



Corporate Issues Overview and Scrutiny Committee

Date Monday 28 September 2015
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.
2. Substitute Members.
3. Minutes of the meeting held 23 July 2015. (Pages 1 - 6)
4. Declarations of Interest, if any.
5. Report on the Council's use of powers under the Regulation of Investigatory Powers Act 2000: (Pages 7 - 60)
 - (i) Regulation of Investigatory Powers Act 2000: Annual Review of the Council's use of powers and Approval of RIPA Policy, Report of the Corporate Director: Resources.
 - (ii) Regulation of Investigatory Powers Act 2000: Quarter 1 - 2015/16, Report of the Corporate Director: Resources.
6. MTFP 6, Council Plan, Service Plans 2016/17 - 2018/19 and Review of the Council's Local Council Tax Reduction Scheme 2016/17, plus an update to the Discretionary Rate Relief Policy 2015/16: (Pages 61 - 86)
Report of the Assistant Chief Executive.
7. Quarter 1 2015/16 Performance Management Report: (Pages 87 - 104)
Report of the Assistant Chief Executive.
8. Quarter 4 Revenue and Capital Outturn 2014/15: (Pages 105 - 118)
 - (i) Resources - Report of Corporate Director: Resources.
 - (ii) Assistant Chief Executive's - Joint Report of Corporate Director: Resources and Assistant Chief Executive.

9. Quarter 1 Revenue and Capital Outturn 2015/16: (Pages 119 - 132)
 - (i) Resources - Report of Corporate Director: Resources.
 - (ii) Assistant Chief Executive's - Joint Report of Corporate Director: Resources and Assistant Chief Executive.
10. 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
18 September 2015

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

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

Councillors J Alvey, B Armstrong, J Armstrong, L Armstrong, H Bennett, G Bleasdale, J Carr, P Crathorne, J Hillary, E Huntington, N Martin, J Rowlandson, A Shield, P Stradling, L Taylor, A Turner, M Wilkes, S Wilson and R Young

DURHAM COUNTY COUNCIL

CORPORATE ISSUES OVERVIEW AND SCRUTINY COMMITTEE

At a Meeting of **Corporate Issues Overview and Scrutiny Committee** held in **Committee Room 1B, County Hall, Durham** on **Thursday 23 July 2015** at **9.30 am**

Present:

Councillor J Lethbridge (Chairman)

Members of the Committee:

Councillors B Armstrong, J Armstrong, L Armstrong, H Bennett, G Bleasdale, J Carr, K Henig (Vice-Chairman), N Martin, J Rowlandson, A Shield, P Stradling, M Wilkes and R Young

1 Apologies for Absence

Apologies for absence were received from Councillors J Alvey, J Hillary, E Huntington and L Taylor.

2 Substitute Members

No notification of Substitute Members had been received.

3 Minutes

The minutes of the meeting held on 20 April 2015 were confirmed as a correct record and signed by the Chairman.

Matters Arising

The Head of Planning and Performance referred to Minute 6, page 4 of the agenda pack and advised members that as suggested the staffing figures would be available in Quarter 1. She also advised members that the comments by Councillor Martin on page 5 of the agenda pack in relation to Customer Feedback had been fed back to the team.

The Head of Planning and Performance referred to minute 6, page 6 of the agenda pack in relation to Aycliffe Secure Services and advised that the previous recording for Quarter 2 had now been rectified.

4 Declarations of Interest

There were no Declarations of Interest.

5 Quarter 4 2014/15 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 2014/15 financial year (for a copy of report and slides of presentation see file of minutes).

The Corporate Scrutiny and Performance Manager, Tom Gorman was in attendance to speak to Members in relation to the Quarter 4, 2015/16 Performance Management Report.

The presentation looked at the Key Performance Highlights, Key Performance Challenges, Benefits, Customers Seen at Customer Access Points, Telephone Calls Answered, Customer Contacts, Undisputed Invoices Paid within 30 Days, Actions Undertaken to Improve Performance, Freedom of Information, Environmental Information Regulations Requests, Sickness Absence and Performance Appraisals.

Following the presentation the Chairman thanked the Corporate Scrutiny and Performance Manager for his presentation and indicated that he was concerned at the number of children in poverty and the Freedom of Information targets.

Councillor J Armstrong referred to sickness absence which was disappointing as things had been put into place, but sadly it was not making a difference.

Councillor A Shield shared Councillor Armstrong's concerns and referred to some of the suggestions that scrutiny had made following the light touch review which had not been followed through.

Councillor Wilkes also referred to sickness absence and indicated that if recommendations were implemented changes would be seen. He also referred to page 25 of the agenda in relation to performance indicator REDP179 and that there was no triage data for this indicator. He also commented on Discretionary Housing Payments which were increasing and what was the reason for this increase and that it needed to be looked into.

Ian Ferguson, Revenue and Benefits Manager responded that the Discretionary Housing Payments were monitored and controlled.

Councillor Wilkes responded that controlled would suggest that there was not enough money. The Revenue and Benefits Manager responded that it was controlled by a policy and payments were made within the policy.

Councillor Henig referred to performance indicators 184 and 185 in that telephone contacts had increased and web contacts had reduced which was in the opposite direction to expected trends. She also referred to performance appraisals and how maternity leave was not an excuse for an appraisal not to take place.

Mary Readman, Customer Relations, Policy and Performance responded that work was been undertaken by an anti-poverty group and this information may be useful to be fed into Quarter 1.

In relation to telephone contacts the Registration Service was added to the Automatic Call Distribution during this quarter and a large number of calls were received in relation to the garden waste collection service. She also indicated that 3 years ago they had received £1m calls and that figure was now 650,000 per year. Abandoned calls figures had reduced and operators had received training on how to respond. The Council weren't quite there with regard to self-service, they were trying to get more services on self-service and the registration service and bulky waste were now on line and more services would be added.

The Corporate Scrutiny and Performance Manager referred to maternity leave and that they tried to ensure that a performance appraisal was completed before they commenced leave but this was not always possible if they had to start their leave earlier than anticipated.

Councillor A Shield commented that it was encouraging about the action group and referred to tenants not being able to move into smaller properties if they had rent arrears. Members discussed this issue in particular if the policy could be looked at to enable tenants to move into smaller properties who were subject to the bedroom tax and this was the reason for the arrears.

Councillor L Armstrong referred to child poverty and asked if these figures could be broken down into wards. The Head of Planning and Performance responded that they would see if this could be done.

Councillor Wilkes referred to target RES/001 Savings delivered against the Medium Term Financial Plan and the figures published at the Cabinet meeting in July and the figures were not the same. It appeared that more savings had been made than anticipated. Officers advised members that the July 2015 Cabinet report represented the latest update.

Resolved:

That the contents of the report be noted.

6 Customer Feedback: Complaints, Compliments and Suggestions Quarter 4 Report 2014/15

The Committee considered a Joint Report of the Assistant Chief Executive and Corporate Director, Neighbourhood Services which provided details of the Customer Feedback: Complaints, Compliment and Suggestions Year End Report 2014/15 (for copy see file of minutes).

The Customer Relations, Policy and Performance Manager, Mary Readman advised that between 1 April 2014 and 31 March 2015 Durham County Council received 2,649 stage 1 complaints, 193 compliments and 299 suggestions. 195 complaints had escalated to stage 2. During this period 177 complaints and 509 compliments received were in relation to adult and children's social care statutory services.

It was reported that complaints received during 2014/15 had a steady decline overall.

She also referred to the handling of stage 2 complaints where 24% were responded to within 20 days and advised members that they struggled with this target as they were often complex and required thorough investigation. A significant improvement had been made in responding to stage 2 complaints with the average complaints open at any one time reducing from over 60 at the beginning of 2014/15 to fewer than 20 by the end of the year. 47% of the complaints processed were not upheld

Further details were provided for each service grouping for 2014/15 in relation to complaints, compliments and suggestions.

Moving on the Customer Relations, Policy and Performance Manager advised members that in order to provide an analysis by area of complaints they were geocoded and included in the geographic analysis which considered complaints by Strategic Partnership Areas. They also looked at the rate per 1,000 households which showed a noticeable difference.

Members were also advised that during 2014/15 the Local Government Ombudsman made initial enquiries / investigations into 130 matters. The Ombudsman delivered decisions on 36 matters in 12 of the cases no fault was found, 11 cases maladministration and injustice to the complainant was found and they were still waiting for decisions on 19 cases and 1 case relating to planning issues was on hold pending legal proceedings.

Following the presentation, Councillor A Shield complimented the report and referred to the table on page 40 of the agenda and indicated that there were only two areas which had seen an increase in complaints.

Councillor Wilkes referred to the same table and indicated that there had been a big reduction in the number of complaints however Neighbourhood Services was less than last year but was still a 20% increase from 3 years ago. Weather related complaints were not removed so he would like to see a figure in future with the weather related incidents removed. Also could compliments be better drawn out.

The Customer Relations, Policy and Performance Manager responded that it was difficult to get a status quo as they had introduced a lot of services, changes had been made and some services reduced. The biggest changes were in 2012/13, but she would take his comments on board. She had discussed with the Head of Planning and Performance about reviewing the report and taking some factors out.

Members discussed the take up of the garden waste which was 63,000 and how this compared to the projected figure and how much money had been saved.

Councillor Stradling and the Chairman complimented the Customer Relations, Policy and Performance Manager on her report.

Members also discussed the Local Government Ombudsman settlements and if the details could be shared with Members. Officers responded that this was reported through the Standards Committee. Members were also advised that the Local Government Ombudsman did publish information on their website.

Resolved:

That the contents of the report be noted.

7 Corporate Complaints

The committee considered a report of the Assistant Chief Executive to present to members the revised corporate complaints policy following the Corporate Complaints Review agreed by Cabinet on 10 June 2015 (for a copy of the report and slides of presentation see file of minutes).

Su Jordan, Civil Contingencies Unit and Programme Office Manager, Assistant Chief Executive's was in attendance to give members a presentation outlining the key revision to the corporate complaints policy.

The presentation looked at the Corporate Complaints Review, Baseline Process, Baseline Volume, Timescales, Customer Feedback, Officer Feedback, Themes from Feedback, Ideas for Improvement, Testing the Ideas, Direct Contact, Service Ownership, Learning Cycle, Lessons Learned, Policy, The Revised Process and Implementation.

The Chairman thanked Su Jordan for her very informative presentation and that he was pleased that there was a process for dealing with vexatious complaints.

Councillor Wilkes indicated that he was pleased with the way it was moving forward but he was concerned with the difference in targets and who would be monitoring.

The Civil Contingencies Unit and Programme Office Manager responded that they had a lot of historical data so they knew what the target should be.

Councillor Wilkes then went on to ask about what was classed as a complaint. Officers responded that there would be an assessment by the team and they would talk to the customer.

Councillor J Armstrong welcomed the positive report in particular the vexatious policy. He asked that it be monitored in 6 or 7 months' time. The Civil Contingencies Unit and Programme Office Manager responded that evidence should be available after December and would form part of the Customer Relations, Policy and Performance Manager's report.

Councillor L Armstrong commented that the report made sense and if a complaint could be resolved in 10 minutes this would be better. He also referred to Facebook and Twitter and asked if this could be monitored and some of the comments removed. The Customer Relations, Policy and Performance Manager responded that it was monitored and comments were removed but they received complaints regarding the removal of comments.

Councillor Henig thanked the Civil Contingencies Unit and Programme Office Manager for her report.

In response to questions from Councillor Henig the Civil Contingencies Unit and Programme Office Manager and the Customer Relations, Policy and Performance Manager indicated that they had a guidance pack for staff and training had been provided. The Local Government Ombudsman had produced a booklet on how to handle complaints and they had used some of this for the training and guidance.

The pilot scheme had showed that some people just wanted an apology and the incident resolved. The form on the website asked for the outcomes and they were looking to have more realistic service standards. They were learning but the pilot had not been running long enough to get information but this would eventually be fed through.

Resolved:

That the revised Corporate Complaints Policy that included a new approach for dealing with abusive, unreasonably persistent or vexatious complaints be noted.

8 Council Plan 2015/2018 - Refresh of Work Programme for 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 2015/16 (for copy see file of minutes).

The Head of Planning and Performance advised members that the Attendance Management Light Touch/In Depth Review was underway. She also referred to a potential scrutiny on the CRM which would involve the whole committee but this had not been added to the work programme at this stage.

Councillor Wilkes referred to the Budget and Medium Term Financial Plan Process on page 80 of the report and indicated that he was concerned that September 2015 to March 2016 was not giving the committee enough time to feed in to the Medium Term Financial Plan. He also referred to the amount of reserves and asked that this be looked at in more detail and could some of the reserves be allocated to services. He asked that audit investigate the matter and report back to the committee.

Councillor Armstrong responded that the financial settlement would not be received until January 2016 so they had a tight deadline. He agreed if there were concerns with reserves Directors could give reasons which the Scrutiny Committee could look at.

Resolved:

That the work programme be agreed.

**Corporate Issues Overview and Scrutiny
Committee**

28 September 2015

**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 2014 to 31 March 2015 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 2014 – 31 March 2015

2. The table below provides details of RIPA authorisations that have been granted by the Council during the period 1 April 2014 to 31 March 2015. The Council has increased the use of its powers under RIPA during the last year as a result of the level of information and intelligence that has been received. The information now received by Trading Standards highlights more serious concerns about trading practices and generally involves sellers of goods from their home. The Council has also increased its partnership working with the Police and has also tried to generate more community intelligence and publicise its enforcement operations.
3. The increased use of social media, notably Facebook may also be a factor because previously counterfeit goods or illicit tobacco being sold from domestic properties would be limited to a smaller customer base. Now, social media platforms allows sellers to advertise and supply their goods to a much wider audience which in turn may lead to more people complaining about them as they are more overt than they used to be.

Type of Investigation	Number of Authorisations during the period 1 April 2014 – 31 March 2015
Illicit tobacco	6 x Directed Surveillance, 1 x CHIS
Underage sales of alcohol/tobacco	3 x Directed Surveillance
Test Purchases	3 x Directed Surveillance
Counterfeit Goods	6 x Directed Surveillance, 6 x CHIS,
Unlicensed Gambling	2 x Directed Surveillance, 2 x CHIS
	Total - 29

Review of the Council's Corporate Guidance on RIPA

4. The Council's RIPA policy was last approved by the Corporate Issues Overview and Scrutiny Committee at its meeting held on 19 September 2014.
5. As part of the annual review, the policy has been reviewed and is attached as Appendix 2, with the changes highlighted. The proposed amendments to the policy include updating the definition of a Single Point of Contact (SPoC) to reflect the Council's use of National Anti-Fraud Network (NAFN) to process applications for communications data, updating the record retention period to incorporate the guidance contained in new Home Office Codes of Practice, additional paragraphs regarding the cancellation process for authorisations and the removal of sections which are out of date or replicated elsewhere in the policy.

Recommendations and Reasons

6. It is recommended that members
 1. Receive the annual report on the Council's use of powers under RIPA.
 2. Approve the Council's policy on the use of RIPA.

Background Papers

None

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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.

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CORPORATE GUIDANCE DOCUMENT

REGULATION OF INVESTIGATORY POWERS ACT 2000

September 2015

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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

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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>

VALID ON DAY OF PRINTING ONLY
PLEASE CHECK ON INTRANET FOR MOST CURRENT VERSION IN USE

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.~~

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.

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~~ **5** 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 Authorising Officer who granted ~~granting or who~~ or last renewed the authorisation **must** cancel it, if satisfied that the directed surveillance no longer satisfies the criteria upon which it was authorised. ~~Where the Authorising~~

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Officer is no longer available, this duty will fall on the person who has taken over the role of Authorising Officer or the person who is acting as Authorising Officer.

- 11.2 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 As soon as the decision is taken that directed surveillance should be discontinued, the applicant or other investigating officer involved in the investigation should inform the Authorising Officer. The Authorising Officer will formally instruct the investigating officer to cease the surveillance, noting the time and date of their decision. This is required for the cancellation form. The date and time when such an instruction was given should also be recorded in the central record of authorisations. It is also necessary to detail the amount of time spent on the surveillance as this is required to be retained by the SRO.
- 11.4 The officer submitting the cancellation should complete in detail the relevant sections of the form and include the period of surveillance and what if any images were obtained and any images containing third parties. The Authorising Officer should take this into account and issue instructions regarding the management and disposal of the images etc.
- 11.5 The cancellation process should also be used to evaluate whether the objectives have been achieved and whether the applicant carried out what they stated was necessary in the application form. This check will form part of the oversight function. Where issues are identified they will be brought to the attention of the SRO. This will assist with future audits and oversight.
- ~~11.36~~ The reason for cancellation of the authorisation must be detailed on the cancellation form. The cancellation form will be filed by the Authorising Officer with the original authorisation in the central record of authorisations managed by Legal and Democratic Services. ~~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~~ 2014 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

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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.

- 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 and if disseminated to an outside agency meet the requirements of the Data Protection Act 1998.

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

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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 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

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- 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 crime or preventing disorder 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 may require an authorisation to be granted if the RIPA criteria are met.
- ~~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. 6. 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.
5. The Council’s Environment Health and Consumer Protection Service has developed an Online Investigation Protocol which should be adopted by other service areas conducting online investigations.

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 must keep a copy of the relevant documents to check against the cancellation. ~~processing the majority of applications within each service should maintain Management Record Files.~~ These documents ~~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)

~~Legal Manager - Governance~~

RIPA Monitoring Officer

3. **The Record Retention Period is ~~three~~ 5 years**

RIPA DIRECTED SURVEILLANCE/CHIS AUTHORISING OFFICERS

Authorising Officer	Rank
Paul Bradley	Chief Internal Auditor and Corporate Fraud Manager, Resources
Ian Houlton	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.

APPENDIX 3-2

DURHAM COUNTY COUNCIL

REGULATION OF INVESTIGATORY POWERS ACT 2000

CCTV SYSTEM PROTOCOL

1.0 Introduction

- 1.1 Durham County Council operates and manages a number of Surveillance Cameras and has installed Closed Circuit Television Systems (CCTV) into a number of County Council establishments. The primary purpose of these systems being is to protect public safety, preventing and detecting crime which may affect the premises and individuals frequenting such premises and to monitor council buildings, vehicles and premises for security reasons.
- 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 the Council's CCTV Policy and Code of Practice 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 the Council's policy 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

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County Hall, the officer in charge of the premises should be approached in the first instance.

- 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 which falls within RIPA, 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 RIPA 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

28 September 2015

Report on the Council's use of powers under the Regulation of Investigatory Powers Act 2000 – Quarter 1 - 2015/16



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 2015 until 30 June 2015 (Quarter 1) to ensure that it is being used consistently with the Council's policy and that the policy remains fit for purpose.

Background

2. As members are aware, the Regulation of Investigatory Powers Act 2000 (RIPA) enables local authorities to carry out certain types of surveillance activity provided that specified procedures are followed. The Local Authority is able to rely upon the information obtained from those surveillance activities within court proceedings.
3. This report gives details of RIPA applications that have been authorised during the period 1 April 2015 and 30 June 2015 and the outcomes following surveillance.

Quarter 1 Activity

4. During Quarter 1 there were 2 new RIPA Directed Surveillance authorisations and 1 renewal of a RIPA Directed Surveillance Authorisation, which related to operations conducted by Trading Standards regarding sales of illicit cigarettes from residential premises.

5. There were also 2 new Covert Human Intelligence Source (CHIS) authorisations which related to operations conducted by Trading Standards. One regarding sales of counterfeit tobacco and cigarettes and one in relation to online sales of counterfeit goods
6. All authorisations were approved the Magistrate and there were no difficulties or issues raised by the Magistrate in approving the applications.
7. The Council's Senior Responsible Officer is satisfied that the Council's use of its powers under RIPA during both quarters is consistent with the Council's policy and the policy remains fit for purpose.

Outcomes following surveillance

8. Investigations remain ongoing in relation to two operations regarding the sale of counterfeit tobacco and cigarettes from premises. No formal action is to be taken in relation to the other two cases.

Recommendations and Reasons

9. It is recommended that members receive the quarterly report on the Council's use of RIPA for the period 1 April 2015 to 30 June 2015 and resolve that it is being used consistently with the Council's policy and that the policy remains fit for purpose.

Background Papers

None

Contact: Clare Burrows, Solicitor – Governance
Tel: 03000 260 548 E-mail: clare.burrows@durham.gov.uk

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: None

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**Corporate Issues Overview
and Scrutiny Committee**



28 September 2015

Medium Term Financial Plan (6), Council Plan, Service Plans 2016/17 – 2018/19 and Review of the Council’s Local Council Tax Reduction Scheme 2016/17, plus an update to the Discretionary Rate Relief Policy 2015/16

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 (15 July 2015) that presents the planning frameworks which will enable the Council to develop the 2016/17 Budget, Medium Term Financial Plan 6 (MTFP (6)) and Council Plan/Service Plans 2016/17 to 2018/19, 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 The attached report provides details on the development of the 2016/17 budget, the Medium Term Financial Plan (MTFP(6)) and Council Plan/ Service Plans 2016/17 to 2018/19. The development of MTFP(6) has taken into account an initial analysis of the impact of the Government’s 8 July 2015 ‘Summer’ Budget.
- 3 The report also provides details of a review of the Local Council Tax Reduction Scheme and provides details of an update to the Discretionary Rate Relieve Policy.
- 4 In accordance with the Council’s Constitution, OSMB considerations (see 5) and the agreed Work Programme for Corporate Issues Overview and Scrutiny Committee, members of the committee are invited to consider and comment on the 2016/17 – 2018/19 Medium Term Financial Plan (MTFP) and Council Plan/Service Plans initial Cabinet report.
- 5 The Overview and Scrutiny Management Board considered this report at its meeting of 18 September 2015, and a verbal summary of its considerations will be provided to the meeting.
- 6 Members are also asked to note that since the attached Cabinet report was published there is a revised timescale for the national Spending Review, now expected on 25th November rather than in October (see attached report paragraph 35). This means that the Cabinet report, timetabled in the attached report for November is now expected in December.
- 7 This will impact on the December scrutiny session which is proposed to be combined with the CIOSEC meeting on 26 January 2016 , incorporating both the December and January Cabinet report.

Recommendation

- 8 Corporate Issues Overview and Scrutiny Committee is asked to note:
- (i) the forecast funding reductions for 2016/17 to 2018/19 resulting from the analysis of the Summer Budget.
 - (ii) the requirement to identify £102.875m of savings across the 2016/17 to 2018/19 period.
 - (iii) the approach to preparing the Council Plan and Service Plan.
 - (iv) the high level MTFP(6) and Council Plan timetable.
 - (v) the approach outlined for consultation.
 - (vi) the proposals to build equalities considerations into decision making.
 - (vii) that Cabinet recommend to Full Council that the Local Council Tax Reduction Scheme should remain unchanged for 2016/17, with a further review to be undertaken in Quarter 1 of 2016/17 to inform budget options for 2017/18 and beyond.
 - (viii) the revisions to the Discretionary Rate Relief Policy agreed under delegated powers.

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Appendix 1: Implications (In line with the Cabinet Report of 15 July 2015)

Finance – An analysis of funding reductions has been carried out. This has resulted in a £30.5m savings target for 2016/17 and £102.9m over the 2016/17 to 2018/19 period.

The revised Discretionary Rates policy takes into account the announcements in the Governments Autumn Statement with regards to Retail Relief and the extension of Transitional Relief for small and medium properties.

All awards in respect of Retail Relief and Transitional Relief will be refunded directly by the Government via s31 Grant.

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

Risk – In terms of the Discretionary Rate Relief Policy, given the scope and nature of the organisations supported through this policy any changes which would reduce entitlement would have reputational risks to the Council and financial risks to the individual organisations. The proposals set out in this report seek to extend and enhance current arrangements in line with Government policy

Equality and Diversity/ Public Sector Equality Duty – Equality considerations are built into the proposed approach to developing MTFP(6), Council Plan and Services Plans, as a key element of the process.

An equality impact assessment has not been completed at this stage in respect of the amendments to the Discretionary Rates Relief policy, as the amendments seek to extend and enhance current arrangements in line with Government policy, with regards to the increased Retail Relief and the extension of Transitional Relief for a two year period

Accommodation – None specific within this report.

Crime and Disorder – None specific within this report.

Human Rights – Any human rights issues will be considered for any detailed MTFP(6) and Council Plan proposals as they are developed and decisions made to take these forward.

Consultation – The approach to consultation on MTFP(6) is detailed in the report.

Procurement – None specific within this report.

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

Legal Implications – Section 47 of the Local Government Finance Act 1988 and subsequent amending legislation provides the provisions and criteria for awarding discretionary rate relief. The Localism Act 2011 amended Section 47 Clause 69, of the Local Government Finance Act 1988 to allow local authorities to reduce the business rates of any local ratepayer (not just those who can currently be granted discretionary relief), via a local discount scheme.

Statutory guidance states that any discretionary rate relief or local discount scheme must be in the interests of the wider council taxpayer.

The proposals set out in this report only seek to amend / extend current policy arrangements to take account of changes in Government policy / funding arrangements. The amendments have been actioned under a delegated decision by the Corporate Director Resources, in consultation with the Deputy Leader and Cabinet Portfolio Holder for Finance but requires Cabinet approval.

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Cabinet

15 July 2015



Medium Term Financial Plan (6), Council Plan, Service Plans 2016/17- 2018/19 and Review of the Local Council Tax Reduction Scheme 2016/17 plus an Update to the Discretionary Rate Relief Policy 2015/16

CORP/R/15/02

**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 details on the development of the 2016/17 budget, the Medium Term Financial Plan (MTFP(6)) and Council Plan/Service Plans 2016/17 to 2018/19. The development of MTFP (6) has taken into account an initial analysis of the impact of the Government's 8 July 2015 'Summer' Budget.
- 2 The report also provides details of a review of the Local Council Tax Reduction Scheme and provides details of an update to the Discretionary Rate Relief Policy.

Executive Summary

- 3 The financial outlook for the Council continues to be extremely challenging. The final Coalition Government Budget in March 2015 identified the need for significant reductions in the spending of "unprotected" government departments over the 2016/17 to 2018/19 period. At that point, the forecasted impact on the Council's medium term financial plan was an additional funding reduction of £75m over the three year period with a £33m reduction in 2016/17.
- 4 Initial analysis of the Government's 8 July 2015 Summer Budget however indicates that the pace of funding reductions for "unprotected" government departments will be eased with funding reductions to be delivered over the four year period 2016/17 to 2019/20 rather than the three years planned previously. The scale of the challenge faced by the Council remains undiminished however with total funding reductions across the four year

period forecast to be £78m and with the Council also facing increased budget pressures with the introduction of a National Living Wage.

- 5 The position will remain uncertain however until the Autumn of 2015 when we receive the Government's Spending Review which will detail the funding reductions faced by the Department for Communities and Local Government (DCLG). The Council is then expected to receive its financial settlement in December.
- 6 By 31 March 2016, savings of £153.2m will have been realised since the beginning of austerity in 2011/12. It is presently forecast that this figure will be £256m by 2018/19 and exceeding £260m by 2019/20.
- 7 The emphasis since 2011/12 has been to minimise savings from front line services by protecting them wherever possible, whilst maximising savings in management and support functions. This is becoming much more difficult however, as the scope for further savings in managerial and back office efficiencies is becoming exhausted. In the coming months the Council will need to review all services to determine where savings can be best achieved with minimal impact upon the public.
- 8 Savings plans will continue to be developed in the coming months based on the savings forecast in this report. The details of these savings plans will be reported after there is clarity in relation to the funding reductions faced by the Council.
- 9 The consultation process in relation to MTFP(6) and individual savings options will embrace and influence the outcomes from the 'Durham Ask' where appropriate, in order to ensure the Council can maximise any opportunities to maintain service provision with community group involvement, where they can demonstrate a sustainable business case for the service areas and facilities they have shown an interest in taking on.
- 10 With regard to the Local Council Tax Reduction Scheme (LCTRS), the Council is one of only two local authorities in the North East to have retained entitlement levels for Council Tax support within the LCTRS in line with that which applied under the national Council Tax Benefit regime in 2012/13. The 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 LCTRS is retained for a further year into 2016/17. Should the Cabinet agree, the Council will need to formally adopt this policy at Full Council before 31 January 2016.
- 11 In December 2014, the Chancellor announced a range of amendments to Business Rates as part of his Autumn Statement, including an extension of Small Business Rate Relief for a further 12 months until 31 March 2016; changes to the temporary discount for shops, pubs and restaurants with rateable values below £50,000 awarding them increased relief of £1,500 for 2015/16, with the Government continuing to fully fund this relief through Section 31 Grant; and an extension of the transitional relief scheme for a further two years from 1 April 2015. All of these changes need to

incorporated into the Council's Discretionary Rates Relief and Empty Property Relief Policy and approved by Cabinet.

Background

- 12 To ensure MTFP(6) Council Plan and Service Plans can be developed effectively and savings targets to be delivered in time to produce a balanced budget, it is important that a robust plan and timetable is agreed and followed.
- 13 The current MTFP(5) forecast that the Council agreed in February 2015, covers a three year period 2015/16 to 2017/18. It is recommended at this stage that MTFP(6) also covers a three year period 2016/17 to 2018/19.
- 14 At this stage of the planning cycle for MTFP(6) the following areas are presented for consideration of Cabinet:
- (i) Revised forecasts for government funding reductions following the Chancellor of the Exchequer's 8 July Budget;
 - (ii) An update on the development of the 2016/17 budget since the Council agreed its MTFP(5) on 25 February 2015;
 - (iii) Revisions to the MTFP(6) savings forecast for the period 2016/17 to 2018/19;
 - (iv) Proposed approach to the Council Plan and Service Plans 2016/17 to 2018/19;
 - (v) A MTFP(6) and Council Plan decision making timetable;
 - (vi) Proposed approach for consultation of MTFP(6) and Council Plans;
 - (vii) Workforce implications;
 - (viii) Equality considerations;
 - (ix) Consideration of the proposed Local Council Tax Reduction Scheme (LCTRS) for 2016/17;
 - (x) An update on the Council's Discretionary Rate Relief Policy

8 July Budget Impact

- 15 An initial high level analysis of the Budget has been carried out to understand the broad impact on both the Council and the public in the County. In relation to the Council's financial position the following points are noted:
- (i) The pace of reductions faced by "unprotected" government departments has eased with reductions over a four year period to 2019/20.

- (ii) The Council's forecast Government funding reduction in 2016/17 may not be as high as originally forecast.
- (iii) Total funding reductions across 2016/17 to 2019/20 of £78m are broadly in line with the £75m reductions formerly forecast for the 2016/17 to 2018/19 period.
- (iv) No additional funding reductions are forecast for 2015/16. The government has previously announced a consultation on a national £200m 2015/16 reduction in the Public Health grant. Based on an equal share methodology, the Council's grant would reduce by £3.3m. At this stage the Council is prudently forecasting that this reduction may be replicated in the 2016/17 base grant.
- (v) The funding reductions faced by DCLG will be detailed in the Spending Review to be published in the Autumn with the finance settlement for the Council expected in December.
- (vi) The Government announced a National Living Wage of £7.20 per hour from 2016/17 rising to at least £9.00 per hour in 2020/21. The current National Minimum Wage is £6.50 per hour with the Council's 'Durham Living Wage' of £7.43 per hour. These increases in remuneration will have an impact on the costs of both the Council's workforce but also on the cost of services the Council commissions from contractors if staff employed are predominantly lower paid e.g. residential care. The Council will need to fully assess the impact of this policy although at this stage an initial assessment of likely costs have been included in our MTFP(6) modelling and included in appendix 2.
- (vii) The Government has also announced an increase in Insurance Premium Tax from 6% to 9.5%. It is forecast that this could cost the Council circa £50,000 per annum.

16 In addition to the financial impact on the Council identified above, the following policy changes announced in the Summer Budget are of note:

- (i) Details on how £12bn of Welfare savings and £5bn of tax avoidance income would be delivered. Welfare savings are to be delivered over a three year period rather than a two year period as previously announced.
- (ii) Significant Welfare savings are to be achieved by reducing access to tax credits for the low paid.
- (iii) No increases in working age benefits, tax credits or Local Housing Allowance for a four year period.
- (iv) The benefits cap is to reduce to £23k a year in London and £20k elsewhere from the current cap of £26k.
- (v) Rents in social housing are to reduce by 1% in each of the next four years.

- (vi) Public sector pay increases are to be fixed at 1% for the next four years.
- (vii) Corporation Tax is to reduce from 20% to 19% in 2017 and to 18% in 2020. This along with reductions in national insurance liabilities for small and medium enterprises is expected to assist business in paying the 'National Living Wage'.
- (viii) Local authorities are expected to come forward with options on how investments can be pooled between different Pension Funds with a view to reducing costs.

17 Although broad assumptions can be made on the overall impact of the Summer Budget on local authorities, further analysis will be required over the coming weeks. This analysis alongside information from the Autumn Spending Review and Local Government Finance Settlement will be utilised to finalise the 2016/17 Budget and MTFP(6) in February 2016.

2016/17 Budget

18 In line with previous years, a thorough review of the Council's budget has taken place subsequent to the approval of MTFP (5) by the Council on 25 February 2015. This has resulted in a number of changes to the assumptions built into our 2016/17 budget and, where necessary future years' budget models. The key adjustments are detailed below:

(i) **Business Rates/Top Up Grant RPI Increase**

The previous forecast was for a 2% increase in Business Rates and Top Up Grant in 2016/17 in line with Retail Price Index (RPI) forecasts. Since then, inflation has been at historically low levels and it would be prudent at this stage to only assume a 1% increase. The RPI uplift for 2016/17 will be based upon rates in September 2015.

(ii) **New Homes Bonus**

The New Homes Bonus was introduced in 2011/12 to, in theory, 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) each year and paid back to local authorities as the separately assessed New Homes Bonus. Between 2011/12 and 2015/16 the total sum top sliced from RSG for the Council was £11.9m against the amount we received in New Homes Bonus of £8.323m. The New Homes Bonus is expected to be in place for 6 years up to the end of 2016/17. At this stage there is some uncertainty as to what may happen to the New Homes Bonus post 2016/17. The annual sums received by the Council for New Homes Bonus to date are as detailed overleaf:

Year	Sum Received
	£m
2011/12	1.300
2012/13	1.251
2013/14	2.248
2014/15	1.985
2015/16	1.539
Total	8.323

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 £3.6m less than the amount of RSG withheld over this five year period.

It is felt prudent at this stage for planning purposes to introduce an estimate of additional New Homes Bonus of £1.25m for 2016/17. Nothing is included at this stage for 2017/18 and beyond until there is clarity on the future of New Homes Bonus, which is likely to be part of the Government's Autumn Spending Review.

(iii) **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 and assumptions made with regards to discounts and exemptions, and in particular forecasts of the impact of the Local Council Tax Reduction Scheme. The forecast for tax base increases in MTFP(5) were as follows:

Tax Base	2016/17	2017/18
	£m	£m
Council Tax	1.000	0.750
Business Rates	0.500	0

The Council continues to develop forecasting to changes for both Council Tax and Business Rate tax bases. These developments are enabling the Council to be more certain in relation to forecast tax base increases into future years. Based upon current forecasts the following updated tax base increases have been included in MTFP(6) planning:

Tax Base	2016/17	2017/18
	£m	£m
Council Tax	3.000	0.750
Business Rates	1.140	0

The adjustment to tax base forecasts has enabled a £2.64m increase in forecasted resources available for 2016/17. In relation to 2017/18 it is prudent at this stage to forecast an increase of £750k for Council Tax base growth but a flat line position for Business Rates to leave forecasts unchanged due to uncertainty in relation to the rate of development of new housing and business within the County and the impact of the 2017/18 Business Rate Revaluation..

(iv) Impact of National Living Wage

Detailed analysis will be required on the likely impact of the National Living Wage. A rate of £7.20 per hour is to be implemented from April 2016 with the rate expected to exceed £9.00 per hour by 2020/21. There will be increased costs in relation to the Council's workforce.

In addition, the Council will face pressure from service providers to increase contract prices. At this stage cost pressures of the magnitude detailed below are included across MTFP(6):

Year	£m
2016/17	3.00
2017/18	5.00
2018/19	5.00
Total	13.00

(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 £0.1m 2016/17 budget pressure could be removed.

The reduction in oil prices has also influenced energy prices and there is now confidence in being able to delete the £0.5m pressure from 2016/17 budget planning.

The Council has reviewed the requirement for staff to be 'auto enrolled' into the Pension Fund. It is felt that it is likely that a significant number of employees will choose to become permanent members of the Pension Fund once the benefits of membership are explained. The Council is required to auto enrol all employees from 1 October 2017 unless employees expressly request that they wish to remain outside the Pension Fund.

After taking into account a forecast of 40% of employees auto enrolling and remaining in the pension scheme, a budget pressure of £0.55m in each of 2017/18 and 2018/19 has been introduced into MTFP(6)

planning. In addition however, the Council is required to auto enrol any employees who have started employment during the last three years but have chosen not to become a member of the Pension Fund as of the end of March 2016. To reflect the likelihood of some of these employees also choosing to become members of the pension scheme, a £0.1m pressure has been introduced into 2016/17 budget planning.

The triennial review of the Pension Fund will be carried out during 2016. The impact of this review will be reflected in the 2017/18 budget. It is forecast at this stage that there will be a deterioration in the Pension Fund deficit. With this in mind, the additional contribution to the Pension Fund in 2017/18 has been increased from £1m to £3m.

2016/17 Savings Forecast

- 19 Based on the forecasted revised Government funding cut and the other revised assumptions in this report, our savings requirement for 2016/17 is £30.488m. If the £3.3m forecast in year reduction in the Public Health grant is also applied in 2016/17 also, this reduction in the ringfenced specific grant will be “passport” to Public Health. This will result in a residual savings target of £27.188m.
- 20 Savings plans to achieve the target of £27.188m will be finalised in the coming months and reported to Cabinet and Full Council accordingly. To ensure savings are achieved in a timely manner, it may be necessary to either:
- (i) Report separately to Cabinet on individual savings plans to ensure a full consultation process can be followed;
 - (ii) Corporate Directors and Portfolio Holders may need to utilise delegated powers to initiate savings plans to ensure a full year’s saving can be achieved in 2016/17.

MTFP(6) – 2016/17 to 2018/19 Update

- 21 The Summer Budget contained overall “control totals” for the period 2016/17 to 2019/20 for Government departments i.e. no totals were provided for DCLG or any individual government department. These totals will be published as part of the Autumn Spending Review and will provide a clearer indication of the likely impact on local government funding.
- 22 An analysis can be carried out however on the overall control totals utilising a range of assumptions to determine the likely impact on DCLG. The following key assumptions have been utilised to develop the forecasts in Council funding reductions.
- (i) A 2% per annum increase in the NHS budget plus an additional £8bn by 2020/21
 - (ii) A 1% per annum increase in the Education budget

- (iii) Defence and International Aid budget to increase every year by the increase in Gross Domestic Product (GDP). This is forecast to be 2.4% per annum.
- (iv) All “unprotected” government departments e.g. Home Office, Business, Industry and Skills and Justice to receive the same percentage budget reductions.

23 The revised funding reductions and adjusted budget assumptions are detailed in the MTFP(6) model at Appendix 2. The table below provides a summary:

	2016/17	2017/18	2018/19	Total
	£m	£m	£m	£m
Variance in Resource	4.298	23.220	18.867	46.385
Base Budget Pressures	26.190	14.750	15.550	56.490
Savings Required	30.488	37.970	34.417	102.875

24 The table above exemplifies the continuing challenge faced by the Council. Forecast savings are over £30m in each of the next three years with an overall total of £102.875m. In addition, the Council will face additional savings in 2019/20 when it is forecast that government funding will reduce by an additional £8m. Overall the savings to be delivered over the 2011/12 to 2018/19 period will be £256m with this figure exceeded in 2019/20.

25 The funding reductions forecast by the Council after the March and July Budgets are detailed below:

Year	March 2015	July 2015
	£m	£m
2016/17	33.1	15.0
2017/18	26.2	30.0
2018/19	15.0	25.0
2019/20	0.0	8.0
Total	74.3	78.0

26 Although overall funding reduction forecast is slightly higher than previous forecasts, the forecasted reduction is lower in 2016/17 and the cuts in Government grant are now spread over four years rather than three years.

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

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 (6) 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 include an ongoing focus on protecting frontline services from budget savings in as far as possible. They reflect the results of an extensive budget consultation exercise carried out in late 2013 and early 2014 on spending priorities, plus a follow-up lighter touch consultation in 2014/15 which reconfirmed this approach. Our spending plans for this year are also based on these assumptions.
- 31 It is proposed that this year there will be a focused review of the Council Plan content to ensure that it reflects the updated MTFP focus over coming years. It is important to maintain the focus on high level priority themes set out in this year's plan, but to review the detailed objectives and outcomes to ensure that they are fit for purpose.
- 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. 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 35.
- 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 (6) proposals.

MTFP(6) and Council Plan

34 The development of MTFP(6) is fundamental to ensuring that the Council can plan and prepare for the impact of continuing reductions in Government funding; plan for known budget pressures and set a balanced budget each year. The timetable for delivery of MTFP(6), the Council Plan and Service Plans has taken the following into account:

- (i) The need to make changed to Council priorities as part of the development of the Council Plan;
- (ii) Consultation requirements;
- (iii) Equality and Diversity impact considerations;
- (iv) Government announcements; and
- (v) The need to consider both revenue and capital.

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

Date	Action
15 July	MTFP/Council Plan report to Cabinet
Sept/November	MTFP/Council Plan consultation process
18 September	Overview and Scrutiny Management Board consider 15 July Cabinet Report
28 September	Corporate Issues Overview and Scrutiny Committee (CIOSC) consider 15 July Cabinet Report
October	Expected date for publication of Spending Review (SR) 2015
18 November	MTFP/Council Plan report to Cabinet pending analysis of SR 2015
December	2016/17 Finance Settlement announced by DCLG
16 December	Tax Base Update report to Cabinet
December	CIOSC consider 18 November Cabinet Report
13 January	MTFP/Council Plan report to Cabinet Detail on settlement and outcome of the consultation process
26 January	CIOSC consider 13 January Cabinet Report

Date	Action
10 February	Budget Report to Cabinet
12 February	OSMB meeting to consider budget
24 February	Council Budget and MTFP report

Proposed Consultation Programme

- 36 During autumn 2013, the Council attracted over 10,000 people to take part in the largest public engagement programme of events 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 allocate grants to local people, set AAP priorities and provide views as to how the Council should manage its budget challenges over the next two to three years.
- 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 through different forms. There were 2,074 completed paper questionnaires and a further 517 completed online.
- 39 The results of this budget consultation which includes over 4,000 responses, were reported to Cabinet in February 2014 and 2015. A clear message from the consultation was the requirement to minimise the impact upon frontline service provision wherever possible.
- 40 The budget consultation carried out in 2014 confirmed that the majority of respondents felt that the priorities identified in 2013 were still relevant, as there had been no changes in their localities that would mean that they should change. The same consultation also confirmed that the vast majority of respondents (93%) felt the Council should progress with the Durham Ask initiative in order to try and safeguard frontline provision, given the financial challenges facing the Council.
- 41 Building on the extensive information gained from the budget consultations highlighted above, it is proposed that further budget consultation is carried out from September to November 2015 to seek views on:

- The budget challenge facing the Council and our overall approach to making savings
- Whether there have been significant changes to local communities that the Council need to be aware of when setting the budget for 2016/17
- The measures and support the Council should put in place to encourage more communities to take up greater control of assets and services as part of the Durham Ask

- 42 It is proposed that views will be sought on these points from September to November 2015 from the 14 A.A.P.s and the key partner agencies that make up the County Durham Partnership and for a representing special interest groups.
- 43 In line with the practice following in previous years, following this initial phase of consultation, once draft budget proposals for 2016/17 are agreed by Cabinet, views will be sought from the key partner organisations that make up the County Durham Partnership.
- 44 In addition, where individual budget proposals involve a significant service change to the public, these will be subject to a specific, detailed public consultation prior to a decision being made in accordance with our established practice.

Workforce Implications

- 45 The Council originally estimated 1,950 reductions to full time equivalent posts by the end of 2014/15. This figure will be monitored over the coming months and updated once detailed savings plans are reported for future years.
- 46 In order to minimise the impact upon staff the Council will continue to take all possible steps to avoid compulsory redundancies and minimise the impact upon the workforce. This will require a continued focus on forward planning, careful monitoring of employee turnover, only undertaking recruitment where absolutely necessary and retaining vacant posts in anticipation of any required service changes, seeking volunteers for early retirement and/or voluntary redundancy and maximising redeployment opportunities for the workforce wherever possible.
- 47 In addition, the way that work is organised and jobs designed will continue to be reviewed by service groupings, with the support of Human Resources, to ensure that changes that are made to maximise the use of the workforce numbers and skills and introduce flexibility into the way work is organised to maximise the capacity of the remaining workforce.
- 48 These actions will ensure that, wherever possible, service reductions continue to be planned well in advance of commencing the exercises, employees are able to consider their personal positions and volunteer for ER/VR prior to the start of the exercise should they wish to, thereby enabling, in a number of situations, the retention of sustainable employment in the County for those who wish to remain in the workplace.

Equality Considerations

- 49 As in previous years, equality impact assessments will be considered throughout the decision making process, alongside the development of MTFP(6). 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.
 - To ensure that equalities considerations are properly built into this year's MTFP (6) 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,
- 50 We will continue to ensure that full equality impact assessments inform final decision-making on implementing MTFP (6) savings for 2016/17 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 for 2016/17

- 51 The Government abolished the national Council Tax Benefits System on 31 March 2013, replacing it with a requirement for local authorities to work with their precepting bodies to establish a Local Council Tax Reduction Scheme (LCTRS) with effect from 1 April 2013. The new scheme provides a 'discount' against the Council Tax charge, rather than a benefit entitlement.
- 52 The Council Tax Reduction Scheme Grant replaced Council Tax Benefit subsidy and from April 2013 is paid directly to the council and the major precepting bodies (Police and Fire).
- 53 Government funding towards council tax support was reduced by 10 per cent nationally in 2013/14. By so doing, the Government also transferred the risk of any growth in the system through more council taxpayers becoming eligible for support with their council tax to local authorities as the government grant was a fixed amount.

- 54 The funding made available to support the Local Council Tax Support Schemes in 2013/14 (90% of the previous funding available under the Council Tax Benefit System) now forms part of the Council's formula funding arrangements. Whilst separate figures were published for this in 2013/14, there is no longer any visibility over what level of funding is actually contained within the formula now for Council Tax Reduction Schemes.
- 55 The Council's formula grant includes an element relating to Town and Parish (T&P) Councils and whilst the Council passed the grant on to the Town and Parish Councils in the last three years, there is no statutory requirement to do so.
- 56 Following discussions with the Town and Parish Councils' Working Group, it is proposed to continue to pass on the Town and Parish element of the formula grant in 2016/17, but in doing so, continue to apply pro-rata reductions in the Council Tax Support Grant paid to Town and Parish Councils 2016/17 in line with reductions in the overall formula funding made available to the Council and this is reflected in the updated MTFP model.
- 57 In the North East region, Durham and Northumberland have schemes that continue to mirror entitlement under the former Council Tax Benefit system, whilst the other ten Councils have schemes that have maximum entitlement to working age claimants on average of between 70% (South Tyneside) and 93% (North Tyneside).
- 58 There are currently c62,000 LCTRS claimants in County Durham, of which c28,000 (46%) are pensioners and c34,000 are working age claimants (54%), c23,500 working age claimants are on passported benefits and receiving 100% discount. LCTRS support to claimants in terms of discounts against their Council Tax liability totals c£53m.
- 59 As Members will be aware, if any changes are made to the scheme, these must be consulted on 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.
- 60 Pensioners, have to be protected from any changes, with any reductions applied to working age claimants only.
- 61 Three years after the Government abolished the national Council Tax Benefits System the Council continues to have a Local Council Tax Support Scheme which mirrors the previous entitlement under the Council Tax Benefit System for all claimants. No council tax benefit claimants have therefore been financially worse off in the last two years than they would have been under the previous national scheme.
- 62 The Council have been mindful of the continuing impacts of the wider welfare reforms which are having a detrimental impact on many low income households and the fact that the additional Council Tax liabilities to working age households could have a significant impact on affected household budgets by around £125 a year based on a scheme whereby entitlement for working age claimants is set at a maximum of 90% entitlement. This would

make collection of council tax more difficult and costly to recover from these low income households.

- 63 In approving the scheme for 2015/16 the Council gave a commitment to review the scheme on the grounds of medium term financial plan (MTFP) affordability and on-going austerity causing further MTFP pressures.
- 64 Based on Taxbase assumptions, the estimated net cost of retaining the scheme in 2016/17 is £5.064m. To recover the full £5.064m cost by reducing the benefit awarded to working age claimants would require us to reduce the maximum entitlement from 100% to 73%.
- 65 Should the Council review its scheme and reduce maximum entitlement to working age claimants, depending on the forecasted council tax collection from the affected low income households, there would be scope to increase Council Tax revenues by between £1.9m (based on a scheme that awarded maximum entitlement to working age households of 90% with a prudent collection rate of 80%) and £5.6m (based on a scheme that awarded maximum entitlement of 70% with a prudent collection rate of 80%). This would impact on an estimated 34,000 working age households where 10,500 are actually in jobs rather than being unemployed.
- 66 Following careful consideration of the current financial position of the Council and in light of the £12 billion of further cuts to the Welfare Budget planned by Government, it is proposed that Cabinet recommend to Council that the current scheme should be extended for a further year into 2016/17 and therefore that no additional Council tax revenues are built into the MTFP projections from a review of the LCTRS at this stage.
- 67 The reasons for extending the current scheme are due to the current scheme remaining within existing cost parameters for the Council. In addition, whilst the full impacts of the Government's Welfare Reforms are 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.
- 68 The Council will need to continue to review the national situation and track what is happening in local authorities that have introduced Local Council Tax Reduction Schemes that have reduced entitlement to their working age claimants in terms of impacts and performance in terms of recovery of the council tax due.

Discretionary Rate Relief

- 69 In December 2014, the Chancellor announced a range of amendments to Business Rates as part of his Autumn Statement, including:
- a. An extension of the Small Business Rate Relief for a further 12 months until 31 March 2016;

- b. Changes to the temporary discount for shops, pubs and restaurants with rateable values below £50,000 awarding them increased relief of £1,500 for 2015/16, with the Government continuing to fully fund this relief through Section 31 Grant;
 - c. An extension of the transitional relief scheme for a further two years. This scheme covers properties with a rateable value up to and including £50,000. Following the issue of the subsequent guidance note for Transitional Relief by CLG on 15 January 2015 work has been carried out to identify the ratepayers affected in Durham County Council, the number is below 100.
- 70 The Council's Discretionary Rates Relief and Empty Property Relief Policy, which was approved by Cabinet in April 2014, referenced that these Government funded but discretionary policies were to end on 31 March 2015.
- 71 Minor amendments are required to the policy to reflect the extension of these schemes. Sections 6 and 7 of the policy have been amended to include the increase to Retail Relief from £1,000 to £1,500.
- 72 The policy has also been amended to include the extension of Transitional Relief for small and medium properties. Properties that will benefit are those with a rateable value up to and including £50,000 who would have received transitional relief had the existing scheme continued in its current format and without this new measure would face bill increases of above 15% for small properties and 25% for medium properties.
- 73 As this relief has been extended from 1 April 2015 for only a 2 year period, the legislation around transitional relief is not changing. Instead the government will reimburse local authorities that use their discretionary relief powers under Section 47 of the Local Government Finance Act 1988 (as amended) to grant relief.
- 74 Annual rate accounts for 2015/16 identified potential qualifiers and automatically awarded the relief.
- 75 The amendments to the policy have been applied under the scheme of delegation, however, to ensure that the policy, as published on the Councils website, is up to date and that all applications continue to be assessed in a fair and open process, based on an agreed policy framework Cabinet needs to approve the amendments set out above. A copy of the updated policy is available in the Members' Room and will be posted to the Council's website following the Cabinet meeting.

Recommendations and Reasons

76 Cabinet is asked to:-

- (i) Note the analysis of the Government's 8 July Summer Budget.
- (ii) Note the forecast funding reductions for 2016/17 to 2018/19 resulting from the analysis of the Summer Budget.
- (iii) Note that Corporate Directors and Portfolio Holders will be required to utilise delegated powers to action savings plans to ensure full year savings can be achieved for 2016/17.
- (iv) Note the requirement to identify £102.875m of savings across the 2016/17 to 2018/19 period.
- (v) Agree the approach to preparing the Council Plan and Service Plan.
- (vi) Agree the high level MTFP(6) and Council Plan timetable.
- (vii) Agree the approach outlined for consultation.
- (viii) Note the ongoing work carried out to support staff during the MTFP (6) process.
- (ix) Agree the proposals to build equalities considerations into decision making.
- (x) Agree that Cabinet recommend to Full Council that the Local Council Tax Reduction Scheme should remain unchanged for 2016/17, with a further review to be undertaken in Quarter 1 of 2016/17 to inform budget options for 2017/18 and beyond.
- (xi) Note the revisions to the Discretionary Rate Relief Policy agreed under delegated powers.

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Jenny Haworth (03000 268071) Gordon Elliott (03000 263603)

Appendix 1: Implications

Finance – An analysis of funding reductions has been carried out. This has resulted in a £30.5m savings target for 2016/17 and £102.9m over the 2016/17 to 2018/19 period.

The revised Discretionary Rates policy takes into account the announcements in the Governments Autumn Statement with regards to Retail Relief and the extension of Transitional Relief for small and medium properties.

All awards in respect of Retail Relief and Transitional Relief will be refunded directly by the Government via s31 Grant.

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

Risk – In terms of the Discretionary Rate Relief Policy, given the scope and nature of the organisations supported through this policy any changes which would reduce entitlement would have reputational risks to the Council and financial risks to the individual organisations. The proposals set out in this report seek to extend and enhance current arrangements in line with Government policy

Equality and Diversity/ Public Sector Equality Duty – Equality considerations are built into the proposed approach to developing MTFP(6), Council Plan and Services Plans, as a key element of the process.

An equality impact assessment has not been completed at this stage in respect of the amendments to the Discretionary Rates Relief policy, as the amendments seek to extend and enhance current arrangements in line with Government policy, with regards to the increased Retail Relief and the extension of Transitional Relief for a two year period

Accommodation – None specific within this report.

Crime and Disorder – None specific within this report.

Human Rights – Any human rights issues will be considered for any detailed MTFP(6) and Council Plan proposals as they are developed and decisions made to take these forward.

Consultation – The approach to consultation on MTFP(6) is detailed in the report.

Procurement – None specific within this report.

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

Legal Implications – Section 47 of the Local Government Finance Act 1988 and subsequent amending legislation provides the provisions and criteria for awarding discretionary rate relief. The Localism Act 2011 amended Section 47 Clause 69, of the Local Government Finance Act 1988 to allow local authorities to reduce the business rates of any local ratepayer (not just those who can currently be granted discretionary relief), via a local discount scheme.

Statutory guidance states that any discretionary rate relief or local discount scheme must be in the interests of the wider council taxpayer.

The proposals set out in this report only seek to amend / extend current policy arrangements to take account of changes in Government policy / funding arrangements. The amendments have been actioned under a delegated decision by the Corporate Director Resources, in consultation with the Deputy Leader and Cabinet Portfolio Holder for Finance but requires Cabinet approval.

Appendix 2:

Medium Term Financial Plan - MTFP (6) 2016/17 - 2018/19 Model			
	2016/17	2017/18	2018/19
	£'000	£'000	£'000
Government Funding			
Government RSG Funding Reduction	15,000	30,000	25,000
Reduction in Public Health Grant	3,300	0	0
Town and Parish Council RSG Adjustment for LCTRS funding	-100	-190	-173
Business Rates - RPI increase (1%/2%/2%)	-535	-1,090	-1,110
Top Up Grant - RPI increase (1%/2%/2%)	-605	-1,240	-1,270
Other Funding Sources			
Council Tax Increase (2% per annum)	-3,440	-3,510	-3,580
New Homes Bonus	-1,250	0	0
Council Tax/Business Rate Tax Base increase	-4,140	-750	0
Business Rates 2014/15 Collection Fund Surplus	500	0	0
NHS Funding - Social Care Transformation	-4,432	0	0
Estimated Variance in Resource Base	4,298	23,220	18,867
Pay inflation (1.5% - 1.5% - 1.5%)	3,300	3,200	3,100
Price Inflation (1.5% - 1.5% - 1.5%)	2,500	2,400	2,300
Corporate Risk Contingency Budget	0	-3,000	0
Base Budget Pressures			
Employer National Insurance increase - State Pension changes	4,700	0	0
Costs Associated with National Living Wage	3,000	5,000	5,000
Single Status Implementation	4,500	0	0
Additional Employer Pension Contributions	940	3,000	1,000
Energy Price Increases	0	500	500
Concessionary Fares	0	100	100
Pension Fund Auto Enrolment	100	550	550
CAS Demographic and Hyper Inflationary Pressures	1,000	1,000	1,000
Use of Earmarked Reserve in CAS	4,150	0	0
Prudential Borrowing to fund new Capital Projects	2,000	2,000	2,000
TOTAL PRESSURES	26,190	14,750	15,550
SUM REQUIRED TO BALANCE BUDGET	30,488	37,970	34,417
Savings to be identified	-27,188	-37,970	-34,417
Public Health Savings	-3,300	0	0
TOTAL SAVINGS REQUIRED	-30,488	-37,970	-34,417

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**Corporate Issues
Overview and Scrutiny Committee**

28 September 2015

**Quarter 1, 2015/16
Performance Management Report**



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

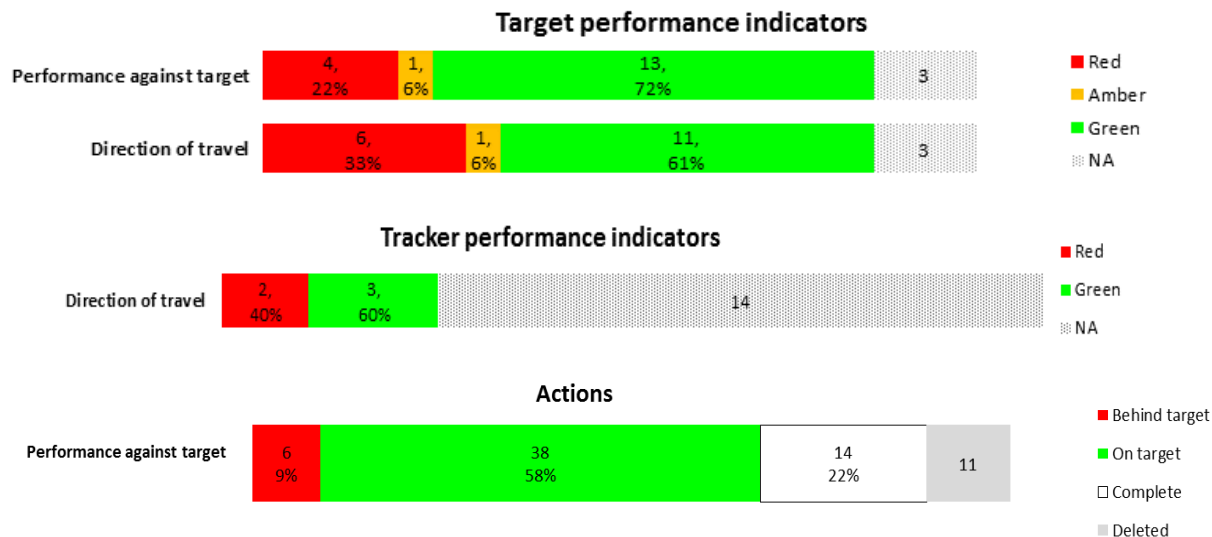
Purpose of the Report

1. To present progress against the council's corporate basket of performance indicators (PIs), Council Plan and service plan actions and report other performance issues for the first quarter of the 2015/16 financial year, covering the period April to June 2015.

Background

2. The report sets out an overview of performance and progress by Altogether 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. 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 set of performance indicators are presented in Appendix 4.
4. The corporate performance indicator guide has been updated to provide full details of indicator definitions and data sources for the 2015/16 corporate indicator set. This is available to view either internally from the intranet (at Councillors useful links) or can be requested from the Corporate Planning and Performance Team at performance@durham.gov.uk.

Altogether Better Council: Overview



Council Performance

5. Key achievements this quarter include:

- a. During the 12 months ending June 2015, the number of telephone calls received increased from 986,641 reported at quarter one 2014/15 to 1,000,168 reported this quarter. This is an increase of almost 11,000 calls on the previous quarter (989,422 telephone calls), which can be partly attributed to additional telephone lines being added to the Automatic Call Distributor system and the transfer of Durham City Homes to the County Durham Housing Group in April 2015. 6% of telephone calls were abandoned, an improvement on the same period last year (8%) and better than the target of 12%. 92% of the telephone calls were answered within three minutes, above the target of 80%. This was an improvement on the same period last year, when 88% were answered within three minutes (Appendix 4, Chart 5).
- b. Footfall in our customer access points (CAPs) has been reducing from 263,689 during the 12 months ending June 2014 to 202,511 during the 12 months ending June 2015 (Appendix 4, Chart 6). This is due to the introduction of the appointments system, changes in reporting (including removal of library footfall from CAP figures) and improvements to the ways in which our customers access services. Noticeable decreases are evident in repeat queries for benefits and council tax, due to the new appointments system and advance notice to customers of documentation they need to bring. The Customer Relationship Management System is being reconfigured to capture accurate data in relation to the percentage of customers seen within 15 minutes at a CAP and the percentage of customers with an appointment seen on time. Data related to the customers seen at a CAP will be available by the end of quarter two.
- c. Good performance has been sustained for benefit claims processing for new claims and changes of circumstances during quarter one.
 - i. New Housing Benefit (HB) claims were processed in 22.52 days on average, within the 23 day target but 0.59 days slower than the same period last year (21.93 days). The volume of new HB claims processed was 3,149 this quarter which was close to 3,160, the volume processed in quarter one 2014/15 (Appendix 4, Chart 1).

- ii. New Council Tax Reduction (CTR) claims were processed in 23.16 days on average, just outside the 23 day target and almost as fast as during quarter one 2014/15 (23.10 days). The volume of new CTR claims processed decreased from 3,531 in quarter one 2014/15 to 3,401 this quarter (Appendix 4, Chart 2).
- iii. Changes to HB were processed in 10.01 days on average, within the 11 day target and 0.10 days faster than during quarter one 2014/15 (10.11 days). 29,207 change of circumstances for HB claims were processed this quarter (Appendix 4, Chart 3).
- iv. Changes to CTR were processed in 8.34 days on average, within the 11 day target and 2.31 days faster than during quarter one 2014/15 (10.65 days). 40,416 change of circumstances for CTR claims were processed this quarter (Appendix 4, Chart 4).

Note: The way in which the change of circumstance is processed changed this quarter which means that some multi-changes are now counted more than once where previously it would have been counted as just one change. Data previously reported regarding volume is therefore not comparable.

The service is on track to achieve the annual target of 22 days for processing new claims and 10 days for changes of circumstances.

- d. The council tax collection rate was 28.7% which achieved target for quarter one, an improvement of 0.24% from quarter one 2014/15. The gross payments collected increased by £2.245m from £62.837m in quarter one 2014/15 to £65.082m in quarter one 2015/16.

At the end of quarter one 2015/16, there were over 2,000 additional chargeable households than at the end of quarter one 2014/15. In June 2015 alone, the number of chargeable households increased by 285. At the same time, more council tax payers opted to pay over 12 months rather than ten, impacting upon monthly cash flow.

It is encouraging to report that the percentage of council tax payers using direct debit increased from 69.96% at the end of quarter one 2014/15 to 70.50% this quarter.

- e. The collection rate for business rates was 34.4%, exceeding the 33.4% target at quarter one and improving by 3.1% from quarter one 2014/15. This improvement should be considered within the context of increased collectable debit, from £120,631,485 in June 2014 to £121,518,431 in June 2015. From a cash flow perspective, £42,125,479 was collected this quarter compared to £40,700,194 in quarter one 2014/15, an increase of £1.4m.

Since the start of quarter one 2015/16, a further 196 rate payers chose to pay over 12 months instead of 10, an increase of 13.5%, although this is unlikely to make a significant difference to in-year collection rates as the majority of major business rate payers moved to this payment group for 2014/15.

- f. During quarter one 2015/16, over 88,000 supplier invoices were paid and 93.7% of those were paid within 30 days. Performance exceeded the 92% target. This represents an improvement of 1.3% on the previous quarter and the same period last year.
- g. Progress has been made with the following Council Plan and service plan actions:
 - i. The successful roll out of the Iken software case management system in Legal Services has been achieved. This action has been completed well ahead of the original target date of March 2016.
 - ii. Good progress has been made on office accommodation work, with Cabinet agreeing in principle to progress with a new Headquarters, subject to an outline business case and receipt of an update report in November 2015, in order to make way for a strategic employment site at Aykley Heads. An approach to new ways of working for all employees, in support of the proposed office accommodation programme to move to five strategic sites across the county, is also under development.

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

- a. The employee appraisal rate was 84.5% in the 12 months to June 2015. Whilst performance improved by 0.8% on the previous quarter and by 31.5% from quarter one 2014/15, the target of 87.5% was not achieved.

Human Resources continue to work with management teams to support and encourage compliance, and individual managers continue to be prompted by automated alerts when appraisals are coming due or overdue. Heads of Service are also provided with monthly lists of their respective employees who have not had a relevant appraisal in the last rolling year.

- b. The council continues to be challenged by sickness absence levels despite significant council-wide efforts to ensure fair and consistent application of the agreed policy by managers, and proactive support to get employees back to work as soon as possible. Improving the management of attendance and reducing sickness absence continues to be a priority for the council.
 - i. The average days lost to sickness absence per full time equivalent (FTE) employee (including school based employees) for the rolling year to June 2015 was 9.97 days. The sickness levels remain higher than acceptable and outside the target of 8.5 days. The average days lost to sickness absence per FTE increased by 4.1% from quarter four 2014/15 (9.58 days) and by 11.3% from the same period last year (8.96 days).
 - ii. The average number of days lost to sickness absence per FTE (when excluding schools based employees) for the rolling year to June 2015 was 12.3 days. Whilst current levels remain better than the December 2012 peak of 12.72 days, the target of 11.5 days has not been achieved. The average days lost to sickness absence per FTE increased by 1.3% from quarter four 2014/15 (12.14 days) and by 3.1% from the same period last year (11.93 days).

- iii. During the rolling year to June 2015, 47.5% of posts (excluding school based employees) had no sickness absence. Performance improved from quarter four 2014/15 (45%) but deteriorated from the same period last year (48.1%).
- iv. The percentage time lost to sickness absence (excluding schools) was 4.9% for the rolling year to June 2015. Performance deteriorated from quarter four 2014/15 (4.8%) and from the same period last year (4.7%).

Sickness absence is subject to a scrutiny review by the Corporate Issues Overview and Scrutiny Committee.

- c. The percentage of Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests responded to within 20 days was 71% this quarter, a deterioration of two percentage points from the previous quarter (73%) and eight percentage points from quarter one 2014/15 (79%). Performance remains below the national target of 85%. The number of FOI/EIR requests was 291 this quarter, a slight increase from 283 in the same period last year but a drop from 353 in quarter four 2014/15, although the long term trend continues to increase (see Appendix 4, Chart 7). The high volume in quarter four had a clear spill over effect into quarter one performance. Performance also suffered from increased complexity of FOI requests.
- d. The key Council Plan actions which have not achieved target in this theme include:
 - i. The review of customer service standards and development of an action plan to enable the measurement of the new service standards has been rescheduled from June to October 2015. Customer service standards were approved in June 2015 and an action plan is being developed.
 - ii. Improving information governance through development of Senior Information Risk Owner (SIRO) and Information Asset Owner roles has been delayed. The target date has been revised from May 2015 to October 2015. Work continues to formalise SIRO role and responsibilities within the organisation against broader information governance work.
 - iii. The action to map information assets to identify asset owners and the risk associated with those assets has been delayed. Information asset owners are in place in Children and Adult Services, and mapping of information assets has been done by ICT. Discussions on records management responsibilities have taken place. Full completion of the action has been rescheduled from June 2015 to October 2015.
 - iv. The target date to review performance management indicators in relation to welfare reform and poverty has been rescheduled from June 2015 to October 2015. The draft Poverty Action Plan for County Durham was agreed in July. The Action Plan will be considered by Cabinet in October, following which it is intended to undertake a consultation with other organisations and groups, including the County Durham Partnership.

- v. Delivery of a Centre for Volunteering and Social Enterprise in partnership with Durham Community Action has been rescheduled from November 2015 to January 2016 due to the delay in announcing the winners of the Transformation Challenge Award bids. The first meeting of the centre steering group was held in July 2015.

7. The key risks to successfully delivering the objectives of this theme are:

- a. If there was to be slippage in the delivery of the agreed Medium Term Financial Plan (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, a programme management approach for key projects has been established and embedded across the council. Monitoring by Corporate Management Team and Cabinet provides assurance over the implementation of the agreed MTFP savings projects. 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 2019/20 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. This will also be a significant risk for at least the next four years.
- c. Potential restitution of search fee income going back to 2005. The parties have now resolved the matter to their mutual satisfaction.
- d. If we were to fail to comply with Central Government's Public Services Network Code of Connection criteria for our computer applications, this would put some of our core business processes at risk, such as revenues and benefits, which rely on secure transfer of personal data. A backup ICT site is now in place. The equipment has been installed, data has been transferred, and a full test is planned once remedial electrical work is carried out at the council's primary data site. This will remain on the register as an inherent strategic risk.

Recommendations and Reasons

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

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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 Performance Indicators (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

GREEN

Latest reported data remain in line with comparable period

AMBER

Latest reported data have deteriorated from comparable period

RED

Performance against target

Performance better than target

Getting there - performance approaching target (within 2%)

Performance >2% behind target

Actions:

WHITE

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

GREEN

Action on track to be achieved by the deadline

RED

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

Benchmarking:

GREEN

Performance better than other authorities based on latest benchmarking information available

AMBER

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

RED

Performance worse than other authorities based on latest benchmarking information available

Nearest Neighbour Benchmarking:

The nearest neighbour model was developed by the Chartered Institute of Public Finance and Accountancy (CIPFA), one of the professional accountancy bodies in the UK. CIPFA has produced a list of 15 local authorities which Durham is statistically close to when you look at a number of characteristics. The 15 authorities that are in the nearest statistical neighbours group for Durham using the CIPFA model are: Barnsley, Wakefield, Doncaster, Rotherham, Wigan, Kirklees, St Helens, Calderdale, Dudley, Northumberland, Tameside, Sheffield, Gateshead, Stockton-on-Tees and Stoke-on-Trent.

We also use other neighbour groups to compare our performance. More detail of these can be requested from the Corporate Planning and Performance Team at performance@durham.gov.uk.

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											
58	NS20	Percentage of abandoned calls	6	Jul 2014 - Jun 2015	12	GREEN	8	GREEN			
59	NS22	Percentage of telephone calls answered within three minutes	92	Jul 2014 - Jun 2015	80	GREEN	88	GREEN			
60	NS24	Percentage of customers seen within 15 minutes at a customer access point	Reported Q2	NA	95	NA	NA	NA			
61	NS25	Percentage of customers with an appointment at a customer access point who are seen on time	Reported Q2	NA	95	NA	New indicator	NA			
62	RES/038	Percentage all ICT service desk incidents resolved on time	94	Apr - Jun 2015	90	GREEN	94	AMBER			
63	RES/NI/181a1	Average time taken to process new housing benefit claims (days)	22.52	Apr - Jun 2015	23.00	GREEN	21.93	RED	22.00 Not comparable	23** Not comparable	Jan - Mar 2015
64	RES/NI/181a2	Average time taken to process new council tax reduction claims (days)	23.16	Apr - Jun 2015	23.00	AMBER	23.10	RED			
65	RES/NI/181b1	Average time taken to process change of circumstances for housing benefit claims (days)	10.01	Apr - Jun 2015	11.00	GREEN	10.11	GREEN	5.00 Not comparable	5** Not comparable	Jan - Mar 2015

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
66	RES/NI/18 1b2	Average time taken to process change of circumstances for council tax reduction claims (days)	8.34	Apr - Jun 2015	11.00	GREEN	10.65	GREEN			
67	RES/001	Savings delivered against the Medium Term Financial Plan (MTFP) (£m)	10.6	As at Jun 2015	16.3	Not comparable [1]	14.2	NA			
68	RES/002	Percentage of council tax collected in-year	28.70	Apr - Jun 2015	28.70	GREEN	28.63	GREEN	97.00 Not comparable	95.89* Not comparable	2014/15
69	RES/003	Percentage of business rates collected in-year	34.40	Apr - Jun 2015	33.40	GREEN	33.36	GREEN	98.11 Not comparable	98* Not comparable	2014/15
70	RES/129	Percentage of council tax recovered for all years excluding the current year	98.90	Apr - Jun 2015	98.50	GREEN	98.96	RED			
71	RES/130	Percentage of business rates recovered for all years excluding the current year	99.39	Apr - Jun 2015	98.50	GREEN	99.11	GREEN			
72	REDPI49b	Total of income and savings from solar installations on council owned buildings (£)	261,210	2014/15	242,000	GREEN	214,000	GREEN			
73	REDPI68	Average asset rating of Display Energy Certificates in county council buildings	90.2	Apr - Jun 2015	97.0	GREEN	98.0	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
74	RES/LPI/010	Percentage of undisputed invoices paid within 30 days to our suppliers	93.7	Apr - Jun 2015	92.0	GREEN	92.5	GREEN			
75	ACE006	Percentage of Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests responded to within statutory deadlines	71	Apr - Jun 2015	85	RED	79	RED			
76	RES/LPI/012	Days / shifts lost to sickness absence – all services including school staff	9.97	Jul 2014 - Jun 2015	8.50	RED	8.96	RED			
77	RES/LPI/012a	Days / shifts lost to sickness absence – all services excluding school staff	12.30	Jul 2014 - Jun 2015	11.50	RED	11.93	RED			
78	RES/011	Percentage of performance appraisals completed in current post in rolling year period (excluding schools)	84.54	Jul 2014 - Jun 2015	87.50	RED	64.28	GREEN			

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

Table 2: Key Tracker Indicators

Page 98 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											
171	NS43a	Number of customer contacts - face to face	202,511	Jul 2014 - Jun 2015	219,756	NA	263,689	NA			
172	NS43b	Number of customer contacts -telephone	1,000,168	Jul 2014 - Jun 2015	989,422	NA	986,641	NA			
173	NS43c	Number of customer contacts - web forms	17,213	Jul 2014 - Jun 2015	16,886	NA	18,274	NA			
174	NS43d	Number of customer contacts - emails	15,775	Apr - Jun 2015	NA	NA [2]	NA	NA [2]			
175	RES/013	Staff aged under 25 as a percentage of post count	5.54	As at Jun 2015	5.52	NA	5.47	NA			
176	RES/014	Staff aged over 50 as a percentage of post count	39.27	As at Jun 2015	38.8	NA	38.02	NA			
177	RES/LPI/011a	Women in the top five percent of earners	52.36	As at Jun 2015	52.03	NA	51.44	NA			
178	RES/LPI/011bi	Black and minority ethnic (BME) as a percentage of post count	1.53	As at Jun 2015	1.53	NA	1.47	NA			
179	RES/LPI/011ci	Staff with disability as a percentage of post count	3.99	As at Jun 2015	2.73	NA	2.79	NA			
180	RES028	Discretionary Housing Payments - value (£) for customers affected by social sector size criteria	115,924.44	Apr - Jun 2015	1,146,867.00	NA	629,272.88	NA			
181	RES029	Discretionary Housing Payments - value (£) for customers affected by local housing allowance reforms	38,091.06	Apr - Jun 2015	131,568.00	NA	62,342.77	NA			

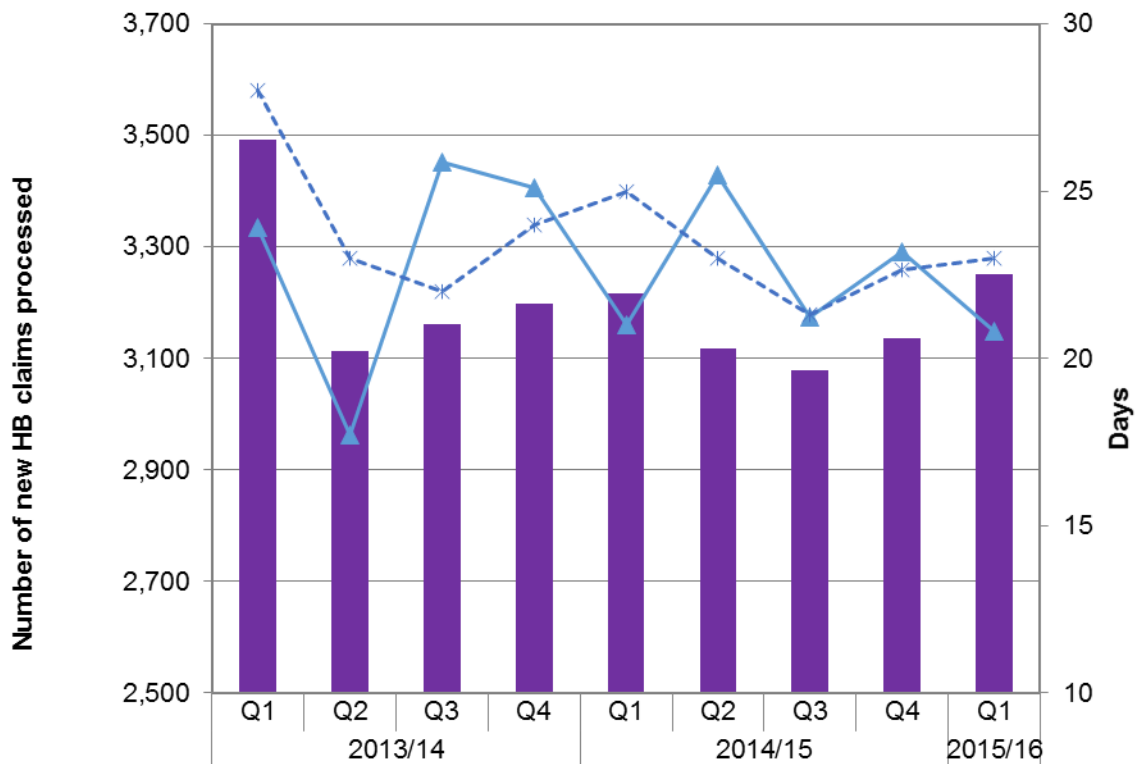
Ref	PI ref	Description	Latest data	Period covered	Previous period data	Performance compared to previous period	Data 12 months earlier	Performance compared to 12 months earlier	National figure	*North East figure **Nearest statistical neighbour figure	Period covered
182	ACE016	Percentage of children in poverty (quarterly proxy measure) (Also in Altogether Better for Children and Young People)	22.7	As at Feb 2015	22.7	AMBER	23.6	GREEN	16.6	23.3*	As at Feb 2015
183	ACE017	Percentage of children in poverty (national annual measure) (Also in Altogether Better for Children and Young People)	22.7	2012	23.0	GREEN	23.0	GREEN	18.9	23.4*	2012
184	ACE019	Percentage of households that need to spend more than 10% of their income on fuel to maintain an adequate standard of warmth	17.9	2012	19.5	GREEN	19.5	GREEN	13.9	17.8*	2012
185	RES/034b	Staff - total headcount (excluding schools)	8,668	As at Jun 2015	8,954	NA	9,190	NA			
186	RES/035b	Staff - total full time equivalent (excluding schools)	7,099	As at Jun 2015	7,450	NA	7,604	NA			
187	RES/020	Percentage of time lost to sickness in rolling year (excluding schools)	4.86	Jul 2014 - Jun 2015	4.8	RED	4.71	RED			
188	RES/052	Percentage of posts with no absence in rolling year (excluding schools)	47.51	Jul 2014 - Jun 2015	45.02	GREEN	48.14	RED			

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
189	RES/036	Number of RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) incidents reported to the Health and Safety Executive	14	Apr - Jun 2015	15	N/A	16	NA			

[\[2\] Due to changes to the definition data are not comparable/available](#)

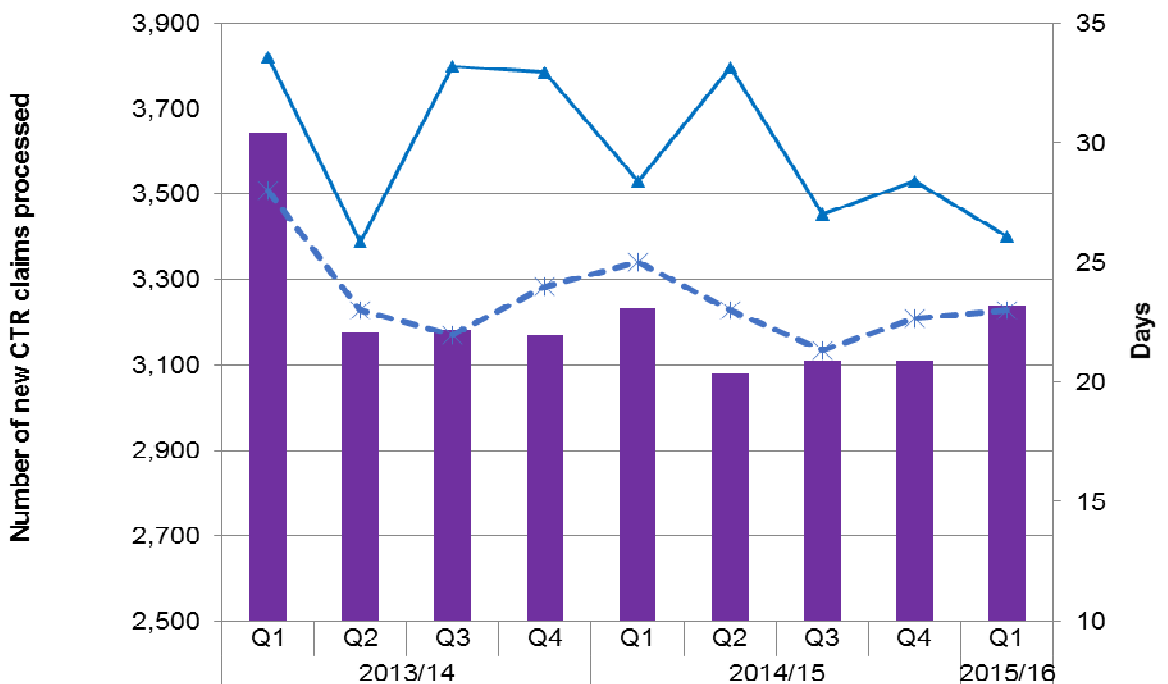
Appendix 4: Volume Measures

Chart 1 – Housing Benefits – new claims



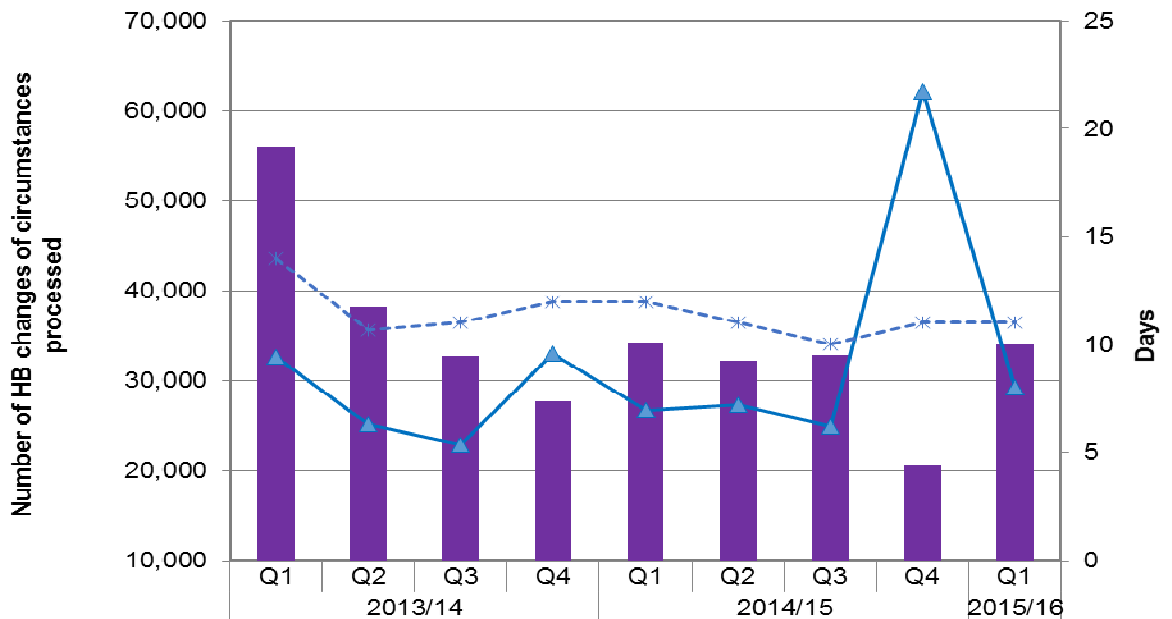
■ Average days taken to process claims	26.53	20.23	21.02	21.62	21.93	20.28	19.64	20.60	22.52
▲ Number of claims processed	3,334	2,962	3,453	3,407	3,160	3,429	3,174	3,291	3,149
-*- Target (days)	28.00	23.00	22.00	24.00	25.00	23.00	21.33	22.66	23.00

Chart 2 – Council Tax Reduction – new claims



■ Average days taken to process claims	30.46	22.11	22.18	21.93	23.1	20.31	20.90	20.93	23.16
▲ Number of claims processed	3,822	3,389	3,801	3,787	3,531	3,798	3,453	3,531	3,401
-*- Target (days)	28.00	23.00	22.00	24.00	25.00	23.00	21.33	22.66	23.00

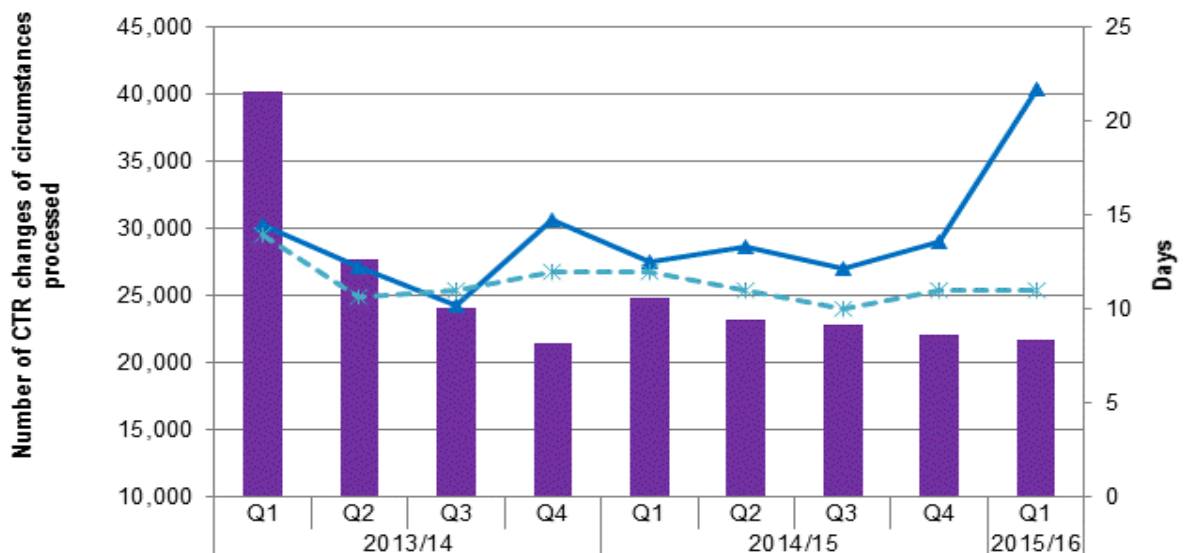
Chart 3 – Housing Benefits – changes of circumstances



■ Average days taken to process	19.18	11.74	9.45	7.36	10.11	9.24	9.47	4.43	10.01
▲ Number of changes of circumstances processed	32,574	25,152	22,873	33,015	26,679	27,308	24,881	62,175	29,207
-*- Target (days)	14.00	10.66	11.00	12.00	12.00	11.00	10.00	11.00	11.00

The way in which the change of circumstance is processed changed this quarter which means that some multi-changes are now counted more than once where previously it would have been counted as just one change. Data previously reported regarding volume is therefore not comparable.

Chart 4 – Council Tax Reduction – changes of circumstances



■ Average days taken to process	21.59	12.68	10.05	8.17	10.65	9.43	9.20	8.62	8.34
▲ Number of changes of circumstances processed	30,326	27,215	24,319	30,707	27,570	28,732	27,090	29,043	40,416
-*- Target (days)	14.00	10.66	11.00	12.00	12.00	11.00	10.00	11.00	11.00

The way in which the change of circumstance is processed changed this quarter which means that some multi-changes are now counted more than once where previously it would have been counted as just one change. Data previously reported regarding volume is therefore not comparable.

Chart 5 - Telephone calls

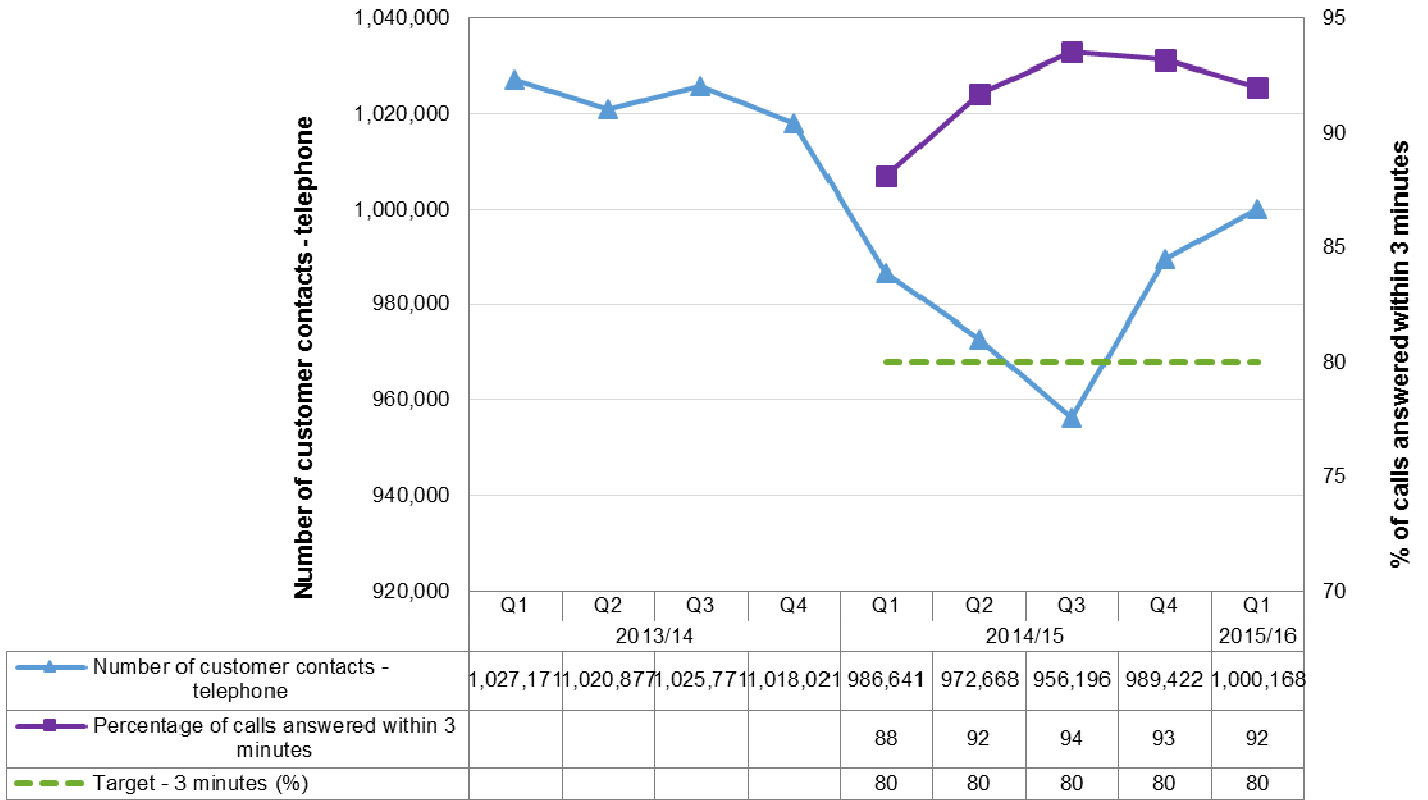


Chart 6 – Face to face contacts

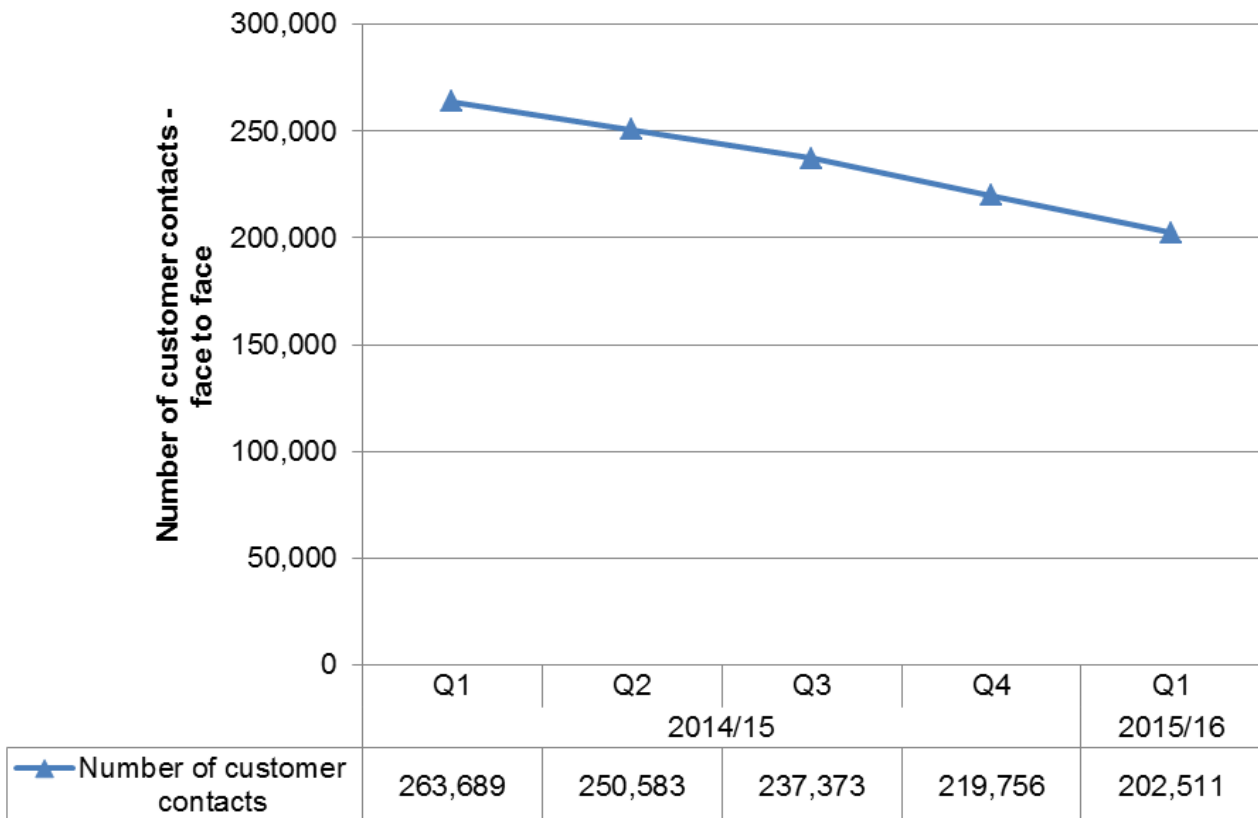
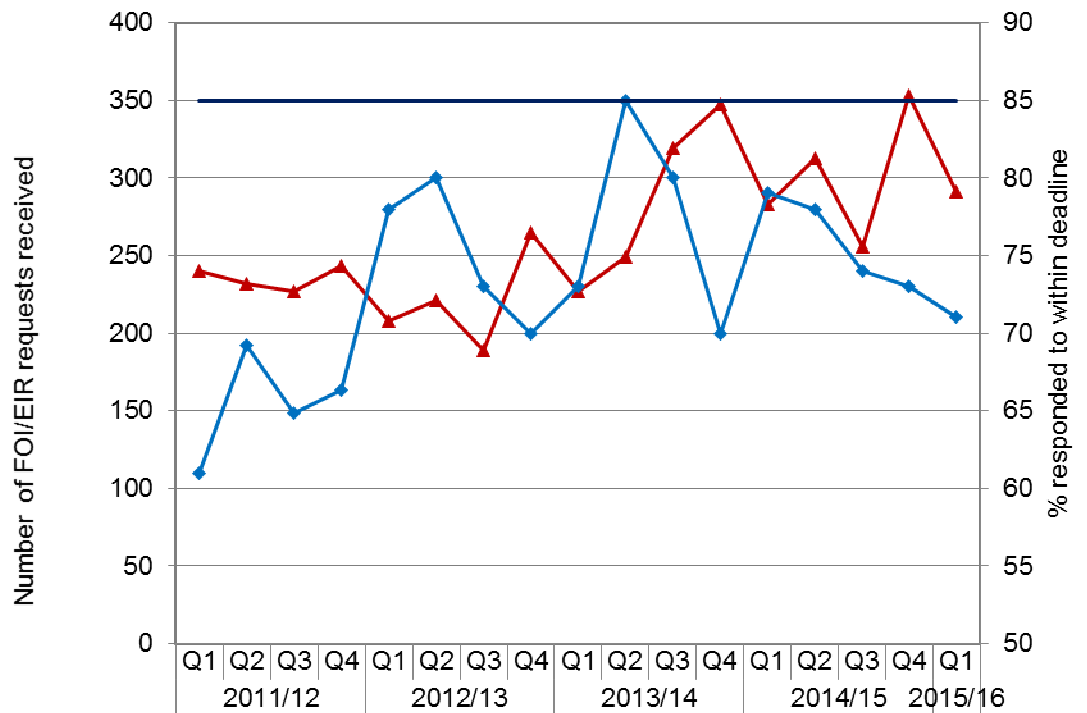


Chart 7 – Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests



	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
	2011/12				2012/13				2013/14				2014/15				2015/16
Number of FOI/EIR requests received	240	232	227	243	208	221	189	265	227	249	319	347	283	313	256	353	291
% of FOI/EIR requests responded to within statutory deadlines	61	69	65	66	78	80	73	70	73	85	80	70	79	78	74	73	71
Target (%)	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85	85

Corporate Issues Overview and Scrutiny Committee

28 September 2015

Resources – Revenue and Capital Outturn 2014/15



Report of Corporate Director Resources

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 based on the outturn position at the end of March 2015.

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:

- *Revenue Budget - £15.693m (original £18.371m)*
- *Capital Programme – £8.434m (original £8.799m)*

3. The original Resources General Fund budget has been revised in year 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
- Items Outside of Cash Limit: Coroners Costs +£13k
- E-Learning - License Costs from Corporate Contingency +£18k
- Miscellaneous Adjustments to ACE-£5k
- Subscription to transfer to ACE -£1k
- Items outside of Cash Limit - Coroners' costs +£202k
- Pay award +£315k
- Staff transfer from Registrars to Neighbourhoods(part year) -£9k
- Staff transfer to Revenues from CAS(part year) +£6k
- Capital charges adjustment -£2,687k
- Garden Waste – electronic payments +£34k
- Corporate E-Learning +£19k
- Net contributions to or from reserves/cash limits to support spending - £263k

The revised General Fund Budget now stands at £15.693m.

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 final outturn;
 - 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 (excluding Centrally Administered Costs) is **£1.970m** under budget against a revised budget of **£15.693m**. This compares with the cash limit under budget of **£1.438m** reported at Quarter 3, giving an additional underspend variance of **£0.532m** at year end.
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	Actual Outturn	Variance	Items Outside Cash Limit	Final Cash Limit Variance
Employees	40,907	40,224	(683)	(51)	(734)
Premises	6,583	10,119	3,536	(3,512)	24
Transport	1,018	872	(146)	1	(145)
Supplies and Services	18,569	18,774	205	237	442
Third Party Payments	3,425	3,292	(133)	119	(14)
Transfer Payments	0	0	0	0	0
Central Costs	8,825	12,348	3,523	(3,375)	148
Gross Expenditure	79,327	85,629	6,302	(6,581)	(279)
Income	(63,467)	(73,658)	(10,191)	8,455	(1,736)
Net Expenditure	15,860	11,971	(3,889)	1,874	(2,015)
HB Transfer payments	190,603	192,162	1,559	(213)	1,346
HB Central Costs	400	638	238	0	238
HB Income	(191,170)	(192,754)	(1,584)	0	(1,584)
HB Net Expenditure	(167)	46	213	(213)	(0)
Total Net Expenditure	15,693	12,017	(3,676)	1,661	(2,015)
Excluding Centrally Administered Costs					(1,970)

Analysis by Head of Service (£000's)

	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Cash Limit Variance
Centrally Administered Costs	3,183	3,019	(164)	119	(45)
Central Estab. Recharges	(18,685)	(22,005)	(3,320)	3,320	0
Corporate Finance	2,495	1,941	(554)	228	(326)
Financial Services	5,601	7,357	1,756	(2,208)	(452)
Human Resources	6,618	6,339	(279)	7	(272)
ICT Services	8,185	5,645	(2,540)	2,531	(9)
Internal Audit and Insurance	1,704	1,639	(65)	(12)	(77)
Legal & Democratic Services	6,369	7,738	1,369	(2,128)	(759)
Service Management	390	298	(92)	17	(75)
Net Expenditure Excl HB	15,860	11,971	(3,889)	1,874	(2,015)
Housing Benefit	(167)	46	213	(213)	0
NET EXPENDITURE	15,693	12,017	(3,676)	1,661	(2,015)
Excluding Centrally Administered Costs					(1,970)

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	Final Year End (Under) / overbudget £000's	Final Year End (Under) / overbudget £000's
Centrally Administered Costs (C.A.C.)	C.A.C.	£80k unbudgeted payment to North East Combined Authority (NECA). £49k overbudget on expenses associated with raising loans. Underbudget on bank charges £71k, audit fees £72k and subscriptions £31k.	(45)	(45)
Corporate Finance	Management	£165k managed underbudget against employees reflecting early achievement of 15/16 MTFP savings £18k underbudget on supplies and services available for 15/16 savings	(183)	
	Financial Systems	£60k underbudget on employees £3k underbudget on staff travel £12k underbudget on supplies and services (software)	(75)	
	Procurement	£17k overbudget on employees as a result of being fully staffed and agency costs. £12k underbudget on supplies and services £38k additional income from SLA's including Academies and Community Right to Challenge Grant	(33)	
	Strategic Finance	£6k underbudget on employees £16k managed over budget on supplies and services £45k over recovery of income for VAT work	(35)	(326)

Head of Service	Service Area	Description	Final Year End (Under) / overbudget £000's	Final Year End (Under) / overbudget £000's	
Financial Services	Management	£256k managed underbudget for employees reflecting early achievement of 2015/16 MTFP savings	(256)	(452)	
	Financial Management	£29k underbudget on employees £77k managed underbudget against supplies and services £66k additional SLA income	(172)		
	Revenues and Benefits	£114k managed underbudget on employees from staff turnover £58k underbudget on car allowances £201k overbudget on supplies and services (mainly postages £38k, cash collection £13k, printing £49k, software £86k) £53k grant income from DWP to offset additional costs	(24)		
Human Resources	Occupational Health	£26k overbudget on employees - fully staffed so no turnover savings £4k underbudget on supplies and services	22	(272)	
	Health and Safety	Minor variances	9		
	Pensions	£67k underbudget on employees due to restructure £13 underbudget on supplies and services	(80)		
	Human Resources		£320k underbudget on employees due to restructure £29k overbudget on computers £33k overbudget on equal pay advice £21k overbudget on training		(223)
			£14k overbudget on supplies and services		
ICT	ICT Services	£100k underbudget on employees £156k overbudget on supplies and services £139k overachieved on income £74k managed overbudget on the Digital Durham project which is managed within ICT	(9)	(9)	
Internal Audit and Risk	Insurance and Risk	Minor variances	3	(77)	
	Internal Audit	£70 underbudget on employees through close management and control of vacancies and secondments £6k underbudget on staff mileage £11k overspend on supplies and services £13k over recovery in income from unbudgeted DCLG grant	(78)		
	Corporate Fraud	Minor variances	(2)		
Legal and Democratic Services	Corporate and Democratic Core	£35k underbudget on employees £43k underbudget on supplies and services identified as future MTFP Savings £112k underbudget on supplies and services - Democratic Representation £30k underbudget on Members' Allowances	(220)	(225)	
	Democratic Services	£39k underbudget on employees £86k overachieved income for registrars and grant £57k underbudget on supplies and services £43k underbudget on elections	(225)		

Head of Service	Service Area	Description	Final Year End (Under) / overbudget £000's	Final Year End (Under) / overbudget £000's
	Legal Services	£92k underbudget - early achievement of MTFP savings 2015/16 £96k underbudget on employees £98k under budget on supplies and services £28k overachieved income	(314)	(759)
Service Management	Service Management	£75k income from SLA with Northumberland for ICT / Legal and HR support	(75)	(75)
Benefits Payments and Subsidy	Benefits	No variance		0
Central Establishment Recharges	Central Establishment Recharges	No variance		0
TOTAL				(2,015)
				Excluding Centrally Administered Costs
				(1,970)

8. The final outturn position was £532k more underspent than the forecasts prepared during the year and the additional underspends arose mainly in Legal & Democratic Services, where spending did not materialize in line with the budget managers forecasts and assumptions made at Quarter 3. The £1.970m under budget will be carried forward under the 'cash limit' regime.

Capital Programme

9. The Resources capital programme comprises 19 schemes, 18 of which are managed within ICT.
10. The original Resources capital programme was £8.799m which was amended following reports to the MOWG during the year detailing revisions, carry over from 2013/14, 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 £7.178m for 2014/15.
11. The summary outturn financial performance is shown below.

Service	Original Annual Budget 2014/15 £'000	Final Budget 2014/15 £'000	Actual Spend to 31 March 2015 £'000	Spend %
ICT	8,799	6,845	6,569	96
Human Resources	0	333	229	69
Total	8,799	7,178	6,798	95

12. The final Resources capital budget is £7.178m with a total expenditure in 2014/15 of £6.798m (95%). A full breakdown of schemes and actual expenditure to March 2015 is given in Appendix 2. The remainder of the capital budget will be reprofiled into 2015/16.

Recommendations:

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

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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 Capital Programme 2014/15

Resources Capital Budgets	Final 2014/15 Budget £	Final Outturn	
		Actual Spend £	Spend %
Civica Pension Fund Administration System	333,200	228,625	69
Human Resources Total	333,200	228,625	69
Desktop Replacement	1,118,802	1,114,510	100
Dark Fibre Networking	54,037	41,213	76
GIS Architecture	71,238	71,238	100
Infrastructure Environment Monitoring	106,921	114,041	107
NHS Datacentres	3,128	0	0
Digital Durham	4,573,026	4,205,807	92
Tanfield Datacentre LAN Switching Replacement	17,022	17,022	100
Tanfield Datacentre Core Switching Replacement	8,994	8,994	100
Ongoing Server Replacement	129,044	129,044	100
Councillor Replacement of ICT Equipment	1,359	1,358	100
Homeworking	39,292	15,453	39
Public Internet Access Portal	37,000	36,001	97
Dark Fibre Installations and Circuit/ Microwave Upgrades	315,001	352,301	112
ICT Business Continuity	176,244	253,372	144
Langley Park Institute Internet Provision	930	0	0
Desktop Mailing Solution	100,000	59,000	59
Payment Card Industry (PCI) Code of Compliance	43,146	26,815	62
Telephony	50,000	122,947	246
ICT Total	6,845,184	6,569,116	96
Grand Total	7,178,384	6,797,741	95

28 September 2015



**Assistant Chief Executive – 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 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 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 - £10.873m (original £10.200m)
 - ACE Capital Programme – £3.566m (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
 - Use of strategic reserve to meet redundancy +£56k
 - Use of modern ways of working reserve +£39k
 - Pay protection outside cash limit +£7k
 - Minor budget adjustment from Resources +£4k
 - Corporate subscription to LGC +£5k
 - Use of customer focus reserve +£36k
 - Use of disable go reserve +£8k
 - Use of AAP reserve +£111k
 - Pay award +£46k
 - Capital charges budget adjustment +£401k
4. The revised General Fund Budget now stands at £10.873m.
5. 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 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 **£0.234m** under budget against a revised annual budget of **£10.873m**. The forecast outturn position at Quarter 3 was a cash limit spend of £0.130m under budget, a variance of £0.104m against the previous forecast.
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 (£'000)

	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
Employees	6,678	6,718	40	(36)	4
Premises	301	606	305	(294)	11
Transport	50	58	8	0	8
Supplies and Services	1,789	1,308	(481)	336	(145)
Agency and Contracted	0	0	0	0	0
Transfer Payments	2,438	2,375	(63)	96	33
Central Costs	2,372	2,751	379	(324)	55
GROSS EXPENDITURE	13,628	13,816	188	(222)	(34)
INCOME	(2,755)	(3,031)	(276)	76	(200)
NET EXPENDITURE	10,873	10,785	(88)	(146)	(234)

Analysis by Head of Service (£'000)

£'000 Head of Service Grouping	Annual Budget	Actual Outturn	Variance	Items Outside Cash Limit	Final Variance
Partnership and Community Engagement	7,213	7,423	210	(164)	46
Planning and Performance	1,510	1,435	(75)	(6)	(81)
Policy and Communications	2,323	2,128	(195)	(3)	(198)
Central	(173)	(201)	(28)	27	(1)
NET EXPENDITURE	10,873	10,785	(88)	(146)	(234)

8. 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) / overbudget £'000s
Partnership and Community Engagement (PACE)	Area Action Partnerships, Community Buildings, PACE	£84k managed over budget on employees (fully staffed). £11k over budget on staff travel. £49k managed under budget on a range of supplies and services.	46
Planning and Performance	Planning, Performance, Overview and Scrutiny, County Records	£11k managed over budget on employees. £92k managed under budget on supplies and services.	(81)
Policy and Communications	Policy, Communications Public relations, CCU and Programme Office	£98k managed under budget on employees. £89k under budget on a range of supplies and services. £11k additional income generated through advertising.	(198)
Central	Central Costs	No material variances.	(1)
TOTAL			(234)

9. The final outturn position is broadly in line with forecasts prepared during the year. The net underspend of £0.234m 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 estimated outturn position incorporates the MTFP savings required in 2014/15 which amount to £0.410m.

Members Neighbourhoods Budgets and Members Initiative Fund

10. During 2014/15 each elected member received an annual allocation of £20,000; £6k revenue and £14k capital. The revenue budget allocation for 2014/15 was £0.756m. Previous years unspent allocations totalling £0.979m are held in an earmarked reserve. During 2014/15 £0.576m was spent resulting in the balance of £0.186m being transferred to the reserve leaving a closing balance on the reserve of £1.159m.
11. The Members Initiative Fund element of this budget equates to £252k based on £2k per elected member. The 2014/15 outturn expenditure amounted to £223k with the unspent balance of £29k being transferred to the Members Initiative Fund reserve resulting in a closing balance on the reserve of £89k.

AAP Area Budgets

12. Each of the 14 Area Action Partnerships (AAP) has an annual allocation of £120k; £96k revenue and £24k capital. The revenue budget allocation for 2014/15 was £1.344m. Combined with revenue budgets carried forward from previous years of £2.236m and £0.649m of contributions from Public Health, Clinical Commissioning Group and Welfare Assistance the total revenue budget available is £4.229m to develop projects to meet agreed AAP priorities. Actual spend of £1.812m was incurred during 2014/15 leaving a balance of £2.417m on the reserve.

Capital Programme

13. The ACE capital programme comprises four schemes, Assets in the Community, Area Action Partnerships Capital, Members Neighbourhoods Capital and Community Facilities in Crook.
14. The Assistant Chief Executives capital programme was revised at Outturn for budget rephrased from 2013/14. This increased the 2014/15 budget to £3.472m. Further reports to MOWG in 2014/15 detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget at the year-end was £3.566m.
15. Summary financial performance to the end of March is shown below.

Service	Original Annual Budget 2014/15 £'000	Revised Annual Budget 2014/15 £'000	Actual Spend to 31 March £'000	Spend %
Assets in the Community	871	798	558	70
Area Action Partnership	336	295	203	69
Members Neighbourhoods	1,764	2,473	824	33
Community Facilities Crook	501	0	0	n/a
Total	3,472	3,566	1,585	44

16. £1.585m of actual expenditure has been incurred during 2014/15. This is 44% of the revised annual capital budget. The remainder of the capital budget will be reprofiled to 2015/16.

Recommendations and Reasons

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

Contact: Azhar Rafiq, Finance Manager, Finance Manager - ACE/RED/RES
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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.

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**Corporate Issues Overview and
Scrutiny Committee**

28 September 2015



**Resources – Quarter 1: Forecast of
Revenue and Capital Outturn 2015/16**

Report of Corporate Director Resources

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 2015.

Background

2. County Council approved the Revenue and Capital budgets for 2015/16 at its meeting on 25 February 2015. These budgets have subsequently been revised to account for grant additions/reductions, corporate savings/adjustments, 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:

- *Revenue Budget - £15.629m (original £15.855m)*
- *Capital Programme – £13.909m (original £13.422m)*

3. The original Resources General Fund budget has been revised in year to incorporate a number of budget adjustments as follows:

- Funding for HR Recruitment Function from CAS +£9k
- ICT costs funded from New Burdens CAS grant +£20k
- Transfer to Corporate Contingency - Energy Costs -£1k
- Transfer from Corporate Contingency – Carbon Reduction Commitment +£16k
- Direct Revenue funding of ICT Capital Investment in year -£270k

The revised General Fund Budget now stands at £15.629m.

4. The summary financial statements contained in the report cover the financial year 2015/16 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

- The service is reporting a cash underspend of **£0.685m** against a revised budget of **£15.629m**.
- 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)

Category	Annual Budget	YTD - Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Employees	39,468	12,207	39,170	(298)	(90)	(388)
Premises	5,788	36	5,764	(24)	0	(24)
Transport	976	152	888	(88)	(39)	(127)
Supplies and Services	16,026	5,990	16,357	331	(84)	247
Agency & Contracted	19	0	19	0	0	0
Transfer Payments	0	0	0	0	0	0
Central Costs	9,297	17	9,649	352	(80)	272
Gross Expenditure	71,574	18,403	71,847	273	(293)	(20)
Income	(55,687)	(10,783)	(56,298)	(611)	(54)	(665)
Net Expenditure	15,887	7,619	15,549	(338)	(347)	(685)
HB Transfer payments	190,359	43,189	190,359	0	0	0
HB Central Costs	400	0	400	0	0	0
HB Income	(191,017)	(451)	(191,017)	0	0	0
HB Net Expenditure	(258)	42,738	(258)	0	0	0
Total Net Expenditure	15,629	50,357	15,291	(338)	(347)	(685)

Analysis by Head of Service (£000's)

Head of Service	Annual Budget	YTD - Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Central Establishment Recharges	(15,462)	0	(15,462)	0	0	0
Corporate Finance	1,608	914	1,689	81	(206)	(125)
Financial Services	8,682	1,112	8,684	2	(118)	(116)
Human Resources	2,567	531	2,615	48	(52)	(4)
ICT Services	9,159	2,655	9,447	288	(91)	197
Internal Audit and Risk	1,604	380	1,228	(376)	255	(121)
Legal & Democratic Services	7,365	1,981	7,053	(312)	(135)	(447)
Service Management	364	46	295	(69)	(0)	(69)
Net Expenditure Excl HB	15,887	7,619	15,549	(338)	(347)	(685)
Housing Benefit	(258)	42,738	(258)	0	0	0
NET EXPENDITURE	15,629	50,357	15,291	(338)	(347)	(685)

- 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 (Under) / overbudget £000's	Forecast (Under) / overbudget £000's
Corporate Finance	Management	£35k underbudget against employees	(35)	(125)
	Financial Systems	£49k under budget on pay as a result of holding a vacancy	(49)	
	Procurement	Minor variance.	(3)	
	Strategic Finance	£28k underbudget on employees through the proactive management of vacancies and from maternity leave £10k over recovery of income from VAT work.	(38)	
Financial Services	Management	£54k managed underbudget for employees and £19k on supplies reflecting early achievement of 2016/17 MTFP savings	(73)	(116)
	Operations & Data	£38k overbudget on employees (staff turnover not met) £27k overachieved income	11	
	Pensions	Minor variance	2	
	Financial Management	£14k overbudget on employees (staff turnover not met) £12k under budget on supplies and services £21k over recovery of SLA income	(19)	
	Revenues and Benefits	£7k overbudget on employees (staff turnover not met) £73k underbudget on transport £29k over budget on supplies and services	(37)	
Human Resources	Occupational Health	£19k overbudget on employees (staff turnover not met) £14k underbudget on supplies and services £35k overachieved income	(30)	(4)
	Health and Safety	£3k overbudget on employees £4k overbudget on transport £28k overachieved income	(21)	
	Human Resources	£22k overbudget on employees (staff turnover not met) £2k underbudget on supplies and services £27k underachieved income	47	
ICT	ICT Services	£79k overbudget on employees (staff turnover not met) £152k underbudget on supplies and services £270k direct revenue funding to finance capital schemes	197	197
Internal Audit and Risk	Insurance and Risk	Minor variances	2	(121)
	Internal Audit	£78k underbudget on employees through close management and control of vacancies £38k over recovery of income from DCLG Grant	(116)	
	Corporate Fraud	Minor variances	(7)	

Head of Service	Service Area	Description	Forecast (Under) / overbudget £000's	Forecast (Under) / overbudget £000's
Legal and Democratic Services	Corporate and Democratic Core	£56k underbudget on employees £2k underbudget on supplies and services £8k underbudget on members' allowances (vacancies)	(66)	
	Democratic Services	£111k underbudget on employees (future years savings) £18k underbudget on registrars premises £13k overachieved income	(142)	
	Legal Services	£32k identified MTFP savings £151k underbudget on employees following restructure in July 2015 £56k overachieved income due to increase in charge for SLAs	(239)	(447)
Service Management	Service Management	Unbudgeted income from SLA with Northumberland for HR support	(69)	(69)
TOTAL				(685)

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 net MTFP savings required in 2015/16, which amount to £1.646m, and early achievement of a number of MTFP savings in 2016/17.

Capital Programme

9. The Resources capital programme currently comprises 18 schemes, 17 of which are managed within ICT.
10. The original Resources capital programme was £13.422m and this has been revised for additions/reductions, budget transfers and budget reprofiling. The revised budget now stands at £13.909m. It is anticipated that the budget will be further increased by £350k after proposed ICT capital schemes to be funded from Resources reserves are considered by Cabinet. The schemes are:
- SharePoint Upgrade-£50k
 - Forensic Investigation Hardware & Software Replacement-£25k
 - Server Replacement-£110k
 - Upgrade of ISP Provision-£85k
 - ICT Mobile/Field Workforce System-£80k

11. Summary financial performance to the end of June 2015 is shown below.

Service	Original Annual Budget 2015/16 £'000	Revised Annual Budget 2015/16 £'000	Profiled Budget £'000	Actual Spend to 30 June £'000	Remaining Budget £'000
ICT	13,357	13,739	3,362	2,035	11,704
Human Resources	65	170	17	75	95
Total	13,422	13,909	3,379	2,110	11,799

12. The revised Resources capital budget is £13.909m with a total expenditure to 30 June 2015 of £2.110m (15%). A full breakdown of schemes and actual expenditure to 30 June 2015 is given in Appendix 2.
13. 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:

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

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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 Capital Programme 2015/16

Scheme	Revised Annual Budget 2015/16	Profiled Budget	Actual Spend to 30 June	Remaining Budget
	£'000	£'000	£'000	£'000
Archive Of Obsolete Systems Based On Non Supported Hardware	430	108	0	430
Councillor Replacement Of ICT Equipment	54	14	0	54
Dark Fibre Installation of Circuit/Microwave Upgrades	451	113	192	258
Desktop Mailing Solution	41	4	0	41
Digital Durham	10,119	2,467	1,508	8,611
Homeworking	200	50	19	181
ICT Vehicle Purchase	25	2	0	25
Infra Environment Monitoring	74	18	0	74
Langley Park Institute Internet Provision	1	0	0	1
Ongoing Server Replacement	91	23	0	91
Replacement Desktop	1,204	301	316	889
Big Data	150	38	0	150
Electronic Voting Equipment	100	25	0	100
Payment Card Industry (PCI) Code Of Compliance	20	5	0	20
Tanfield Datacentre Core Switching Replace	64	16	0	64
Tanfield Datacentre Local Area Network (LAN) Switching Replacement	465	116	0	465
Tanfield Power Upgrade	250	62	0	250
ICT Total	13,739	3,362	2,035	11,704
Civica Pension Fund Administration System	170	17	75	95
Human Resources Total	170	17	75	95
Resources Capital Programme Total	13,909	3,379	2,110	11,799

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Corporate Issues Overview and Scrutiny Committee

28 September 2015



Assistant Chief Executive – Quarter 1 June 2015: Forecast of Revenue and Capital Outturn 2015/16

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 2015.

Background

2. County Council approved the Revenue and Capital budgets for 2015/16 at its meeting on 25 February 2015. 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 - £10.162m (original £10.163m)
 - ACE Capital Programme – £5.676m (original £3.776m)
3. The original ACE General Fund budget has been revised to incorporate the following budget adjustment:
 - Energy Reduction -£1k

The revised General Fund Budget now stands at £10.162m.

4. The summary financial statements contained in the report cover the financial year 2015/16 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 **£0.152m** against a revised budget of **£10.162m**.
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	6,628	1,952	6,667	39	(35)	4
Premises	232	36	232	0	0	0
Transport	44	7	46	2	(4)	(2)
Supplies and Services	1,629	303	1,548	(81)	(10)	(91)
Agency and Contracted	0	0	0	0	0	0
Transfer Payments	1,900	534	2,243	343	(342)	1
Central Costs	2,239	30	2,239	0	0	0
GROSS EXPENDITURE	12,672	2,862	12,975	303	(391)	(88)
INCOME	(2,510)	(1,812)	(3,697)	(1,187)	1,123	(64)
NET EXPENDITURE	10,162	1,050	9,278	(884)	732	(152)

Analysis by Head of Service (£'000)

Head of Service Grouping	Annual Budget	YTD Actual	Forecast Outturn	Variance	Items Outside Cash Limit	Cash Limit Variance
Partnership and Community Engagement	6,865	1,061	6,955	90	(97)	(7)
Planning and Performance	1,496	409	1,510	14	(8)	6
Policy and Communications	2,377	(420)	1,389	(988)	837	(151)
Central	(576)	0	(576)	0	0	0
NET EXPENDITURE	10,162	1,050	9,278	(884)	732	(152)

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	(Under) / overbudget £'000s
Partnership and Community Engagement (PACE)	Area Action Partnerships, Community Buildings, PACE	£15k managed over budget on employees. £22k managed under budget on a range of supplies and services.	(7)
Planning and Performance	Planning, Performance, Overview and Scrutiny, County Records	£8k managed over budget on employees. £2k managed under budget on supplies and services.	6
Policy and Communications	Policy, Communications Public relations, CCU and Programme Office	£81k managed under budget on employees. £70k under budget on a range of supplies and services.	(151)
Central	Central Costs	No material variances.	0
TOTAL			(152)

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 2015/16 which amount to £0.278m.

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 £1.159m are held in an earmarked reserve. At present £0.577m of the total budget allocation of £1.915m has been either spent or committed.
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 £2.417m are held in an earmarked reserve. At this stage in the year a total of £1.499m has either been committed or spent.

Capital Programme

12. The ACE capital programme comprises four main schemes, Assets in the Community, Area Action Partnerships Capital, Members Neighbourhoods Capital and Community Facilities in Crook.
13. The Assistant Chief Executive capital programme was revised at Outturn for budget rephased from 2014/15. This increased the 2015/16 budget to £3.776m. Further reports to the MOWG in 2015/16 detailed further revisions, for grant additions/reductions, budget transfers and budget reprofiling into later years. The revised budget now stands at **£5.676m**.
14. Summary financial performance to the end of June is shown below.

Service	Original Annual Budget 2015/16 £000	Revised Annual Budget 2015/16 £000	Actual Spend to 30 June £000	Remaining Budget £000
Assets in the Community	1,163	1,429	83	1,346
Area Action Partnership	336	454	48	406
Members Neighbourhoods	1,764	3,280	218	3,062
Community Facilities Crook	513	513	0	513
Total	3,776	5,676	349	5,327

15. Officers continue to carefully monitor capital expenditure on a monthly basis. £349k of actual expenditure has been incurred to date. This is 6% of the total estimated spend in the year.
16. 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:

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

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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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