanged for 2015/16, with a review to be undertaken in quarter 1 of 2015/16 to inform budget options for 2016/17 and beyond.

**Contact: Jeff Garfoot (03000 261946), Jenny Haworth (03000 268071)
or Gordon Elliott (03000 263605)**

Appendix 1: Implications

Finance – The report highlights that at this stage £16.362m of savings are required to balance the 2015/16 budget. If £10m of PDP Reserves are utilised in each of 2016/17 and 2017/18 then forecasted additional savings of £61.111m are required for the period 2016/17 to 2017/18.

Staffing – The savings proposals in MTFP(5) could impact upon employees. HR processes will be followed at all times.

Equality and Diversity – Equality considerations are built into the proposed approach to developing MTFP(5), Council Plan and Services Plans, as a key element of the process.

Accommodation – None.

Crime and Disorder – None.

Human Rights – Any Human Rights issues will be considered for any detailed MTFP(5) and Council Plan proposals as they are developed and decisions made to take these forward.

Consultation – The approach to consultation on MTFP(5) is detailed in the report.

Procurement – None.

Disability Discrimination Act – All requirements will be considered as part of the equalities considerations outlined in the main body of the report.

Legal Implications – None.

Appendix 2

Medium Term Financial Plan (MTFP5) 2015/16 - 2017/18 Model			
	2015/16	2016/17	2017/18
	£'000	£'000	£'000
Government Funding			
Government Net Funding Reduction	33,195	33,676	33,791
Town and Parish Council RSG Adjustment for LCTSS funding	-285	-196	-211
Business Rates - RPI increase (2.8%/3%/3%)	-1,491	-1,650	-1,700
Top Up Grant - RPI increase (2.8%/3%/3%)	-1,630	-1,830	-1,880
Other Funding Sources			
Council Tax Increase (2% per annum)	-3,370	-3,440	-3,510
New Homes Bonus (Estimate)	-750	-750	0
Council Tax /Business Rate - tax base increase (estimate)	-1,500	-750	-750
NHS Funding - Social Care Transformation	-15,864	-4,432	0
Estimated Variance in Resource Base	8,305	20,628	25,740
Pay inflation (1% - 1.5% - 1.5%)	2,150	3,100	3,100
Price Inflation (1.5% - 1.5% - 1.5%)	2,310	2,160	2,160
Corporate Risk Contingency Budget	-1,283	-2,117	0
Base Budget Pressures			
Employer National Insurance increase - State Pension changes	0	4,700	0
Single Status Implementation	0	0	4,500
Council Housing - if 'Large Scale Voluntary Transfer' goes ahead	3,550	0	0
Additional Employer Pension Contributions	760	940	1,000
Energy Price Increases	500	500	500
Insurance Premiums	250	0	0
Concessionary Fares	320	100	100
CAS Demographic and Hyper Inflationary Pressures	1,000	1,000	1,000
Use of Earmarked/Cash Limit Reserve in CAS	-1,000	-1,000	-1,000
Prudential Borrowing to fund new Capital Projects	2,000	2,000	2,000
Capital Financing for current programme	-2,500	0	0
TOTAL PRESSURES	8,057	11,383	13,360
SUM TO BE MET FROM SAVINGS	16,362	32,011	39,100
Savings	-16,362	-32,011	-39,100
Deferred Savings (Utilisation of PDP)	0	0	-10,000
SAVINGS REQUIREMENT	-16,362	-32,011	-49,100
Planned Delivery Programme (PDP)	0	10,000	10,000
REVISED SAVINGS REQUIREMENT	-16,362	-22,011	-39,100
Cumulative Use of PDP Reserve To Support MTFP	0	10,000	20,000

**Corporate Issues
Overview and Scrutiny Committee**

19 September 2014



**Quarter 1 2014/15
Performance Management Report**

**Report of Corporate Management Team
Lorraine O'Donnell, Assistant Chief Executive
Councillor Simon Henig, Leader**

Purpose of the Report

1. To present progress against the council's corporate basket of performance indicators for the Altogether Better Council theme and report other significant performance issues for the first quarter of 2014/15 covering the period April to June 2014.

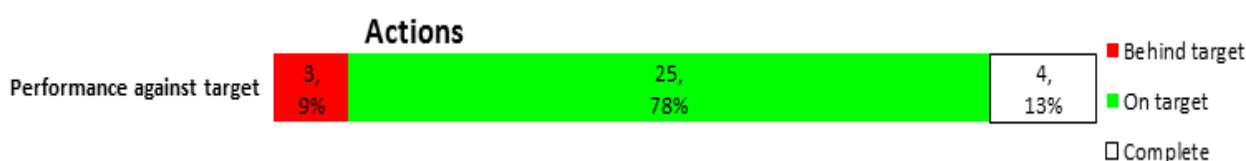
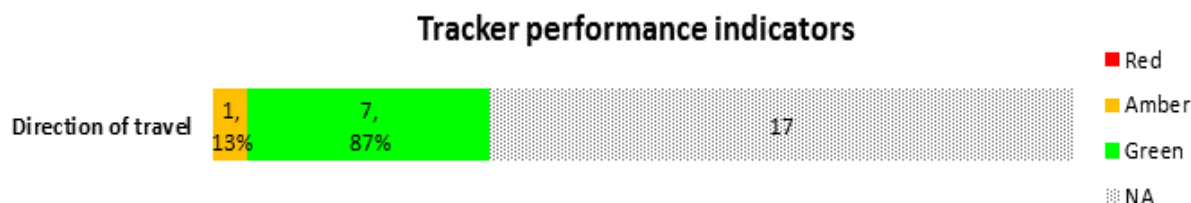
Background

2. The report sets out an overview of performance and progress for the Altogether Better Council priority theme. Key performance indicator progress is reported against two indicator types which comprise of:
 - a. Key target indicators – targets are set for indicators where improvements can be measured regularly and where improvement can be actively influenced by the council and its partners (see Appendix 3, table 1); and
 - b. Key tracker indicators – performance will be tracked but no targets are set for indicators which are long-term and/or which the council and its partners only partially influence (see Appendix 3, table 2).
3. Work has been carried out by officers and members on developing a revised indicator set and targets for 2014/15 as set out in Appendix 3. This set of indicators is based around our six Altogether priority themes and will be used to measure the performance of both the council and the County Durham Partnership.
4. The report continues to incorporate a stronger focus on volume measures in our performance framework. This allows us to better quantify productivity and to monitor the effects of reductions in resources and changes in volume of activity. Charts detailing some of the key volume measures which form part of the council's corporate basket of performance indicators are presented in Appendix 4.

Developments since Last Quarter

5. Corporate performance indicator guidance which provides full details of indicator definitions and data sources will soon be available from the Councillors Intranet homepage at: <http://intranet/sites/Councillors/default.aspx>. Any queries relating to the definition manual can be directed to the Corporate Performance Team at performance@durham.gov.uk.

Altogether Better Council: Overview



Council Performance

6. Key achievements this quarter include:

- a. Quarter 1 has seen the Revenues and Benefits Service maintain the improved claims processing performance delivered in the latter half of 2013/14. Whether new claims or changes of circumstances, housing benefit or council tax reduction claims, the processing time for each is better than the respective profiled target for quarter 1 and significantly better than the same point last year.
 - i. New housing benefit (HB) claims were processed in 21.9 days on average, 4.6 days more quickly than the same period last year, while new council tax reduction (CTR) claims were processed in 23.1 days on average, 7.4 days more quickly than the same period last year. Monthly performance has been within the 25 day quarter 1 profiled targets for all three months of this financial year. The volume of new HB claims processed decreased from 3,334 in quarter 1 of 2013/14 to 3,160 this period. During quarter 1, 3,531 new CTR claims were processed compared to 3,822 in quarter 1 of 2013/14 (see Appendix 4, Chart 1).
 - ii. The processing rate for changes of circumstances also improved significantly since 2013/14 with changes to HB claims being processed in 10.1 days on average, within the 12 day target and 9.1 days more quickly than the same period last year, while changes to CTR claims were processed in 10.7 days on average, within the 12 day target and 10.9 days more quickly than the same period last year. The volume of change of circumstances for HB claims processed decreased from 32,574 in quarter 1 of 2013/14 to 26,679 this period. During quarter 1, 27,570 change of circumstances for CTR claims were processed compared to 30,326 in quarter 1 of 2013/14 (see Appendix 4, chart 2).

- b. Significant improvements have also been made since 2013/14 in the proportion of new claims being processed within 14 days of all the required information being received by the Revenues and Benefits Service. More than 81% of new housing benefit claims and almost 75% of new council tax reduction claims were processed within 14 days of all the required information being received. To further improve our responsiveness to claimants, additional work is planned during quarters 2 and 3 to streamline the process, enhance the flow of information, and thereby hopefully increase the proportion of new claims that are processed within 14 days of all the required information being received. At the same time as delivering an improved claims processing service to our claimants and associated stakeholders, a number of system enhancements have been developed and introduced, with more planned for the remaining months of 2014/15, including the introduction of a basic online form for the submission of changes of circumstances.
- c. Between April and June 2014, 226,173 telephone calls were answered which is 96% of all calls received compared to 82% at the same period last year. During quarter 1, 94% were answered within three minutes against the target of 80%, an improvement on the same period last year, when 62% were answered within three minutes. Volume of telephone calls shows a reduction in calls received this quarter (236,372) when compared with the previous quarter (257,158) and the same period last year (267,752) (see Appendix 4, Chart 3), although there has been a corresponding increase in contact received via emails and web forms of 18.3% (17,530) compared to the same quarter last year (14,815). This increase is in the number of emails received as the number of web forms has decreased.
- d. During quarter 1, the percentage of customers seen at a customer access point (CAP) within the 15 minutes target was 97%, better than the same period last year (92%). CAP figures have been revised this year to remove the library footfall to make it a more accurate reflection on the number of customers visiting our CAPs to request a service. Once the figures were amended this shows a decrease from 68,283 in quarter 4 to 62,388 in quarter 1 as well as a decrease when comparing to the same period last year (63,542) (see Appendix 4, Chart 4).
- e. The percentage of undisputed invoices paid within 30 days to our suppliers during quarter 1 was 92.5% which shows a 3.5% points improvement against the previous quarter and is 0.5% points above the target of 92%. Although the target has been achieved this quarter, efforts to improve and consolidate performance will continue to ensure the recent improvement is sustained. Oracle Business Intelligence has been rolled out to key users within each service to enable pro-active monitoring and review of invoice holds and late payment trends analysis. Monthly improvement meetings are held, attended by representatives from all service groupings to discuss procure to pay developments, process changes, system enhancement and share best practice in order to sustain and improve performance. In addition service representatives meet monthly to discuss service specific issues and developments. An action plan has been developed in conjunction with ICT, Oracle systems support and the software provider in order to improve the responsiveness of the DBCapture system.

- f. This quarter saw a high degree of activity in relation to business lettings within council owned factories and business support centres with 25 new lettings and seven tenants leaving, bringing the occupancy levels to 76.1%. Performance is above the target of 75.5% and the same period last year (74.5%). In particular there were a significant number of new lettings at ViewPoint, Consett Business Park which brought the occupancy of these new units to 54%.
- g. Progress has been made with the following Council Plan and service plan actions:
 - i. Planning for the May 2014 European Union Election began in January 2014 with the creation of an in-house planning team including the Returning Officer, Electoral Managers and senior officers. The team met regularly to plan the election, monitor progress and risks, and record decisions and agreed actions. No major problems were encountered on polling day and the election ran in accordance with the plan. Likewise the verification process held at two separate centres on election night ran smoothly. Following a successful count held at Spennymoor Leisure Centre, the results were transferred to the Sunderland regional count centre as planned. Preparatory work is currently being undertaken for the Parliamentary Election in May 2015.
 - ii. Internal promotion of the Care Connect Lone Worker Platform has been undertaken resulting in approximately 400 additional staff utilising the service, including 230 One Point staff. External promotion has also been undertaken with housing providers and has resulted in securing a contract with Home Group for 105 staff.

7. The key performance improvement issues for this theme are:

- a. Quarter 1 has seen the introduction of a broader suite of sickness-related measures and for the first time, sickness is being reported both excluding and including schools, each against target. Accepting that current sickness levels remain too high and need to be reduced, it is encouraging to report that the overall trend of sickness is reducing:
 - i. The average days lost to sickness absence per full time equivalent (FTE) employee (including school based employees) for the rolling year decreased from 9.0 days at quarter 4 2013/14 to 8.96 days at the end of quarter 1 2014/15, an improvement of 0.44% but above the target of 8.7 days.
 - ii. The average number of days lost to sickness absence per FTE (when excluding schools based employees) for the rolling year decreased from 12.08 days at quarter 4 2013/14 to 11.93 days at the end of quarter 1 2014/15, an improvement of 1.24% but slightly above the target of 11.8 days.
 - iii. The reducing trend is also reflected in the total number of FTE days lost, which improved from 99,883 in the rolling year to quarter 1 2013/14 to 93,343 for quarter 1 2014/15. Likewise, the percentage of time lost to sickness for the rolling year, another of the additional sickness measures introduced into quarter 1 reporting, reduced from

4.93% in quarter 1 2013/14 to 4.71% in quarter 1 2014/15. During the rolling year to quarter 1, 48.14% of posts had no sickness absence.

- b. The percentage of employee performance appraisals completed over the 12 months to June 2014 was 64%. This is a decrease of 6.6% compared to quarter 4 2013/14 (69%) and is below the target of 85%. Notwithstanding substantial efforts to encourage, enable and support an increase in appraisal activity across the council, the rate for employee appraisals carried out in the last year remains persistently below the 85% target for 2014/15. Indeed the council average has deteriorated for three consecutive quarters since quarter 2 2013/14. However there has been a marked improvement in performance when compared to the same period in 2013/14. The percentage of performance appraisals completed has improved by 13.7% when compared to the rolling year at quarter 1 2013/14 (56.5%). This improvement is attributable to a review and reinforcement of the performance appraisal scheme together with improved recording arrangements.
 - c. The percentage of Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests responded to within 20 days was 79% this quarter, a nine percentage point improvement from the previous quarter (70%) but remains below the national target of 85%. The number of requests received has reduced this period to 281 compared to the previous quarter (347) but is higher than the same period last year (227) (see Appendix 4, chart 5).
 - d. Key Council Plan actions which have not achieved target in this theme include:
 - i. Improving customer access to online services. Development of a new website to improve access to customer information and services, due by August 2014, has been delayed until October 2014. The scope of the project has been increased to include web forms which have necessitated an extension to the project.
 - ii. Improving complaints reporting and monitoring. Completing corporate complaints pilots to inform the revised process was due by June 2014. The initial pilot was completed in April 2014 and the remainder will be completed by October 2014.
 - iii. Increasing the level of external funding attracted. The development of a community led local development structure to maximise involvement of Area Action Partnerships to increase resources for local actions, due by September 2014, has been delayed until March 2015. The implementation of this action depends on the receipt of funding. The decision on whether the Community Led Local Development (CLLD) will be included in the final agreed European funding package is expected by December 2014.
8. The key risks to successfully delivering the objectives of this theme are:
- a. *If there was to be slippage in delivery of the agreed MTFP savings projects, this will require further savings to be made from other areas, which may result in further service reductions and job losses.* Management consider it possible that this risk could occur, which will result in a funding shortfall, damaged reputation and reduced levels of service delivery. To mitigate the risk, the delivery plan is closely monitored by the Assistant Chief Executive

on behalf of Cabinet. It should be recognised that this will be a significant risk for at least the next four years.

- b. *Ongoing Government funding cuts which now extend to at least 2017/18 will continue to have an increasing major impact on all council services.* Management consider it highly probable that this risk could occur, and to mitigate the risk, sound financial forecasting is in place based on thorough examination of the Government's red book plans.
- c. *Potential restitution of search fee income going back to 2005.* Management consider it highly probable that the risk will occur as a firm of solicitors has taken action against all councils across England and Wales to recover the alleged land charge fees overpayment. The mitigation of this risk is dependent upon the outcome of the negotiations and litigation currently being defended by lawyers instructed in group litigation. A framework for settlement has been produced and this is currently being considered.
- d. *The council could suffer significant adverse service delivery and financial impact if there are delays in the procurement and implementation of the new banking contract.* Pre-procurement meetings will be held with alternative providers to establish what services can and cannot be provided. Awareness-raising will take place at Tier 4 Manager level that banking arrangements are due to change. The new contract is expected to be in place by September 2015 to ensure a smooth transition.
- e. *If the council were to fail to comply with Central Government's Public Services Network (PSN) Code of Connection criteria, this would put some core business processes, such as Revenues and Benefits, at risk.* An ongoing project is in place to maintain compliance.

Recommendations and Reasons

- 9. That the Corporate Issues Overview and Scrutiny Committee receive the report and consider any performance issues arising there from.

Contact: Jenny Haworth, Head of Planning and Performance
Tel: 03000 268071 **E-Mail** jenny.haworth@durham.gov.uk

Appendix 1: Implications

Finance - Latest performance information is being used to inform corporate, service and financial planning.

Staffing - Performance against a number of relevant corporate health PIs has been included to monitor staffing issues.

Risk - Reporting of significant risks and their interaction with performance is integrated into the quarterly monitoring report.

Equality and Diversity / Public Sector Equality Duty - Corporate health PIs are monitored as part of the performance monitoring process.

Accommodation - Not applicable

Crime and Disorder - A number of PIs and key actions relating to crime and disorder are continually monitored in partnership with Durham Constabulary.

Human Rights - Not applicable

Consultation - Not applicable

Procurement - Not applicable

Disability Issues - Employees with a disability are monitored as part of the performance monitoring process.

Legal Implications - Not applicable

Appendix 2: Key to symbols used within the report

Where icons appear in this report, they have been applied to the most recently available information.

Performance Indicators:

Direction of travel

Latest reported data have improved from comparable period



Latest reported data remain in line with comparable period



Latest reported data have deteriorated from comparable period



Performance against target

Performance better than target

Getting there - performance approaching target (within 2%)

Performance >2% behind target

Actions:



Complete (Action achieved by deadline/achieved ahead of deadline)



Action on track to be achieved by the deadline



Action not achieved by the deadline/unlikely to be achieved by the deadline

Benchmarking:



Performance better than other authorities based on latest benchmarking information available



Performance in line with other authorities based on latest benchmarking information available



Performance worse than other authorities based on latest benchmarking information available

Appendix 3: Summary of Key Performance Indicators

Table 1: Key Target Indicators

Ref	PI ref	Description	Latest data	Period covered	Period target	Current performance to target	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
Altogether Better Council											
63	NS22	Percentage of calls answered within 3 minutes	94	Apr - Jun 2014	80	GREEN	62	GREEN			
64	NS24	Percentage of customers seen within 15 minutes at a Customer Access Point	97	Apr - Jun 2014	95	GREEN	92	GREEN			
65	RES/038	Percentage all ICT Service Desk incidents resolved on time	94	Apr - Jun 2014	90	GREEN	94	AMBER			
66	RES/NI/1 81a1	Average time taken to process new housing benefit claims (days)	21.93	Apr - Jun 2014	25.00	GREEN	26.53	GREEN	23	25**	Jan - Mar 2014
									Not comparable	Not comparable	
67	RES/NI/1 81a2	Average time taken to process new council tax reduction claims (days)	23.10	Apr - Jun 2014	25.00	GREEN	30.46	GREEN			
68	RES/NI/1 81b1	Average time taken to process change of circumstances for housing benefit claims (days)	10.11	Apr - Jun 2014	12.00	GREEN	19.18	GREEN	5	6**	Jan - Mar 2014
									Not comparable	Not comparable	
69	RES/NI/1 81b2	Average time taken to process change of circumstances for council tax reduction claims (days)	10.65	Apr - Jun 2014	12.00	GREEN	21.59	GREEN			
70	RES/001	Savings delivered against the MTFP (£m)	14.2	As at Jun 2014	23.0	Not comparable [1]	15.1				

Page 92 Ref	PI ref	Description	Latest data	Period covered	Period target	Current performance to target	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
71	RES/002	Percentage of council tax collected in-year	28.63	Apr - Jun 2014	28.35	GREEN	28.20	GREEN	97.00 Not comparable	96.01* Not comparable	2013/14
72	RES/003	Percentage of business rates collected in-year	33.36	Apr - Jun 2014	34.34	RED	35.90	RED	97.90 Not comparable	97.76* Not comparable	2013/14
73	RES/129	Percentage of council tax recovered for all years excluding the current year	99.0	As at Jun 2014	98.5	GREEN	98.9	GREEN			
74	RES/130	Percentage of business rates recovered for all years excluding the current year	99.11	As at Jun 2014	98.50	GREEN	99.20	RED			
75	REDPI39	Current tenant arrears as a percentage of the annual rent debit	2.01	Apr - Jun 2014	2.45	GREEN	3.39	GREEN			
76	REDPI78	Percentage of capital receipts received	7.0	Apr - Jun 2014	25.0	RED	8.5	RED			
77	REDPI33	Percentage of council owned business floor space that is occupied	76.10	As at Jun 2014	75.50	GREEN	74.50	GREEN			
78	REDPI76	Income generated from council owned business space (£)	746,000	Apr - Jun 2014	750,000	AMBER	760,662	RED			
79	REDPI49 b	£ saved from solar installations on council owned buildings	214,000	2013/14	Not set	NA	New indicator	NA			
80	REDPI68	Average asset rating of Display Energy Certificates (DECs) in county council buildings	98.00	As at Jun 2014	98.00	GREEN	99.70	GREEN			
81	RES/LPI/ 010	Percentage of undisputed invoices paid within 30 days to our suppliers	92.5	Apr - Jun 2014	92	GREEN	91.5	GREEN			

Ref	PI ref	Description	Latest data	Period covered	Period target	Current performance to target	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
82	ACE006	Percentage of Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests responded to within statutory deadlines	79	Apr - Jun 2014	85	RED	73	GREEN			
83	RES/LPI/012	Days / shifts lost to sickness absence – all services including school staff	8.96	Jul 2013 - Jun 2014	8.70	RED	9.35	GREEN			
84	RES/LPI/012a	Days / shifts lost to sickness absence – all services excluding school staff	11.93	Jul 2013 - Jun 2014	11.80	AMBER	12.42	GREEN			
85	RES/011	Percentage of performance appraisals completed	64.3	Jul 2013 - Jun 2014	85.0	RED	56.5	GREEN			

[\[1\] Annual target](#)

Table 2: Key Tracker Indicators

Page Ref	PI ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
Altogether Better Council											
183	NS43a	Number of customer contacts- face to face	62,388	Apr - Jun 2014	68,283	NA	63,542	NA			
184	NS43b	Number of customer contacts-telephone	236,372	Apr - Jun 2014	257,158	NA	267,752	NA			
185	NS43c	Number of customer contacts- web forms	3,991	Apr - Jun 2014	5,390	NA	4,455	NA			
186	NS43d	Number of customer contacts- emails	13,539	Apr - Jun 2014	15,505	NA	10,360	NA			
187	NS20	Percentage of abandoned calls	4	Apr - Jun 2014	4	AMBER	18	GREEN			
188	NS100	Number of complaints recorded on the Customer Relationship Management database (CRM)	686	Apr - Jun 2014	774	GREEN	930	GREEN			
189	RES/013	Staff aged under 25 as a percentage of post count	5.47	As at Jun 2014	5.59	NA	5.47	NA			
190	RES/014	Staff aged over 50 as a percentage of post count	38.02	As at Jun 2014	38.34	NA	36.41	NA			
191	RES/LPI/011a	Women in the top 5 percent of earners	51.44	As at Jun 2014	51.02	NA	51.60	NA			
192	RES/LPI/011bi	Black and minority ethnic (BME) as a percentage of post count	1.47	As at Jun 2014	1.42	NA	1.41	NA			
193	RES/LPI/011ci	Staff with disability as a percentage of post count	2.79	As at Jun 2014	2.85	NA	2.94	NA			

Ref	PI ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
194	REDPI 79	Number of tenants of the seven main housing providers seen through the triage process	587	Apr - Jun 2014	813	Not comparable [2]	874	Not comparable [2]			
195	REDPI 79a	Percentage of triaged tenants of the seven main housing providers who were given employability advice	34	Apr - Jun 2014	35	RED	24	GREEN			
196	REDPI 79b	Percentage of triaged tenants of the seven main housing providers who were given debt advice	37	Apr - Jun 2014	37	AMBER	30	GREEN			
197	REDPI 79c	Percentage of triaged tenants of the seven main housing providers who were given income advice	54	Apr - Jun 2014	41	GREEN	39	GREEN			
198	REDPI 79d	Percentage of triaged tenants of the seven main housing providers that have been rehoused	4	Jan - Mar 2014	5	RED	New indicator	NA			
199	RES028	Discretionary Housing Payments - value (£) for customers affected by social sector size criteria	629,272.88	Apr - Jun 2014	832,006.57	NA	61,610.44	NA			
200	RES029	Discretionary Housing Payments - value (£) for customers affected by Local Housing Allowance Reforms	62,342.77	Apr - Jun 2014	125,977.46	NA	18,165.24	NA			
Page 95 201	ACE016	Percentage of children in poverty (quarterly proxy measure) (Also in Altogether Better Council)	23.6	As at Feb 2014	23.5	RED	24.7	GREEN	17.9	24.3*	As at Feb 2014
									RED	GREEN	

Ref	PI ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
202	ACE017	Percentage of children in poverty (national annual measure) (Also in Altogether Better Council)	23.0	2011	23.0	AMBER	23.0	AMBER	20.6	24.5*	2011
									RED	GREEN	
203	RES/034	Staff - total post count (including schools)	17,951	As at Jun 2014	17,581	NA	17,546	NA			
204	RES/035	Staff - total full time equivalent (FTE) (including schools)	14,068	As at Jun 2014	14,225	NA	14,164	NA			
205	RES/052	Percentage of posts with no absence (excluding schools)	48.14	Jul 2013 - Jun 2014	Data not available	NA [3]	Data not available	NA [3]			
206	RES/020	Percentage of time lost to sickness in rolling year (excluding schools)	4.71	Jul 2013 - Jun 2014	4.76	GREEN	4.93	GREEN			
207	RES/036	Number of RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) incidents reported to the Health and Safety Executive (HSE)	11	Apr - Jun 2014	11	NA	15	NA			

[\[2\] Not comparable due to changes in welfare reform](#)

[\[3\] Frequency changed and back data is not available](#)

Appendix 4: Volume Measures Chart numbers

Chart 1 – Benefits – new claims

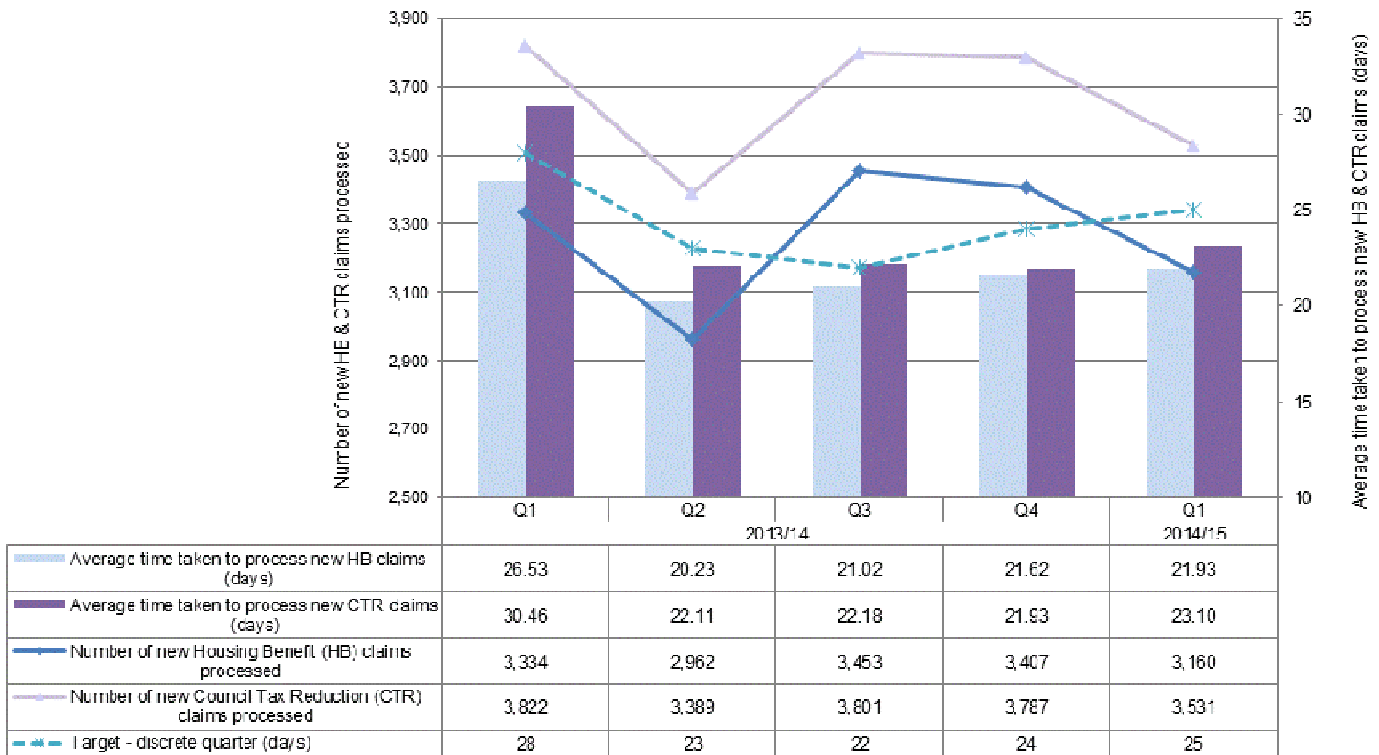


Chart 2 – Benefits – changes of circumstances

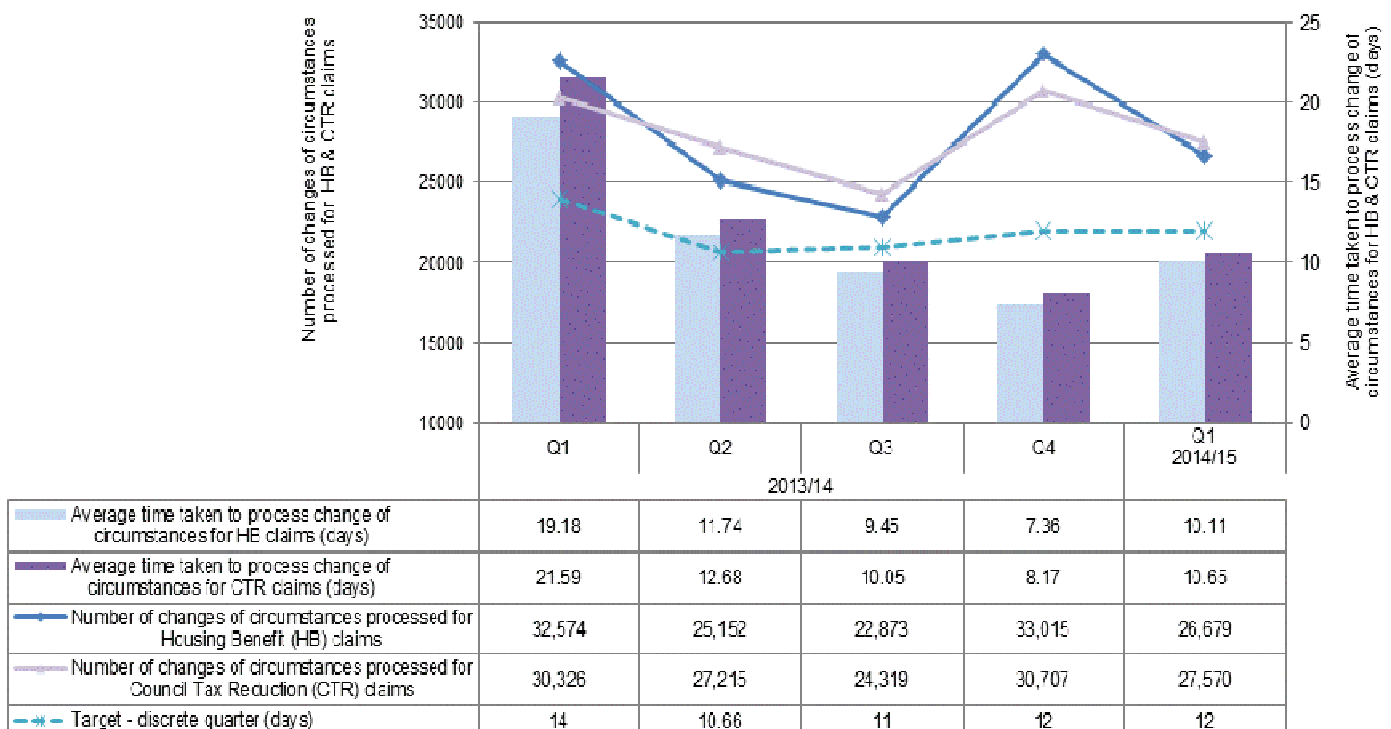


Chart 3 - Telephone calls

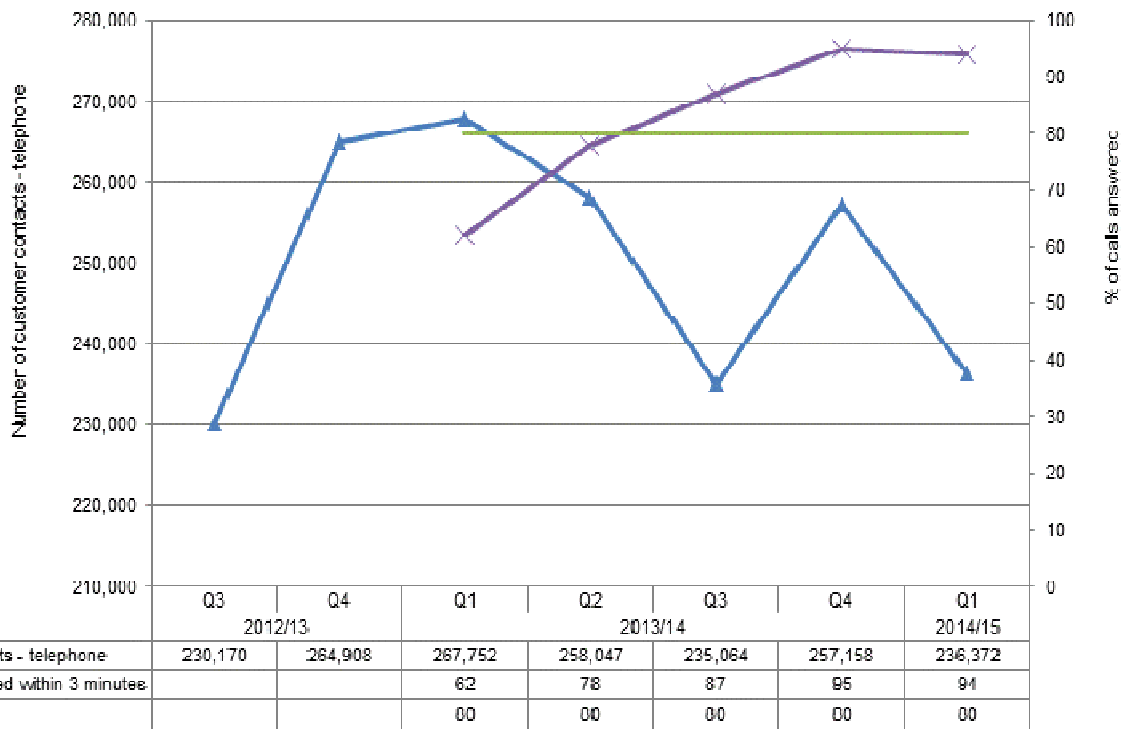


Chart 4 – Face to face contacts

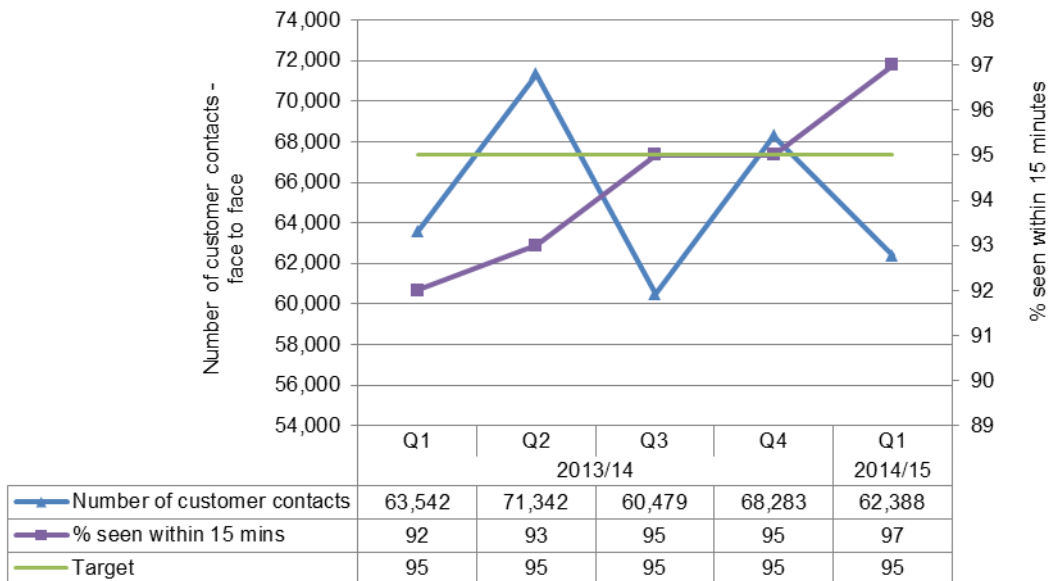
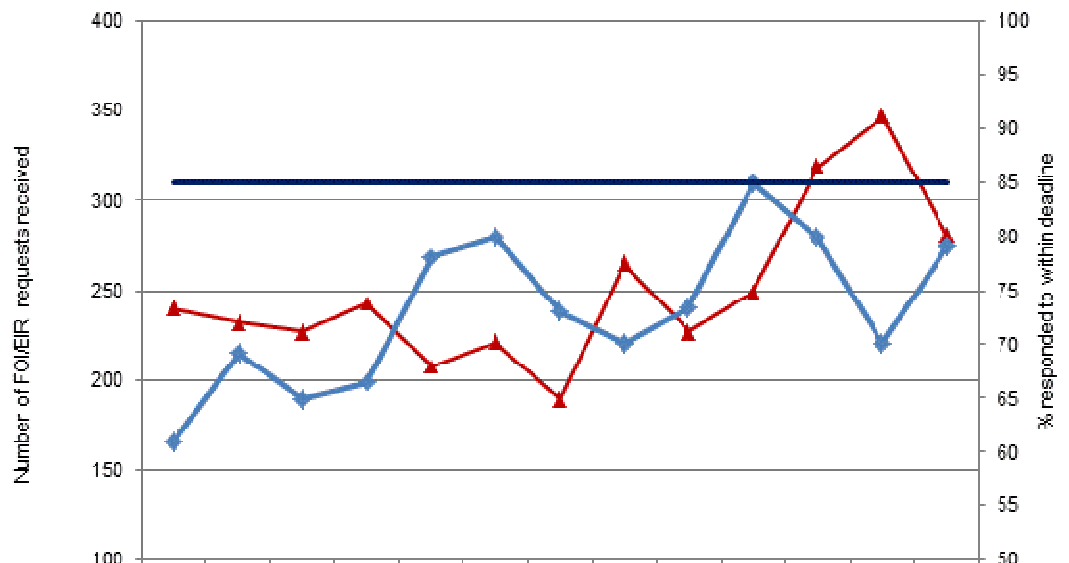


Chart 5 – Freedom of Information (FOI) requests



	Q1	Q2	Q3	Q4	C1	C2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	2011/12				2012/13				2013/14				2014/15
Number of FOI/IEIR requests received	240	252	227	243	208	221	189	265	227	249	319	347	281
% of FOI/IEIR requests responded to within statutory deadlines	61	69	65	66	78	80	73	70	73	85	80	70	79
Target (%)	85	85	85	85	85	85	85	85	85	85	85	85	85

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Corporate Issues Overview and Scrutiny Committee

19 September 2014



Resources – Revenue and Capital Outturn 2013/14

Report of Finance Manager – Azhar Rafiq

Purpose of the Report

1. To provide details of the outturn budget position for the Resources service grouping highlighting major variances in comparison with the budget.

Background

- 2 County Council approved the Revenue and Capital budgets for 2013/14 at its meeting on 20 February 2013. These budgets have subsequently been revised to account for grant additions/reductions, budget transfers between service groupings and budget reprofiling between years. This report covers the financial position for the following major accounts maintained by the Resources service grouping:
 - *Resources Revenue Budget - £19.694m (original £22.326m)*
 - *Resources Capital Programme – £5.267m (original £17.606m)*

- 3 The original Resources budget has been revised to incorporate a number of budget adjustments as follows:
 - Contribution to corporate budget for electrical equipment testing -£5k
 - Job Evaluation appeals +£61k
 - Contributions received for Durham Managers Programme +£17k
 - Increase in Procurement Rebate income budget -£250k
 - Reduction in staffing budget to reflect Purchase of Annual Leave -£75k
 - Transfer of Web Development Team to ACE -£84k
 - Reduction in budget to reflect employees not in pension scheme -£164k
 - Use of Local Elections Reserve for May 2013 Elections +£650k
 - Corporate saving for reduction in stationery budget -£23k
 - Sure Start budget target for Financial Services team +£82k
 - Transfer of Direct Debit admin from CAS + £5k
 - Durham Manager Programme from ACE +£2k
 - Transfer of Welfare Rights service from CAS +£1,084k
 - 1% Pay Award for 2013/14 +£262k
 - Cash Limit - Discretionary Rate Relief -£330k
 - Cash Limit – Coroner +£32k
 - Cash Limit- Reserve contribution to Local Council Tax Support Scheme - £1,031k and Welfare Reform New Burdens Grant -£201k
 - Cash Limit-Reserve contribution for Strategic Pay and Conditions +£12k

- Revision to Capital Charges +£1,014k
- Corporate Funding of Redundancy Payments +£462k
- Contribution for Strategic Pay and Conditions -£2,573k
- Contribution from Welfare Rights Steering Group Reserve +£100k
- Contribution to Public Health Reserve -£513k
- Contribution from Resources Cash Limit for Digital Durham Development Costs +£59k
- Contribution from Resources Cash Limit for Sunderland ICT Partnership +£25k
- Contribution from Mobile Infrastructure Reserve +£17k
- Contribution from ICT Trading Reserve +£71k
- Contribution from DWP Housing Benefit Subsidy Reserve +£330k
- Contribution from Revenues and Benefits Reserve +£76k
- Contribution to Welfare Rights Macmillan Grant Reserve -£136k
- Contribution to Oracle Development Reserve -£260k
- Contribution to DWP – Welfare Assistance Funding Reserve -£708k
- Contribution to Welfare Assistance Employability Reserve (RED) -£500k
- Contribution to Welfare Assistance AAP's Reserve (ACE) -£140k

The revised General Fund Budget now stands at **£19.694m**.

4. The summary financial statements contained in the report cover the financial year 2013/14 and show: -
 - The approved annual budget;
 - The actual income and expenditure as recorded in the Council's financial management system;
 - The variance between the annual budget and the forecast outturn;
 - For the Resources revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

Revenue - General Fund Services

5. The service is reporting a cash limit spend which is **£367k** under budget (excluding Centrally Administered Costs) against the revised annual budget of **£19.694m**. The forecast outturn position reported at Quarter 3 was a cash limit spend of £379k over budget – a variance of £746k under the previous forecast.
6. The outturn position includes an in year cash limit contribution to the corporate ERVR reserve of £2.573m, therefore the underlying cash limit outturn position (excluding Centrally Administered Costs) is a £2.940m underspend in 2013/14 (£2.194m at Quarter 3).
7. The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

Subjective Analysis (in £'000s)

	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
Employees	41,925	40,449	(1,476)	(294)	(1,770)
Premises	349	627	278	(263)	15
Transport	1,300	921	(379)	31	(348)
Supplies and Services	18,072	17,881	(191)	30	(161)
Agency and Contracted	3,051	3,144	93	(115)	(22)
Central Costs	27,915	24,051	(3,864)	6,640	2,776
Gross Expenditure Excl. HB	92,612	87,073	(5,539)	6,029	490
Income	(72,990)	(71,434)	1,556	(2,589)	(1,033)
Net Expenditure Excl. HB	19,622	15,639	(3,983)	3,440	(543)
HB Transfer Payments	188,244	183,732	(4,512)	4,512	-
HB Central Costs	300	484	184	(184)	-
HB Income	(188,472)	(184,092)	4,380	(4,380)	-
Housing Benefit Net Expenditure	72	124	52	(52)	-
TOTAL NET EXPENDITURE	19,694	15,763	(3,931)	3,388	(543)
Excluding Centrally Administered Costs					(367)

Analysis by Head of Service (in £'000s)

Head of Service Grouping	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
Centrally Administered Costs	1,670	1,609	(61)	(115)	(176)
Corporate Finance	2,426	2,052	(374)	204	(170)
Financial Services	6,726	8,271	1,545	(2,905)	(1,360)
Human Resources	6,255	6,041	(214)	(2)	(216)
ICT Services	9,466	10,920	1,454	(1,709)	(255)
Internal Audit and Insurance	1,175	1,040	(135)	(43)	(178)
Legal & Democratic Services	6,742	8,643	1,901	(2,635)	(734)
Service Management	409	443	34	(61)	(27)
Central Establishment Recharges	(15,247)	(23,380)	(8,133)	10,706	2,573
Net Expenditure Excl. HB	19,622	15,639	(3,983)	3,440	(543)
Housing Benefit	72	124	52	(52)	-
NET EXPENDITURE	19,694	15,763	(3,931)	3,388	(543)
Excluding Centrally Administered Costs					(367)

8. The table below includes a brief commentary of the variances with the revised budget analysed into Head of Service groupings. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. Coroner's Service) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	(Under)/Over Budget £k	(Under)/Over Budget £k
Centrally Administered Costs (C.A.C.)	C.A.C.	£65k underbudget for Audit Fees partly due to a refund £40k underbudget on costs associated with raising loans £79k underbudget against bank charges/payment cards £22k underbudget on various subscriptions £30K under recovery of VAT shelter income	(176)	(176)
Corporate Finance	Management	£47k managed underbudget against employees reflecting early achievement of 14/15 savings £27k underbudget on supplies and services available for 14/15 savings £10 over on debt written off and union recharge	(64)	(170)
	Financial Systems	£47k underbudget on pay as a result of holding a vacancy £58k overbudget for software	11	
	Procurement	£6k overbudget on employees £3k overbudget on supplies and services £72k additional income from SLAs and Community Right to Challenge Grant	(63)	
	Strategic Finance	£40 overbudget on employees(fully staffed) £31k overbudget against a range of supplies and services £112k over recovery of income for VAT work together with £13K over recovery from SLA income	(54)	
Financial Services	Management	£253k managed underbudget for employees reflecting early achievement of 14/15 savings £107k underbudget on supplies and services	(360)	(1,360)
	Financial Management	£28k underbudget on employees £3k underbudget on car allowances £30k managed underbudget against supplies and services £31k over recovery of SLA income	(92)	
	Revenues and Benefits	£438k underbudget on employees due to close management and control of vacancies regarding restructure £175k underbudget on transport £225k managed overbudget on work packages £28k overbudget on supplies and services £548k over recovery of income including £15k DWP grant and £522k on court fee income	(908)	
Human Resources	Occupational Health	£9k underbudget on Physiotherapy £12k increased income	(21)	

Head of Service	Service Area	Description	(Under)/Over Budget £k	(Under)/Over Budget £k
	Health and Safety	£169k underbudget on employees arising from service restructure and vacancies monitoring. £11k additional SLA income from Stanley Town Council £13k under on supplies and services £10k under on minor variances	(203)	(216)
	Payroll and Pensions	£67k underbudget on employees from vacant posts being held open to meet future MTFP savings £22k overbudget on pensions computer software £23k overbudget on postages £45k increased income from payroll services to academies £11k increased income from payroll services to schools £5k minor variance under	(83)	
	Human Resources	£36k underbudget for Employees £19k overbudget for Union Rep £7k underachieved income £113k overbudget on specialist services £12k minor variances under	91	
ICT	Design and Print	£128k underbudget on printing costs, £134k underbudget on equipment and materials, and £16k underbudget on postages. £8k debt written off and £103k reduced income.	(167)	(255)
	ICT Services	£250k underbudget on employees pending future restructure to meet 14/15 MTFP savings. £32k underbudget on premises due to movement of staff from the Renny's Lane property £70k underbudget on transport costs Additional expenditure on equipment (£87k), extra printing (£32k), extra network for resale (£170k), with postages £21k underbudget £172k additional funding of capital expenditure £77k increased fees and charges, £300k increased charges to other services and £201k reduced sales	(88)	
Internal Audit and Risk	Insurance and Risk	No variance	-	(178)
	Internal Audit	£198k underbudget on employees through close management and control of vacancies and secondments pending restructure £12k underbudget on staff travel £32k overbudget on one off spend on software update.	(178)	

Head of Service	Service Area	Description	(Under)/Over Budget £k	(Under)/Over Budget £k
Legal and Democratic Services	Corporate and Democratic	£33k underbudget on computer hardware £32k underbudget on subscriptions £11k underbudget on mobile phone charges £28k underbudget on Members Support Staff Vacancies £21k underbudget on Chauffeurs Service £27k underbudget on Members Travelling, including car allowances £24 underbudget on Functions £6k over achieved income	(182)	
	Legal Services	£344k underbudget from the early achievement of 2014/15 MTFP Savings £35k underbudget on employees £13k underbudget on transport £52k overbudget on premises £119k underbudget on supplies and services £95k overachievement of income £2k minor variances overbudget	(552)	(734)
Service Management	Service Management	£32k rebate income generated from the arrangement with Comensura with regard to agency staff £5k overbudget on supplies and services	(27)	(27)
Benefits Payments and Subsidy	Benefits	Changes under this heading are budget neutral	-	-
Central Establishment Recharges	Central Establishment Recharges	£2.573m overspend - contribution to Strategic ER/VR and Redundancy Reserve	-	2,573
TOTAL				(543)
Excluding Centrally Administered Costs				(367)

9. The final outturn position was £746k under the forecasts prepared during the year and arose mainly in the Revenues and Benefits service (£469k under), where recovery action taken late in the financial year generated £170k additional income and further savings in running costs were achieved. Other areas where there were additional savings were ICT (£122k under) where there were savings in software costs and Legal and Democratic Services (£115k under) where recovered income in the final quarter was greater than expected. The £367k under budget will be carried forward under the 'cash limit' regime.

Capital Programme

10. The Resources capital programme comprises 27 schemes, most of which are managed within ICT with the exception of one scheme managed in Finance.
11. The Resources capital programme was amended following reports to the MOWG during the year detailing revisions, carry over from 2012/13, grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget, agreed by MOWG in February and included in the Quarter 3 report to Cabinet in March, was **£5.267m** for 2013/14.

12. Summary outturn financial performance is shown below.

Service	Original Annual Budget 2013/14 £000	Final Budget 2013/14 £000	Actual Spend to 31 March 2014 £000	Spend %
Finance	-	300	301	100
ICT	17,606	4,967	3,592	72
Total	17,606	5,267	3,893	74

The final Resources capital budget is £5.267m with a total expenditure in 2013/14 of £3.893m (74%). A full breakdown of schemes and actual expenditure to 31st March 2014 is given in Appendix 2.

Recommendations:

13. The Corporate Issues and Overview Scrutiny Committee is requested to note the contents of this report.

Contact: Azhar Rafiq – Finance Manager

Tel: 03000 263 480

Appendix 1: Implications

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital outturn position.

Staffing

None.

Risk

None.

Equality and Diversity / Public Sector Equality Duty

None.

Accommodation

None.

Crime and disorder

None.

Human rights

None.

Consultation

None.

Procurement

None.

Disability Issues

None.

Legal Implications

None.

Appendix 2: Resources 2013/14 Capital Programme Outturn Position

Resources Capital Budgets	Final 2013/14 Budget £	Final Outturn	
		Actual Spend £	Spend %
Oracle Development	300,000	300,651	100
Finance Total	300,000	300,651	100
.Net Application Development Architecture	50,000	50,000	100
Archiving Of Obsolete Systems Based On Non Supported Hardware	250,000	69,498	28
CIP Project – ICT	27,571	8,579	31
Telephony Replacement	21,994	60,228	274
Coco - Government Connects Secure Extranet	79,598	127,154	160
Corporate Mail Fulfilment	10,650	9,750	92
Councillor Replacement Of ICT Equipment	150,000	94,786	63
Dark Fibre Installations and Circuit/Microwave Upgrades	395,000	4,999	1
Dark Fibre Networking	283,328	229,290	81
Desktop Replacement	963,295	1,044,493	108
Digital Durham	11,109	0	0
Fibre Channel Network For Storage	60,000	53,879	90
GIS Architecture	60,000	0	0
Homeworking	6,004	6,712	112
ICT Business Continuity	1,119,300	959,910	86
ICT Vehicle Purchase 2013/14	24,881	9,479	38
Infrastructure Environmental Monitoring	216,000	28,064	13
Langley Park Institute Internet Provision	2,174	1,244	57
Learning Gateway	18,223	24,550	135
NHS Datacentres	106,752	187,235	175
Ongoing Server Replacement	110,000	115,411	105
Public Internet Access Portal	37,000	0	0
Sharepoint Architecture	58,804	56,263	96
Tanfield DataCentre Core Switching Replacement	175,000	102,216	58
Tanfield DataCentre LAN Switching Replacement	650,000	267,551	41
Voice Recording For Mitel Telephone System	80,000	80,279	100
ICT Total	4,966,683	3,591,570	72
Grand Total	5,266,683	3,892,221	74

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19 September 2014



**Assistant Chief Executive's – Revenue
and Capital Outturn 2013/14**

**Joint Report of Corporate Director Resources and Assistant Chief
Executive**

Purpose of the Report

1. To provide details of the outturn budget position for the Assistant Chief Executive's (ACE) service grouping highlighting major variances in comparison with the budget.

Background

2. County Council approved the Revenue and Capital budgets for 2013/14 at its meeting on 20 February 2013. These budgets have subsequently been revised to account for grant additions/reductions, budget transfers between service groupings and budget reprofiling between years. This report covers the financial position for the following major accounts maintained by the ACE service grouping:
 - ACE Revenue Budget - £10.220m (original £11.178m)
 - ACE Capital Programme – £2.244m (original £3.959m)
3. The original ACE General Fund budget has been revised to incorporate a number of budget adjustments as follows:
 - Job evaluation adjustment and appeals +£9k
 - Luncheon Club Transport -£3k
 - Purchase of annual leave adjustment -£12k
 - Transfer of Web Development Team +£84k
 - Adjustment for staff not in pension fund -£22k
 - Reduction in stationery budget -£3k
 - Use of Strategic Reserve to meet redundancy costs +136k
 - Increase in Pay Budget for 1% Pay Award +£47k
 - Transfer of budget for Durham Managers Programme -£2k
 - Use of Customer Focus Reserve +£36k
 - Use of Modern Ways of Working Reserve +£4k
 - Review of Capital Charges +£51k
 - Use of Modern Ways of Working Reserve +£25k
 - Use of Disabled GO Project Reserve +£8k
 - Pay Protection Outside Cash Limit +£7k
 - Contribution to AAP Reserve -£790k
 - Contribution to Cash Limit Reserve (Community Buildings) -£180k
 - Contribution to Corporate Strategic Redundancy Reserve -£353k

4. The revised General Fund Budget now stands at £10.220m.
5. The summary financial statements contained in the report cover the financial year 2013/14 and show:-
 - The approved annual budget;
 - The actual income and expenditure as recorded in the Council's financial management system;
 - The variance between the annual budget and the outturn;
 - For the ACE revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

Revenue - General Fund Services

6. The Assistant Chief Executive Service is reporting a cash limit spend which is **£0.121m** under budget against a revised annual budget of **£10.220m**. The forecast outturn position at Quarter 3 was a for cash limit spend of £0.084m under budget a variance of £0.037m against the previous forecast.
7. Members will recall that the outturn position includes an in year cash limit contribution to the Corporate ER/VR Reserve of £0.353m, therefore the underlying cash limit position is £0.474m under budget in 2013/14 (£0.437m at Quarter 3).
8. The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

Subjective Analysis

£'000	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
Employees	7,016	6,953	(63)	54	(117)
Premises	221	612	391	450	(59)
Transport	75	62	(13)	0	(13)
Supplies and Services	2,396	2,072	(324)	(399)	75
Agency and Contracted	0	0	0	0	0
Transfer Payments	2,213	1,994	(219)	(193)	(26)
Central Costs	2,096	3,228	1,132	774	358
GROSS EXPENDITURE	14,017	14,921	904	686	218
INCOME	(3,797)	(3,778)	19	358	(339)
NET EXPENDITURE	10,220	11,143	923	1,044	(121)

Analysis by Head of Service

Head of Service Grouping	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
Partnership and Community Engagement	7,159	7,752	593	664	(71)
Planning and Performance	1,932	1,602	(330)	4	(334)
Policy and Communications	2,327	2,229	(98)	(28)	(70)
Central	(1,198)	(440)	758	404	354
NET EXPENDITURE	10,220	11,143	923	1,044	(121)

9. Attached in the table below is a brief commentary of the variances with the revised budget analysed into Head of Service groupings. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. central repairs and maintenance) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	(Under) / Over Budget
Partnership and Community Engagement (PACE)	Area Action Partnerships, Community Buildings, PACE	£55k managed over budget on employees mainly agency to cover sickness and maternity. £56k under budget on premises. £30k under budget on supplies and running costs. £33k over recovery of income.	(71)
Planning and Performance	Planning, Performance, Overview and Scrutiny, County Records	£178k managed under budget on employees as a result of restructure and holding vacancies to meet MTFP savings. £156k managed under budget on supplies, services and income.	(334)
Policy and Communications	Policy, Communications Public Relations, CCU and Programme Office	£38k under budget on employees £30k under budget on supplies £2k additional income	(70)
Central	Central Costs	Contribution to the Corporate Strategic Redundancy Reserve	354
TOTAL			(121)

10. The final outturn position is broadly in line with forecasts prepared during the year. The net underspend of £0.121m will be carried forward under the "cash limit" regime and will be available to support the ACE service grouping priorities over the medium term. It should also be noted that the outturn position incorporates the MTFP savings required in 2013/14 which amount to £0.653m.

Members Neighbourhoods Budgets and Members Initiative Fund

11. During 2013/14 each elected member received an annual allocation of £20,000; £10,000 revenue and £10,000 capital. The revenue budget allocation for 2013/14 was £1.260m. Previous years unspent allocations totalling £0.892m are held in an earmarked reserve as all spending has been committed to specific projects. During 2013/14 £1.173m was spent resulting in the balance of £0.087m being transferred to the reserve leaving a closing balance on the reserve of £0.979m.
12. The Members Initiative Fund element of this budget equates to £252k based on £2k per elected member. The 2013/14 outturn expenditure amounted to £196k with the unspent balance of £56k being transferred to the Members Initiative Fund reserve resulting in a closing balance on the reserve of £60k.

AAP Area Budgets

13. Each of the 14 Area Action Partnerships (AAP) has an annual allocation of £120k (see Appendix 3) to develop projects to meet agreed AAP priorities. Combined with revenue budgets carried forward from previous years (relating to committed expenditure on agreed projects) the total revenue budget available is £2.636m. In addition, CCG (North Durham) contributions of £0.100m and a contribution from the cash limit reserve of £0.072m were used to support the participatory budget exercise and this resulted in a final balance of £1.095m being carried forward after net spending of £1.541m.
14. The AAPs were also in receipt of additional funding as follows:
 - £0.150m from Public Health (£10k per AAP plus £10k)
 - £0.300m from the Clinical Commissioning Group (CCG)
 - £0.140m from the Welfare Assistance Fund
 - £0.550m from Public Health for Community Health Champions

Capital Programme

15. The ACE capital programme comprises three schemes, Assets in the Community, Members Neighbourhoods Capital and Community Facilities in Crook.
16. The Assistant Chief Executives capital programme was revised in year to take account of underspends in 2012/13 which were subsequently carried forward and added to the 2013/14 programme. This increased the 2013/14 budget to £3.959m. Further reports to MOWG in 2013/14 detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget, agreed by Cabinet as part of the Quarter 3 budgetary control report, was £2.244m.
17. Summary financial performance to the end of March is shown below.

Service	Original Annual Budget 2013/14 £000	Revised Annual Budget 2013/14 £000	Actual Spend to 31 March £000	Spend %
Assets in the Community	2,130	120	81	68
Members Neighbourhoods	1,260	2,056	796	39
Community Facilities Crook	569	68	56	82
Area Action Partnerships	0	0	225	n/a
Total	3,959	2,244	1,158	52

18. £1.158m of actual expenditure has been incurred during 2013/14. This is 52% of the revised annual capital budget. The remainder of the capital budget will be reprofiled to 2014/15. Please note that included in the figures above is expenditure of £225k in relation to AAPs that has been charged to capital.

Recommendations and Reasons

19. The Corporate Issues and Overview and Scrutiny Committee is requested to note the contents of this report.

Contact: Azhar Rafiq – Finance Manager

Tel: 03000 263 480

Appendix 1: Implications

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital outturn position.

Staffing

None.

Risk

None.

Equality and Diversity / Public Sector Equality Duty

None.

Accommodation

None.

Crime and disorder

None.

Human rights

None.

Consultation

None.

Procurement

None.

Disability Issues

None.

Legal Implications

None.

Corporate Issues Overview and Scrutiny Committee

19 September 2014



Resources – Quarter 1: Forecast of Revenue and Capital Outturn 2014/15

Report of Finance Manager – Azhar Rafiq

Purpose of the Report

1. To provide details of the forecast outturn budget position for the Resources service grouping highlighting major variances in comparison with the budget based on the position to the end of June 2014.

Background

2. County Council approved the Revenue and Capital budgets for 2014/15 at its meeting on 26 February 2014. These budgets have subsequently been revised to account for grant additions/reductions, budget transfers between service groupings and budget reprofiling between years. This report covers the financial position for the following major accounts maintained by the Resources service grouping:
 - *Resources Revenue Budget - £18.051m (original £18.371m)*
 - *Resources Capital Programme – £8.701m (original £8.799m)*
3. The original Resources General Fund budget has been revised to incorporate a number of budget adjustments as follows:
 - Purchase of annual leave by staff -£96k (Corporate Saving)
 - Reduction in car mileage allowance -£53k (Corporate Saving)
 - Reduction in pensions budgets for staff not in pension scheme -£164k (Corporate Saving)
 - Transfer of Direct Revenue Financing (DRF) Contribution for ICT Capital Scheme -£3k
 - Reduction in Pension Deficit from Welfare Rights budget transfer -£4k

The revised General Fund Budget now stands at *£18.051m*.

4. The summary financial statements contained in the report cover the financial year 2014/15 and show: -
 - The approved annual budget;
 - The actual income and expenditure as recorded in the Council's financial management system;
 - The variance between the annual budget and the forecast outturn;

- For the Resources revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

Revenue - General Fund Services

5. The service is reporting a cash limit underspend of **£0.398m** (excluding Centrally Administered Costs) against a revised budget of **£18.051m**.
6. The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

Subjective Analysis (£000's)

	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Employees	39,668	12,034	39,959	291	(525)	(234)
Premises	6,665	11	6,613	(52)	0	(52)
Transport	980	171	951	(29)	0	(29)
Supplies and Services	17,134	6,813	17,775	641	(360)	281
Agency and Contracted	4,070	1,566	3,805	(265)	0	(265)
Transfer Payments	0	0	0	0	0	0
Central Costs	12,024	24	12,027	3	0	3
Gross Expenditure Excl. HB	80,541	20,619	81,130	589	(885)	(296)
Income	(62,232)	(11,572)	(63,011)	(779)	167	(612)
Net Expenditure Excl. HB	18,309	9,047	18,119	(190)	(718)	(908)
HB Transfer Payments	190,473	49,286	190,814	341	(91)	250
HB Central Costs	400	0	400	0	0	0
HB Income	(191,131)	(919)	(191,247)	(116)	116	0
Housing Benefit Net Expenditure	(258)	48,367	(33)	225	25	250
TOTAL NET EXPENDITURE	18,051	57,414	18,086	35	(693)	(658)
						(398)

Excluding Centrally Administered Costs

Analysis by Head of Service (£000's)

Head of Service Grouping	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Centrally Administered Costs	3,924	1,526	3,541	(383)	123	(260)
Corporate Finance	2,146	1,962	2,268	122	(340)	(218)
Financial Services	6,107	1,020	5,838	(269)	24	(245)
Human Resources	5,902	1,198	5,802	(100)	0	(100)
ICT Services	8,119	1,596	8,240	121	(115)	6
Internal Audit and Insurance	1,638	457	1,573	(65)	0	(65)
Legal & Democratic Services	6,082	1,168	6,069	(13)	(13)	(26)
Service Management	390	120	390	0	0	0
Central Establishment Recharges	(15,999)	0	(15,602)	397	(397)	0
Net Expenditure Excl. HB	18,309	9,047	18,119	(190)	(718)	(908)
Housing Benefit	(258)	48,367	(33)	225	25	250
NET EXPENDITURE	18,051	57,414	18,086	35	(693)	(658)
						(398)

Excluding Centrally Administered Costs

7. The table below provides a brief commentary on the variances against the revised budget analysed by Head of Service. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. redundancy costs) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	Forecast Year End (Under) / Over Budget £000's	Forecast Year End (Under) / Over Budget £000's
Centrally Administered Costs (C.A.C.)	C.A.C.	£48k overbudget on expenses associated with raising loans £42k underbudget on audit fees £16k underbudget on subscriptions	(10)	
	Welfare Assistance	£250k underbudget on Welfare Assistance Scheme to be used to fund £250k overbudget on DHP in Housing Benefits	(250)	(260)
Corporate Finance	Management	£152k managed underbudget against employees reflecting early achievement of 15/16 savings £20k underbudget on supplies and services available for 15/16 savings	(172)	
	Financial Systems	£42k underbudget on pay as a result of holding a vacancy	(42)	
	Procurement	£51k overbudget on employees as a result of being fully staffed and agency £15k underbudget on supplies and services £9k over recovery of income Community Right to Challenge Grant and £12k additional income to cover staff secondment	15	
	Strategic Finance	£19k overbudget on employees (fully staffed) £38k over recovery of income for VAT work	(19)	(218)
Financial Services	Management	£156k managed underbudget for employees reflecting early achievement of 2015/16 savings	(156)	
	Financial Management	£31k overbudget on employees £3k overbudget on car allowances £47k managed underbudget against supplies and services £30k over recovery from SLA income	(43)	
	Revenues and Benefits	£26k underbudget on car allowances £20k additional income from Jobcentre Plus	(46)	(245)
Human Resources	Occupational Health	£14k overbudget on employees	14	
	Health and Safety	£14k overbudget on employees	14	

Head of Service	Service Area	Description	Forecast Year End (Under) / Over Budget £000's	Forecast Year End (Under) / Over Budget £000's
	Payroll and Pensions	£10k overbudget on employees	10	
	H.R.	£138k underbudget on employees	(138)	(100)
ICT	ICT Services	£46k overbudget on employees. £52k underbudget on premises due to movement of staff from the Renny's Lane property £3k overbudget on transport costs based on projected disturbance costs. £103k overbudget on supplies and services £3k central costs relating to annual year end contributions. £97k over recovery of income.	6	6
Internal Audit and Risk	Insurance and Risk	£5k overbudget on employees (fully staffed so no turnover savings)	5	
	Internal Audit	£64k underbudget on employees through close management and control of vacancies and secondments £5k underbudget on staff mileage £3k underbudget on supplies and services £5k under recovery of schools SLA income	(67)	
	Corporate Fraud	£8k overbudget on employees (fully staffed) £8k underbudget on staff travel £3k minor underbudget on supplies and services	(3)	(65)
Legal and Democratic Services	Corporate and Democratic Core	£10k underbudget on employees		
		£7k underbudget on Members' mobile phones	(17)	
	Democratic Services	£37k overbudget on employees	37	
	Legal Services	£58k underbudget - early achievement of MTFP Savings 2015-16 £29k overbudget on Employees £3k underbudget on travelling £2k underbudget on Conferences	(34)	(26)
Service Management	Service Management	No material variance	0	0
Benefits Payments and Subsidy	Benefits	Overbudget on DHP to be met from underbudget on Welfare Assistance Scheme	250	250
Central Establishment Recharges	Central Establishment Recharges	No variance to date		0
TOTAL				(658)
Excluding Centrally Administered Costs				(398)

9. In summary, the service grouping is on track to maintain spending within its cash limit. It should also be noted that the estimated outturn position incorporates the net MTFP savings required in 2014/15 which amount to £2.535m, after use of £0.358m of cash limit reserves.

Capital Programme

10. The Resources capital programme comprises 21 schemes, all of which are managed within ICT.
11. The original Resources capital programme was £8.799m and this has been revised for additions/reductions, budget transfers and budget reprofiling. The revised budget now stands at **£8.701m**.
12. Summary financial performance to the end of June 2014 is shown below.

Service	Original Annual Budget 2014/15 £000	Revised Annual Budget 2014/15 £000	Actual Spend to 30 June 2014 £000	Remaining Budget £000
ICT	8,799	8,701	672	8,029
Total	8,799	8,701	672	8,029

13. The revised Resources capital budget is £8.701m with a total expenditure to date of £0.672m (8%). A full breakdown of schemes and actual expenditure to June 2014 is given in Appendix 2.
14. At year end the actual outturn performance will be compared against the revised budgets and at that time service and project managers will need to account for any budget variance.

Recommendations:

15. The Corporate Issues and Overview Scrutiny Committee is requested to note and comment on the contents of this report.

Contact: Azhar Rafiq – Finance Manager

Tel: 03000 263 480

Appendix 1: Implications

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital projected outturn position.

Staffing

None.

Risk

None.

Equality and Diversity / Public Sector Equality Duty

None.

Accommodation

None.

Crime and disorder

None.

Human rights

None.

Consultation

None.

Procurement

None.

Disability Issues

None.

Legal Implications

None.

APPENDIX 2 – Resources 2014/15 Capital Scheme Breakdown

Scheme	Revised Budget 2014/15 £	Profiled Budget £	Actuals to 30/06/14 £	Remaining Budget £
Archiving of obsolete systems based on non-supported hardware.	381	38	0	381
Councillor Replacement of ICT Equipment	55	6	0	55
Dark Fibre installations and Circuit/Microwave Upgrades	615	62	48	567
Dark Fibre Networking	54	5	5	49
Desktop Mailing	100	10	0	100
Digital Durham	4,295	430	241	4,054
Fibre Channel Network for Storage	10	1	0	10
GIS Architecture	71	7	71	0
Homeworking	289	29	1	288
ICT Business Continuity	159	16	94	66
ICTSS Vehicles	25	2	0	25
Infrastructure Environment Monitoring	188	19	0	188
Langley Park Institute Internet Provision	1	0	0	1
Payment Card Industry (PCI) Code of Compliance	80	8		80
NHS Datacentres	107	11	0	107
Public Internet Access Portal	37	4	0	37
Replacement Desktop	1,319	132	208	1,111
Ongoing Server Replacement	110	11	0	110
Tanfield Datacentre Core Switching Replacement	73	7	3	70
Tanfield Datacentre LAN Switching Replacement	482	0	0	482
Tanfield Power Upgrade	250	25	0	250
Total	8,701	822	672	8,029

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Corporate Issues Overview and Scrutiny Committee

19 September 2014

Assistant Chief Executives – Quarter 1 2014: Forecast of Revenue and Capital Outturn 2014/15



Joint Report of Corporate Director Resources and Assistant Chief Executive

Purpose of the Report

1. To provide details of the forecast outturn budget position for the Assistant Chief Executive's (ACE) service grouping highlighting major variances in comparison with the budget based on the position to the end of June 2014.

Background

2. County Council approved the Revenue and Capital budgets for 2014/15 at its meeting on 26 February 2014. These budgets have subsequently been revised to account for grant additions/reductions, budget transfers between service groupings and budget reprofiling between years. This report covers the financial position for the following major accounts maintained by the ACE service grouping:
 - ACE Revenue Budget - £10.160m (original £10.200m)
 - ACE Capital Programme – £4.548m (original £3.472m)
3. The original ACE General Fund budget has been revised to incorporate a number of budget adjustments as follows:
 - Purchase of annual leave adjustment -£15k
 - Adjustment for staff not in pension fund -£20k
 - Reduction in car mileage budget -£5k

The revised General Fund Budget now stands at £10.160m.

4. The summary financial statements contained in the report cover the financial year 2014/15 and show:-
 - The approved annual budget;
 - The actual income and expenditure as recorded in the Council's financial management system;

- The variance between the annual budget and the forecast outturn;
- For the ACE revenue budget, adjustments for items outside of the cash limit to take into account such items as redundancies met from the strategic reserve, capital charges not controlled by services and use of / or contributions to earmarked reserves.

Revenue - General Fund Services

5. The service is reporting a cash limit underspend of **£0.050m** against a revised budget of **£10.160m**.
6. The tables below compare the actual expenditure with the budget. The first table is analysed by Subjective Analysis (i.e. type of expense), and the second by Head of Service.

Subjective Analysis

£'000	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Employees	6,497	1,993	6,615	118	(71)	47
Premises	301	48	301	0	0	0
Transport	47	10	47	0	0	0
Supplies and Services	1,771	325	1,751	(20)	0	(20)
Agency and Contracted	0	0	0	0	0	0
Transfer Payments	1,878	368	1,878	0	0	0
Central Costs	1,971	25	1,971	0	0	0
GROSS EXPENDITURE	12,465	2,769	12,563	98	(71)	27
INCOME	(2,305)	(349)	(2,382)	(77)	0	(77)
NET EXPENDITURE	10,160	2,420	10,181	21	(71)	(50)

Analysis by Head of Service

Head of Service Grouping	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Partnership and Community Engagement	6,786	1,484	6,841	55	0	55
Planning and Performance	1,542	449	1,579	37	(38)	(1)
Policy and Communications	2,255	487	2,184	(71)	(33)	(104)
Central	(423)	0	(423)	0	0	0
NET EXPENDITURE	10,160	2,420	10,181	21	(71)	(50)

7. Attached in the table below is a brief commentary of the variances with the revised budget analysed into Head of Service groupings. The table identifies variances in the core budget only and excludes items outside of the cash limit (e.g. central repairs and maintenance) and technical accounting adjustments (e.g. capital charges):

Head of Service	Service Area	Description	Forecast Year End (Under) / Over Budget
Partnership and Community Engagement (PACE)	Area Action Partnerships, Community Buildings, PACE	£61k managed over budget on employees (fully staffed). £5k over budget on car allowances. £11k over recovery of income.	55
Planning and Performance	Planning, Performance, Overview and Scrutiny, County Records	£31k managed over budget on employees £21k managed under budget on supplies and services. £11k over recovery of income	(1)
Policy and Communications	Policy, Communications, Public Relations, CCU and Programme Office	£66k under budget on employees £11k under budget on supplies. £27k additional income generated through advertising and commercial bodies.	(104)
Central	Central Costs	No variances	0
TOTAL			(50)

8. In summary, the service grouping is on track to maintain spending within its cash limit. It should also be noted that the estimated outturn position incorporates the MTFP savings required in 2014/15 which amount to £0.410m.

Members Neighbourhoods Revenue Budget

9. Each elected member receives an annual allocation of £20k; £6k revenue and £14k capital. The revenue budget allocation for the current year is £0.756m. Previous years unspent allocations totalling £0.979m are held in an earmarked reserve. At present £0.498m of the total budget allocation of £1.735m has been either spent or committed and it is expected that the remaining budget will be allocated during the 2014/15 financial year.
10. The members Initiative Fund Element of this budget equates to £252k based on £2k per elected member. At this stage of the year it is expected that this will be fully expended.

AAP Area Budgets

11. Each of the 14 Area Action Partnerships (AAP) has an annual allocation of £120k; £96k revenue and £24k capital. The revenue budget allocation for the current year is £1.344m to develop projects to meet the agreed AAP priorities. Previous years unspent allocations totalling £1.095m are held in an earmarked reserve. At this stage in the year a total of £1.122m has either been committed or spent and it is expected that the remaining £1.317m will be committed later in the year. The AAPs were also in receipt of additional funding during 2013/14 which was transferred to the AAP reserve. The reserve will be drawn on as required during the year with any balance retained for future years. The balances held at 1 April 2014 are as follows:

- £0.150m from Public Health (£10k per AAP plus £10k)
- £0.300m from the Clinical Commissioning Group (CCG)

- £0.140m from the Welfare Assistance Fund
- £0.550m Community Health Champions

Capital Programme

- The ACE capital programme comprises four schemes, Assets in the Community, Area Action Partnerships Capital, Members Neighbourhoods Capital and Community Facilities in Crook.
- The Assistant Chief Executive capital programme was revised at Outturn for budget rephased from 2013/14. This increased the 2014/15 budget to £3.472m. Further reports to the MOWG in 2014/15 detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget now stands at **£4.548m**.
- Summary financial performance to the end of June is shown below.

Service	Original Annual Budget 2014/15 £000	Revised Annual Budget 2014/15 £000	Actual Spend to 30 June £000	Remaining Budget £000
Assets in the Community	871	922	16	906
Area Action Partnership	336	339	0	339
Members Neighbourhoods	1,764	2,774	233	2,541
Community Facilities Crook	501	513	0	513
Total	3,472	4,548	249	4,299

- Officers continue to carefully monitor capital expenditure on a monthly basis. £249k of actual expenditure has been incurred to date (5% of the annual capital budget for the year).
- At year end the actual outturn performance will be compared against the revised budgets and service and project managers will need to account for any budget variance.

Recommendations:

- The Corporate Issues Overview and Scrutiny Committee is requested to note the contents of this report.

Contact: Azhar Rafiq – Finance Manager

Tel: 03000 263 480

Appendix 1: Implications

Finance

Financial implications are detailed throughout the report which provides an analysis of the revenue and capital projected outturn position.

Staffing

None.

Risk

None.

Equality and Diversity / Public Sector Equality Duty

None.

Accommodation

None.

Crime and disorder

None.

Human rights

None.

Consultation

None.

Procurement

None.

Disability Issues

None.

Legal Implications

None

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