



AUDIT COMMITTEE

Date: Wednesday, 8 November 2023

Time: 6.00pm

Location: Council Chamber, Daneshill House, Danestrete, Stevenage

Contact: Ian Gourlay (01438) 242703

committees@stevenage.gov.uk

Members: Councillors: M McKay (Chair), C Veres (Vice-Chair), S Booth, L Briscoe, R Broom, N Chowdhury, A Farquharson, G Lawrence CC, Baroness Taylor of Stevenage, OBE and T Wren.

AGENDA

PART I

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

2. MINUTES - 6 SEPTEMBER 2023

To approve as a correct record the Minutes of the meeting of the Audit Committee held on 6 September 2023.

Pages 3 – 8

3. SHARED ANTI-FRAUD SERVICE (SAFS) - PROGRESS WITH DELIVERY OF 2023/24 ANTI-FRAUD PLAN

To consider a progress report in respect of the delivery of the SAFS Anti-Fraud Plan 2023/24.

Pages 9 – 28

4. REGULATION OF INVESTIGATORY POWERS ACT (RIPA) POLICY

To consider the updated Regulation of Investigatory Powers Act (RIPA) Policy.

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5. PROGRESS OF CORPORATE GOVERNANCE ACTIONS

To consider progress on Corporate Governance Actions.

59 – 70

6. MID YEAR TREASURY MANAGEMENT REVIEW AND PRUDENTIAL INDICATORS 2023/24

To consider the Mid Year Treasury Management review and Prudential Indicators 2023/24.

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7. URGENT PART I BUSINESS

To consider any Part I business accepted by the Chair as urgent.

8. EXCLUSION OF PUBLIC AND PRESS

To consider the following motions –

1. That under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in Paragraphs 1 – 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to Information) (Variation) Order 2006.
2. That Members consider the reasons for the following reports being in Part II and determine whether or not maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

9. PART II MINUTES - AUDIT COMMITTEE - 6 SEPTEMBER 2023

To approve as a correct record the Part II Minutes of the meeting of the Audit Committee held on 6 September 2023.

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10. SBC INFORMATION COMMUNICATION TECHNOLOGY (ICT) RESILIENCE

To consider a Part II briefing report on SBC Information Communication technology (ICT) Resilience.

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11. STRATEGIC RISK REGISTER

To note the latest Strategic Risk Register for Stevenage Borough Council and developments on risk management issues.

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12. URGENT PART II BUSINESS

To consider any Part II business accepted by the Chair as urgent.

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: Wednesday, 6 September 2023

Time: 6.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present: Councillors: Maureen McKay (Chair), Carolina Veres (Vice-Chair), Stephen Booth, Lloyd Briscoe, Rob Broom, Nazmin Chowdhury, Alex Farquharson, Graham Lawrence CC, Claire Parris (substitute) and Tom Wren.
Mr Syed Uddin (Independent Co-opted Non-voting Member).

Start / End Time: Start Time: 6.00pm
End Time: 7.19pm

1 **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

Apologies for absence were received from Baroness Taylor (substituted by Councillor Claire Parris).

The Chair welcomed Mr Syed Uddin, the new Independent Member to his first meeting of the Audit Committee.

There were no declarations of interest.

2 **MINUTES - 6 JUNE 2023**

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 6 June 2023 be approved as a correct record and signed by the Chair.

3 **EXTERNAL AUDIT PROGRESS AND LOCAL AUDIT DELAYS - DLUHC UPDATE JULY 2023**

The Committee considered a report presented by the Assistant Director (Finance) in respect of Local Audit delays and giving an update from the Department of Levelling Up, Housing and Communities (DLUHC) which had been issued in July 2023.

The Assistant Director (Finance) reminded Members that since 2017/18 there had been a deterioration with delays compounding during the Covid-19 pandemic, leading to a national persistent and significant backlog of audit opinions.

The Committee was advised that consideration was being given by DLUHC to potential changes to the Code of Audit Practice which it was hoped would prevent continued delays. It was hoped that changes to the relevant codes and standards would be made in time for implementation to begin by the end of December 2023. Officers also advised that the following statutory deadlines were being consulted on the SBC audits:

- 2020/21 – 2021/22 deadline 31 March 2024
- 2022/23 – deadline 30 September 2024
- 2023/2024 – deadline 31 March 2025.

The Committee then received a verbal update from Ernst & Young (EY) regarding progress on the outstanding SBC external audits. Debbie Hansen from EY advised that they were currently working through the impact of the DHLUC proposals. She advised the Committee that due to the delays, working papers including outstanding queries relating to valuations had to be revisited. Changes in personnel and a sector wide recruitment and retention challenge had also added to the delays to the Audits.

It was **RESOLVED:**

1. That the verbal update from Ernst & Young regarding progress on outstanding SBC external audits be noted.
2. That the report in respect of Local Audit delays and an update from the Department of Levelling Up, Housing and Communities (DHLUC) be noted.

4 **SHARED ANTI-FRAUD SERVICE (SAFS) ANNUAL REPORT 2022/23**

The Committee considered a report in respect of the Shared Anti-Fraud Service (SAFS) Annual Report 2022/23.

Darren Bowler from SAFS advised the Committee of significant recent reports published which had been used to ensure the Council was aware of new and emerging fraud threats as well as those established/known risks. The new reports included Lost Homes, Lost Hope which used previous data and research to estimate the current cost to local government of tenancy fraud. Members were concerned that the numbers of fraud cases identified appeared to be low. The Anti-Fraud Manager advised that the numbers were comparable to other partner authorities and also included the incidences of the more serious sub-letting cases along with similar figures for Council Tax fraud cases.

Members were pleased to note that close working arrangements were now in place with the Council's Tenancy Team to improve the identification of any cases of potential fraud.

In response to a question, the Assistant Director (Finance) advised that following the upcoming Treasury Management training session, further training sessions would be arranged for Members on Risk Management and Fraud.

It was **RESOLVED:**

1. That the activity taken by the Shared Anti-Fraud Service to deliver the 2022/23 Anti-Fraud Plan for the Council be noted.
2. That the other anti-fraud activity undertaken to protect the Council be noted.

5 **SHARED ANTI-FRAUD SERVICE (SAFS) - 2023/24 ANTI-FRAUD PLAN - PROGRESS REPORT**

The Committee considered a progress report in respect of the Shared Anti-Fraud Service (SAFS) Anti-Fraud Plan 2023/24.

The Committee was advised that between April and July 2023 a further 41 allegations of fraud had been received by the Council/SAFS and were now under investigation with an estimated fraud loss of £375k.

In response to a question, Members were advised that all SBC staff were required to undertake mandatory I learn Fraud training.

Officers agreed that for future reports, a summary of the changes would be included at the beginning of the report for ease of reference

It was **RESOLVED** that the progress made by officers and the Shared Anti-Fraud Service to deliver the 2023/24 Anti-Fraud Plan for the Council be noted.

6 **SHARED INTERNAL AUDIT SERVICES (SIAS) INTERNAL AUDIT PLAN 2023/24 - PROGRESS REPORT**

The Committee considered a progress report in respect of the delivery of the Shared Internal Audit Service (SIAS) Internal Audit Plan 2023/24, as at 18 August 2023.

The SIAS Client Audit Manager advised that all Audits scheduled for 2023/24 would be allocated to a member of the Audit Team by the end of the year. He gave an update to the Committee on each individual project within the 23/24 Audit Plan.

It was noted that one new high priority recommendation had been added to the schedule relating to debt recovery reminder and payment arrangements. In response to a question the Assistant Director advised that the Council's Integra System was subject to an upgrade which would increase the functionality for staff. An update would also be given to the November meeting on the progress with this recommendation. The Assistant Director assured Members that the Council was robust in its debt collections and that the correct agencies were used.

The Client Audit Manager also advised that SIAS were broadly on track with profiled targets for both delivery of planned days and projects. In response to a number of vacancies within the Team, additional resources had been used from external partners to deliver the planned work for quarter 4 allowing the work to be completed.

Members were pleased to note that significant progress had been made in filling the vacancies with a new Client Audit Manager and three Trainee Auditors starting and that sufficient resources were available to deliver the SBC Plan 2023/24.

In response to a question regarding Members having access to the final full Audit reports, the Audit manager advised he would consult with Strategic Director (CF) and Assistant Director Finance to consider this.

It was **RESOLVED**:

1. That the SIAS Internal Audit progress report be noted.
2. That the status of Critical and High Priority Recommendations be noted.

7 **ANNUAL TREASURY MANAGEMENT STRATEGY REVIEW 2022/23**

The Committee considered a report in respect of a review of the 2022/23 Annual Treasury Management Strategy and Prudential Indicators.

The Assistant Director (Finance) advised that during the financial year, Officers had operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management practices.

The Committee noted that no new external borrowing had been taken during the year.

Members were advised that there were no breaches to the Policy in the year to 31 March 2023 with the investment activity conforming to the approved strategy.

It was also noted that in accordance with the strategy, the Council invests its surplus cash balances that are committed for future approved spending.

It was **RESOLVED** that, subject to any comments made by the Executive, the 2022/23 Annual Treasury Management Review be recommended to Council for approval.

8 **URGENT PART I BUSINESS**

None.

9 **EXCLUSION OF PUBLIC AND PRESS**

It was **RESOLVED** that:

1. Under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in Paragraphs 1 - 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to information) (Variation) Order 2006.
2. Members considered the reasons for the following reports being in Part II and determined that the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

10 **PART II MINUTES - AUDIT COMMITTEE - 6 JUNE 2023**

It was **RESOLVED** that the Part II Minutes of the meeting of the Audit Committee held on 6 June 2023 be approved as a correct record and signed by the Chair.

11 **STRATEGIC RISK REGISTER**

The Corporate Performance and Improvement Officer presented a report providing the Quarter 1 2023/24 (April to June 2023) update in respect of the Strategic Risk Register.

The Corporate Performance and Improvement Officer, assisted by the Assistant Director Finance, responded to a number of questions raised by Members on the report.

It was **RESOLVED** that the latest Strategic Risk Register, as set out at Appendix A1 to the report, be noted.

12 **URGENT PART II BUSINESS**

None.

CHAIR

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Stevenage Borough Council

Progress with delivery of the 2023/24 Anti-Fraud Plan

Recommendation

Members are recommended to:

Note the work of the Council and the Shared Anti-Fraud Service in delivering the **2023/24 Anti-Fraud Plan**

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4	Summary of anti-fraud activity at SBC April- September 2023
8	List of Background Papers

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- A. SBC Anti-Fraud Plan 2023/24
- B. SAFS KPI monitoring to September

Introduction

1. This report provides details of the work undertaken to protect the Council against the threat of fraud and the Council's 2023/24 Anti-Fraud plan. The Committee are asked to note this work.
2. Recent reports on fraud and corruption have been shared with Council officers and are used by SAFS to ensure that the Council is aware of its fraud risks and finding ways to mitigate or manage these effectively wherever possible.
3. Some of the most significant recent reports include:
 - ***Fighting Fraud and Corruption Locally a Strategy for the 2020's***. This strategy focuses on the governance and 'ownership' of anti-fraud and corruption arrangements. The Strategy also identifies areas of best practice and includes a 'Checklist' to compare against actions taken by the Council to deter/prevent/investigate fraud. The checklist is maintained and reviewed by SAFS and officers.
 - ***Tackling Fraud in the Public Sector 2020***. In 2019 CIPFA commissioned a survey and round table events for senior managers in local government to establish what local authorities were doing to tackling fraud. The survey was conducted by an independent body with the support of LGA and MHCLG.
 - ***UK Fraud Strategy 'Stopping Scams and Protecting the Public***. The Government launched its latest strategy in 2023 aimed at bringing government and the private sector together to tackle fraud, the pursuit and punishment of fraudsters, providing more recognition of fraud and how to avoid it .
 - ***Lost Homes, Lost Hope***. This paper, published by the Fraud Advisory Panel & Tenancy Fraud Forum in April 2023 uses previous data and research to estimate the current cost to local government of tenancy fraud along with the volume of fraud across the sector. The SAFS Partners have adopted the value of fraud loss used in this academic piece when reporting 'tenancy fraud'.

Background

4. Stevenage Borough Council is a founding member of the Hertfordshire Shared Anti-Fraud Service (SAFS). This Committee has previously received detailed reports about the creation of SAFS, and how this service works closely with the Shared Internal Audit Service (SIAS). SAFS works across the whole Council dealing with many aspects of fraud, from deterrence & prevention to investigation & prosecution.

Anti-Fraud Activity 2023/24

Staffing & Resources

5. In March 2023 (this Committee approved the 2023/24 Anti-Fraud Plan for the Council and KPIs for the SAFS. See **Appendix A** for details of the Plan and **Appendix B** for progress with delivery and KPI Performance.
6. The SAFS Team this year is composed of 23 accredited and trained counter fraud staff and is based at Hertfordshire County Council's offices in Hertford.
7. Each SAFS Partner receives dedicated support and response through a number of 'operational' days where SAFS staff are allocated to various cases, projects, training or other anti-fraud functions at the Council, the Council has also invested further resources into SAFS to provide further anti-fraud capacity around its housing stock. Providing the Service in this manner allows officers to develop working relationships with Council staff, and also provides improved resilience and flexibility across the Partnership as a whole. SAFS Officers have access to Council offices, officers, systems & data to conduct their enquiries.
8. The SAFS allocated 450 operational days exclusively for the Council, this includes SAFS Management, fraud risk assessment & Executive Reports, reactive/proactive investigations, data-matching & data-analytics (NFI etc), face to face and virtual learning sessions for staff, financial investigations, application of sanctions and supporting prosecutions.

Fraud Awareness and Prevention

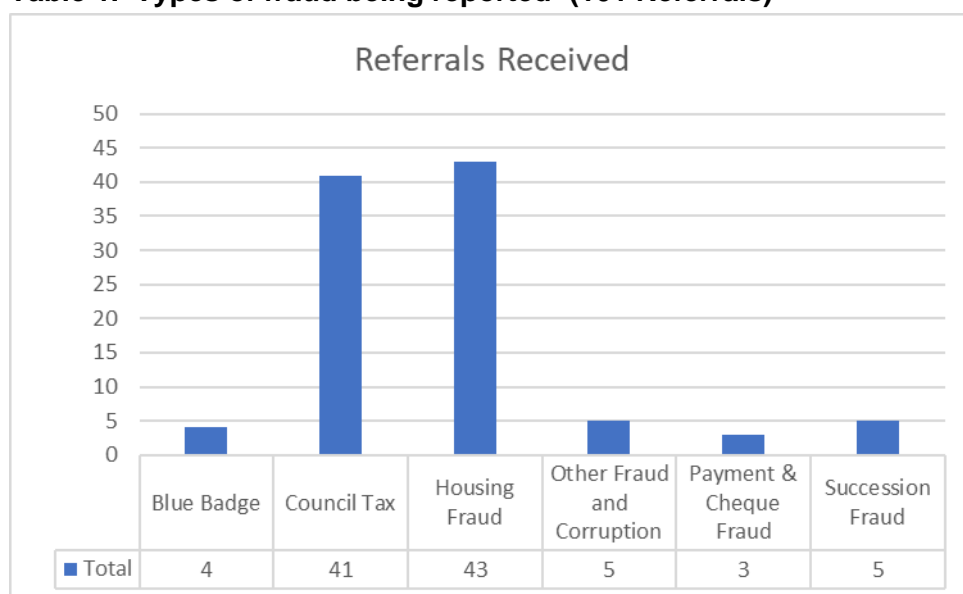
9. A key objective for the Council is to develop the existing anti-fraud culture; ensuring senior managers and members consider the risk of fraud when developing policies or processes; helping to prevent fraud occurring; deterring potential fraud through external communication; encouraging all officers to report fraud where it is suspected; and providing public confidence in the Council's stance on fraud and corruption.

10. The Council will take part in the International Fraud Awareness Week in November 2023 with planned activity utilising social media and national/international resources. Campaigns such as this encourage residents to report fraud and provide assurance that the Council takes fraud seriously and acts on those reports.
11. The SAFS webpage – www.hertfordshire.gov.uk/reportfraud includes an online reporting tool, confidential fraud hotline (0300 123 4033) and a secure email account for reporting fraud – fraud.team@hertfordshire.gov.uk These contact details are also available via the Councils own website <https://www.stevenage.gov.uk/benefits/reporting-fraud> and on the Councils intranet for staff. None of these functions replace the Council's own Whistleblowing reporting procedures, which this committee receives a separate report about.
12. Working with the Councils HR team SAFS maintains the delivery of its e-training package for staff to raise awareness of fraud, bribery, and money laundering. This training package is hosted on the Councils intranet and is mandatory for all staff, the modules on anti-fraud/bribery/corruption will be reviewed in 2023.

Counter Fraud Activity & Reported Fraud

13. Between April and September SAFS received 101 'referrals' or allegations of fraud affecting Council services. Allegations received have increased slightly compared to the same period in 2022/23.

Table 1. Types of fraud being reported- (101 Referrals)



'Council Tax'-includes Housing Benefit/Council Tax Reduction Scheme/ Single Person Discounts
'Succession Fraud' – relate to cases involving Council housing stock.

14. Of the 101 referrals received 48 came from members of the public and 53 from Council staff.
15. SAFS carried forward 19 live cases from 2022/23. Many new cases raised for investigation are still in the early stages (34) and of 23 live cases under investigation at the end of September the estimated fraud loss/savings for these cases exceeds £505k.
16. Ten 'reactive' investigations have been closed so far this year, and a further 16 low level review undertaken, with fraud losses/savings combined of just over £79k reported.

'Fraud Loss' is where a fraud has occurred resulting in a debt that can be recovered through civil/statutory routes. 'Fraud Savings' reflect attempted frauds that have been prevented or an ongoing 'Loss' that has been stopped.

17. A large number of cases continue to be delayed where SAFS works with other agencies, in particular the Department for Work and Pension (DWP), where staff are now being redeployed to deal with an increase in fraud in the Universal Credit system.
18. A report from the Fraud Advisory Panel in 2023, Lost Homes Lost Hope, estimates that the cost of social housing fraud to local councils could exceed £42k for every property that is being illegally sub-let. SAFS response to this fraud threat is to work more closely with the Councils Housing Service as well as with registered housing providers across the County, to assist in the investigation and recovery of council properties where illegal sub-letting or 'key-selling', succession and right to buy fraud is identified.
19. 14 cases of 'tenancy fraud' are currently being investigated within the Councils boundaries with the intention that, once recovered, these properties will be made available to families from the Councils housing register, including those in temporary accommodation. Two cases of tenancy fraud have already been proven and a number of cases are awaiting possession proceedings. One case of sub-letting is so serious that it has been passed to the Councils legal service to prepare charges for prosecution of those involved.
20. SAFS staff are based at the Council offices and spend part of their time within the Housing Needs Team or Revenue and Benefits areas and this encourages staff to report suspicions of fraud directly.

21. SAFS works closely with the Councils parking enforcement team dealing with the misuse of disabled persons 'Blue Badges' in the Councils pay and display car parks across the borough.

Proactive and Prevention Activity

22. SAFS continues to provide alerts of new and emerging fraud from our network of partners including Cabinet Office, CIFAS, CIPFA, National Fraud Intelligence Bureau (NFIB), Herts Police- OWL, National Cyber Security Centre (NCSC) and NAFN.
23. The Head of SAFS sits on the Hertfordshire Fraud and Cyber Crime Steering which is hosted by Hertfordshire Constabulary and includes stakeholders from a wide range of enforcement partners.
24. SAFS continues to work nationally and regionally with other counter fraud services and to share best practice and initiatives as well as requesting support and guidance from the South-East Counter Fraud Group, London Fraud Forum (LFF), London Borough Fraud Investigators Group (LBFIG) and the Home Counties Tenancy Fraud Forum (TFF).
25. SAFS has worked with the 'District Revenues Manager Group' to develop a framework contract for all district councils in Hertfordshire to conduct bulk reviews of council tax discounts and exemptions, improving collection and preventing fraud. This service is funded by the County Council, with the district councils undertaking the work with selected contractors. The Council is signed up as part of the Framework and will make use of this service in 2023/24.
26. SAFS continues to work in partnership with the DWP to share data and evidence where fraud impacts on local welfare schemes, such as Council Tax Support or Housing Benefit, and national schemes, such as Income Support and Job Seekers Allowance or Universal Credit. But, as mentioned already may cases are delayed due to DWP staff still being redeployed.
27. SAFS is working with Council officers to review the outcome from the National Fraud Initiative (NFI) by providing resources and support to deal with reports/matches received in February 2023. To date of 1,310 matches, 464 high priority matches have been reviewed, 50 discrepancies and 12 frauds identified and savings of £223k recorded.
28. The Council subscribes to the Hertfordshire FraudHub. This project operates using the same legal framework as main NFI exercise but allows data to be matched more frequently helping to prevent fraud or detecting it sooner. In Quarters 1&2 more than 4,400 matches have been reported of which 856 have been reviewed.

29. SAFS have provided a number of reports to the Council's senior management about fraud risks identified from investigations, both at the Council and other SAFS Partners, with recommendations on how the Council can better manage/mitigate these risks in future. Where recommendations relate directly to Council services we have shared our reports with SIAS to help inform future audit planning.

List of Background Papers - Local Government Act 1972, Section 100D

- (b) Councillors Workbook on Bribery & Fraud Prevention (LGA 2017)*
- (c) Fighting Fraud and Corruption Locally- A Strategy for the 2020's (CIPFA/CIFAS/LGA 2020)*
- (d) Tackling Fraud in the Public Sector (CIPFA 2020)*
- (e) Code of Practice – Managing the Risk of Fraud and Corruption (CIPFA 2014)*
- (f) Fighting Fraud- Breaking the Chain. (Report of Session 2022-2023 House of Lords)*
- (g) HMG Counter Fraud Standards (Cabinet Office 2021)*
- (h) HMG Fraud Strategy – Stopping Scams, Protecting the Public (May 2023)*

Appendices

Appendix 1 - SAFS/Stevenage Borough Council *Anti-Fraud Plan 2023/24* and associated papers.

Appendix 2 - SAFS KPI monitoring 2023/24

**Stevenage Borough Council
Anti-Fraud Plan 2023-2024**

In partnership with

The Hertfordshire Shared Anti-Fraud Service



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Introduction

This plan supports the Councils **Anti-Fraud and Corruption Policy** by ensuring that Stevenage Borough Council, working in partnership with the Hertfordshire Shared Anti-Fraud Service and others, has in place effective resources and controls to prevent and deter fraud as well as investigate those matters that do arise.

The Councils published Anti-Fraud and Corruption Policy states;

The Council is committed to the prevention and detection of fraud and corruption, whether from within or outside the organisation and the aims of this document are to:

Be clear that the Council will not tolerate fraudulent or corrupt acts and will take firm action against those who defraud the authority, who are corrupt or engage in financial malpractice.

Provide a consistent framework for managers and Members, which enables effective deterrence, prevention, detection and investigation of fraud and corruption.

Detail the responsibilities of employees, management and Members with regard to fraud and corruption.

Assist the relevant Strategic Directors in fulfilment of their roles as the Council's S151 Officer and as the Council's Monitoring Officer.

Explain the role of Council officers in relation to the prevention of fraud and actively promote a culture of openness and honesty in all its dealings and has adopted Codes of Conduct for Members and officers.

This plan includes objectives and key performance indicators that support the Councils Policy and follows the latest best practice/guidance/directives from the Ministry for Housing Communities and Local Government (MHCLG), National Audit Office (NAO), Local Government Association (LGA), Public Sector Fraud Authority (PSFA) and the Chartered Institute for Public Finance and Accountancy (CIPFA).

National Context.

In 2013 the National Fraud Authority stated that the scale of fraud against local government “is large, but difficult to quantify with precision”. Since 2013 a number of reports have been published including by CIPFA, NAO and DLUHC indicating that the threat of fraud against local government is both real, causes substantial loss (including reputational, service as well as financial) and should be prevented where possible and pursued where it occurs.

In 2022 the Public Sector Fraud Authority (Cabinet Office) published a report stating that in 2021/22 the public sector had experienced more than 5 million acts of fraud, that more than £33bn in public money was lost to fraud each year and that fraud against the Covid-19 Financial Support packages alone had cost £19bn.

The *Fighting Fraud and Corruption Locally, A Strategy for the 2020's*, published in March 2020 and supported by CIPFA, the LGA, SOLCACE and External Auditors provides a framework for the Council to adopt in developing its counter fraud activity and this Anti-Fraud Plan follows the guidance and recommendations of the *Strategy*. A copy of the *Strategy* can be found at <https://www.cipfa.org/services/cipfa-solutions/fraud-and-corruption/fighting-fraud-and-corruption-locally>

The new *Strategy* compliments work undertaken in 2019 by CIPFA, NAO and Cabinet Office as well as the *Code of practice on managing the risk of fraud and corruption* CIPFA 2015 including the four ‘Pillars’ of **Govern Acknowledge, Prevent, Pursue** with an overarching aim of **Protect**:

For the Council this includes protecting public funds it administers and protecting the Council and its residents against fraud and cybercrime.



Anti-Fraud Plan 2023-2024

The Councils Anti-Fraud Plan will be managed by the Hertfordshire Shared Anti-Fraud Service (SAFS), but officers at all levels across the Council will have responsibility for ensuring that the plan is delivered.

The Anti-Fraud Plan highlights specific areas of work to protect the Council against fraud and corruption. The Council also has a duty to protect the public and it does this through its work across all services and in particular by sharing information and knowledge through communications either directly or via its website. The Council has frameworks and procedures in place to prevent fraud and encourage staff and the public to report suspicions of fraud through a number of channels.

The Anti-Fraud Plan for 2023-2024 follows the guidelines and checklists contained in the *Fighting Fraud and Corruption Locally Strategy* and progress against this will be reported to senior management and the Councils Audit Committee. A break-down of work included in the Plan can be found at **Appendix A** and the officers with responsibility for ensuring the plan is delivered is included as well.

SAFS Resources 2023-2024

Anti-Fraud Arrangements

Stevenage Borough Council is a founding member of the Hertfordshire Shared Anti-Fraud Service (SAFS) and this service has provided the majority of the anti-fraud arrangements for the Council since April 2015. The SAFS Partnership, as well as Stevenage Borough Council, includes Broxbourne Borough Council, Hertsmeire Borough Council, Hertfordshire County Council, Luton Borough Council, North Herts Council, East Herts Council and from April 2023 Welwyn and Hatfield Council. The SAFS also provides services to other public sector bodies across Hertfordshire.

The SAFS Team is made up of 21.5 full time equivalent staff in 2023/24. All staff are fully trained and accredited (or working towards this) specialising in fraud prevention, fraud investigation, fraud awareness, fraud risk assessment as well as proceeds of crime, anti-bribery and anti-money laundering.

Since 2019 the SAFS Team has been nominated for and/or won awards for the services it provides including the **Tackling Economic Crime Awards** (TECAS), the **Institute of Revenue Rating and Valuation Awards** (IRRV), the **Public Finance Awards** (PFA), and most recently in February 2023 the **Public Sector Counter Fraud Awards**.

SAFS is a Partnership with each organisation paying an annual fee for Hertfordshire County Council for a contracted service for all Partners. SAFS, as a service, has a number of key objectives developed by its Management Board (the Board) and every Partner has a seat on that Board. For the Stevenage Borough Council the Strategic Director (CFO) is the Board representative and the Assistant Director of Finance acts her deputy.

Although SAFS will provide much of the Councils operational counter fraud work Council officers are responsible for ensuring the policies, procedures, training and appropriate resources are in place to protect the Council from fraud, corruption and bribery.

Budget

In December 2022 the SAFS Board agreed fees for all Partners from April 2023. The Board also received assurance from financial modelling that the service would be sustainable, in its current form, for at least the next three years.

Fees for Stevenage Borough Council for 2023-2024 have been agreed at £164,231+ VAT.

Staffing

The full complement for SAFS in 2023-2024 is planned to be 21.5 FTE.

The Council will have access to 450 days of counter fraud work, access to intelligence functions of the service, all data-matching services being offered through the SAFS Data-Hub and Herts *FraudHub* (hosted by Cabinet Office) and can call on SAFS management for liaison meetings, management meetings and three Audit Committees reports per annum. An Accredited Financial Investigator is available to assist in money laundering or proceeds of crime investigations.

SAFS also has access to specialist IT forensics, covert surveillance and national counter fraud intelligence services provided via third parties and criminal litigation services to support the in-house legal team.

SAFS will also provide alerts (local and national) to Council officers and senior management of new and emerging fraud risks through its membership of anti-fraud forums and specialist providers including the Fighting Fraud and Corruption Locally Board (FFCLB) the Credit Industry Fraud Avoidance Service (CIFAS), Certified Institute of Public Finance and Accountancy (CIPFA) Finance, National Fraud Intelligence Bureau (NFIB), Fraud Advisory Panel (FAP) and the National Anti-Fraud Network (NAFN).

Workplans & Projects 2023-2024

As well as an agreed programme of work (see **Appendix A**) SAFS will work in the following areas delivering specific activity agreed with service managers. Progress with this work will be reported to the relevant head of service/managers on a quarterly basis.

Service Area	Agreed Projects
Cross Cutting Corporate Initiatives	<p>General Support. Three Reports to Audit and Governance Committee. SAFS attendance at Corporate Governance Groups and management meetings. Assisting with the review of the Councils existing anti-fraud policies. Money Laundering Reporting Officer (MLRO) role Assist with NFI Output and FraudHub. Assisting with Payroll fraud matters including disciplinary investigations. Identify new fraud risks and fraud alerts.</p> <p>Training. Ten fraud training/awareness events for staff/members in year delivered face to face/virtually/hybrid. Review and re-release of SAFS I-Learn training package on fraud/bribery/money laundering – accessible via the Councils intranet. Roll out of NAFN training and registration for appropriate services/officers.</p> <p>Procurement. Work with internal procurement service developing a bespoke risk assessment for fraud in procurement/contract.</p>
Revenues and Benefits	<p>This work will be arranged with the Shared Revenue and Benefit Service hosted by East Herts Council. Proactive training and awareness for management and front-line staff. Reactive investigations for housing benefit, council tax support/discount and business rate fraud. Support for single person discount review utilising 3rd party framework. Identify systems/processes/new developments to assist in recovery of debt created by fraud. Use of data-analytics to identify fraud/evasion of business rate liability and collection. Joint working with DWP where council tax support and other ‘national’ benefits are in payment.</p>
Housing Services	<p>This work will be arranged with the Councils housing services and in partnership with Clarion Housing Group, Catalyst Housing (now part of Peabody), B3Living and other housing providers with stock within the Councils area. Proactive training and awareness for senior leadership and front-line staff. Reactive investigations for Housing Application, Tenancy fraud and support for RTB process. Targets include:</p> <ul style="list-style-type: none"> • 12 social homes secured from sub-letting, or other unlawful tenancy breaches, or acts of fraud against the housing application/homelessness process. • Programme of work to support the Councils plans to improve the use of Tenancy Audits, through improved use of intelligence/data analytics and the sharing of fraud trends around misuse of social housing. • 100% review of RTB & Succession applications. <p>Review housing register to identify fraud risks and, where appropriate, investigate these.</p>

SAFS KPIs & Standards of Service.

SAFS will work to a set of KPIs agreed with senior officers and these targets will assist in delivering the Councils Anti-Fraud Plan. The KPI's can be found at **Appendix B** and will be reported to senior officers and Audit Committee throughout the year.

SAFS - Standards of Service.

SAFS will provide the Council with the following anti-fraud services.

1. 24/7 Access to a fraud hotline, email and online solution for public reporting.
2. Process for Council staff to report suspected fraud to SAFS via email/phone/weblinks.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, Identity Fraud and Money Laundering.
4. A Money Laundering Reporting Officer service as laid out in the relevant Council policies.
5. Assistance in the design/review of Council policies, processes, and documents to deter/prevent fraud.
6. SAFS will design shared/common anti-fraud strategies and policies or templates to be adopted by the Council.
7. SAFS will continue to develop with the Cabinet Office and Council officers a data-matching solution (NFI- Herts *FraudHub*) to assist in the early identification and prevention of fraud.
 - The FraudHub will be funded by the Council.
 - The FraudHub will be secure and accessible only by nominated SAFS and Council Staff.
 - Data will be collected and loaded in a secure manner.
 - SAFS will design and maintain a data-sharing protocol for all SAFS Partners to review and agree annually.
 - SAFS will work with Council officers to identify datasets (and frequency) of the upload of these.
 - SAFS will work with Council officers to determine the most appropriate data-matching.
8. All SAFS Staff will be qualified, trained and/or accredited to undertake their duties lawfully.
9. All SAFS investigations will comply with legislation including DPA, GDPR, PACE, CPIA, HRA, RIPA* and relevant Council policies.
10. Reactive fraud investigations.
 - Any high profile, high value, high risk cases or matters reported by senior managers will receive a response within 24 hours of receipt.
 - All cases reported to SAFS will be reviewed within 2 days of receipt and decision made on immediate action including selection of cases for further review, no action, investigation, or referral to 3rd parties including police, DWP, Action Fraud.
 - The Council will be informed of all reported fraud affecting its services.
 - SAFS will allocate an officer to each case.
 - SAFS officers will liaise with nominated officers at the Council to access data/systems to undertake investigations.
 - SAFS officers will provide updates on cases and a summary of facts and supporting evidence on conclusion of the investigation for Council officers to review and make any decisions.
 - Where criminal offences are identified SAFS will draft a report for Council officers to decide on any further sanctions/prosecutions.
11. Where sanctions, penalties or prosecutions are sought SAFS will work with the Council to determine the appropriate disposal in line with the Council's policies.
12. SAFS will provide Alerts to the Council, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.
13. SAFS will provide reports to senior management on the progress with delivery of this Plan and any other relevant activity planned or otherwise.
14. SAFS will provide reports through the SAFS Board and to the Council's Audit Committee as agreed in the SAFS Partnership Contract.

**Data Protection Act , General Data Protection Regulation, Police and Criminal Evidence Act, Criminal Procedures and Investigations Act, Human Rights Act, Regulation of Investigatory Powers Act, Investigatory Powers Act.*

Appendix A.

SBC / SAFS Action Plan 2023/2024			
FFCL Pillars	Objectives	Activities	Responsible Officer
Governance	Having robust arrangements and executive support to ensure anti fraud, bribery and corruption measures are embedded throughout the organisation.	Ensure the Councils Anti-Fraud and Corruption Strategy & Fraud Response Plan and associated policies to deter, prevent, investigate and punish acts of fraud or corruption are reviewed against latest best practice. Review and update the Councils Money Laundering/ Bribery/ Cyber-Crime Policies	Chief Executive / Borough Solicitor / Strategic Director (CFO)
		The Councils Audit and Governance Committee will receive reports during the year about the arrangements in place to protect the Council against fraud and the effectiveness of these.	Strategic Director (CFO) /Head of SAFS
		Audit and Governance Committee and its Chairman, along with the senior management team, will ensure compliance with the latest best practice in the Councils anti-fraud arrangements including that published by CIPFA, NAO and LGA.	AC Chairman/ Strategic Director (CFO) / Borough Solicitor
		System/process weaknesses or risks revealed by instances of actual fraud will be fed back to departments/services with recommendations to manage/mitigate these risks. Reports will be shared with senior managers or Internal Audit to review outcomes and management response to recommendation.	Head of SAFS/ Head of SIAS
		SAFS will assist the Council in providing its Fraud Data for the Transparency Code each year	Head of SAFS
		The Council will make it clear through its policies and codes of conduct for staff and Members that fraud and corruption will not be tolerated.	Strategic Director (CFO) / Head of Human Resources
ACKNOWLEDGE	Accessing and understanding fraud risks. Committing the right support and tackling fraud and corruption. Demonstrating that it has a robust anti-fraud response. Communicating the risks to those charged with	Inclusion of Fraud Risks and actions to manage/mitigate/reduce this in its Annual Governance Statement.	Risk Manager / Strategic Director (CFO)
		The Councils Communication Team will publicise anti-fraud campaigns and provide internal communications to staff on fraud awareness	Head of SAFS/ Communications & Marketing Mgr
		The Council and SAFS will provide fraud awareness & specific anti-fraud training across all Council services and implement E-Learning modules available for staff that is mandatory.	Head of HR / Head of SAFS
		The Council is a member of the Hertfordshire Shared Anti-Fraud Service (SAFS). The Strategic Director (CFO) or the Assistant Director of Finance will ensure that the services provided by SAFS are appropriate and provide an effective ROI in both savings delivered and added value.	Strategic Director (CFO) / Assistant Director of Finance
		Audits conducted by the Shared Internal Audit Service will take account of known or emerging fraud risks when audit activity is being planned. SIAS will also report any suspected fraud to senior management and SAFS to review.	Head of SIAS
		All SAFS staff will be fully trained and accredited. SAFS will continue to work with the Cabinet Office to support the Counter-Fraud Profession.	Head of SAFS
PREVENT	Making the best use of information and technology. Enhancing fraud controls and processes. Developing a more effective anti-fraud culture. Communicating its' activity and successes.	SAFS will provide fraud alerts and new and emerging fraud threats to be disseminated to appropriate officers/staff/services.	Head of SAFS
		SAFS will work with all Council services to make best use of 3rd party providers such as NAFN, PNLD, CIPFA, CIFAS.	Head of SAFS
		Develop the Councils use of the Herts FraudHub and support Council officers with the output from NFI 2022/2023 Exercise	Head of SAFS/ Assistant Director of Finance
		The Council, and SAFS, will seek to work with other organisations, including private sector, to improve access to data and data-services that will assist in the detection or prevention of fraud.	Head of SAFS/ Assistant Director of Finance
		The SAFS Mgt will provide reports to the SAFS Board quarterly on anti-fraud activity across the Partnership and any learning to be shared with all Partners	Head of SAFS
		The Council will review data sharing agreements/protocols to ensure compliance with DEA & GDPR/DEA to maximise the use of sharing data with others to help prevent/identify fraud.	Borough Solicitor
PURSUE	Prioritising fraud recovery and use of civil sanctions. Developing capability and capacity to punish offenders. Collaborating across geographical	SAFS will work with the LGA and Cabinet Office to support the work of the Public Sector Fraud Authority.	Head of SAFS
		All fraud reported to the Council will be via SAFS fraud reporting tools (web/phone/email) for staff, public and elected Members. SAFS will work with officers to promote the reporting of suspected fraud by officers and the public.	Head of SAFS
		All investigations will comply with relevant legislation and Council Policies. Investigations will include civil, criminal and disciplinary disposals	Head of SAFS
		SAFS will use its case management system to record and report on all fraud referred, investigated and identified.	Head of SAFS
		Legal Service and HR and debt recovery teams will seek to 'prosecute' offenders, apply sanctions and recover financial losses- supported by relevant policies.	Borough Solicitor/ Head of HR/ Assistant Director of Finance
		SAFS and the Councils R&B Service will work with DWP to deliver joint investigations where fraud affects both HB and CTRS	Head of SAFS/ Head of R&B Shared Service
PROTECT	Recognising the harm that fraud can cause in the community. Protecting itself and its' residents from fraud.	SAFS will use its in-house expertise as well as external partners when considering the use of POCA, Surveillance or IT Forensics.	Head of SAFS
		SAFS will provide reports and data to Fraud Champions on all anti-fraud activity as required by Council officers.	Head of SAFS
		Reports for Audit Committee on all Counter Fraud activity (Incl HB OP and recovery) at the Council 3 times in 2023-2024	Head of SAFS / Strategic Director (CFO)
		The Council has in place measures to protect itself against cyber crime, malware and other potential attacks aimed at its IT infrastructure, with training for staff and elected members	Asst Director Chief Technology Officer
		SAFS will work with bodies including MHCLG/LGA/CIPFA/FFLB to develop anti-fraud strategies at a national level that support fraud prevention in local government	Head of SAFS

Appendix B.

SAFS KPIs - 2023/ 2024 (SBC)

KPI	Measure	Objectives	Reason for KPI
1	Return on investment from SAFS Partnership.	Demonstrate that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution. A. Meetings to take place with the Assistant Director of Finance, quarterly. B. Strategic Director (CFO) or deputy will attend SAFS Board meetings quarterly. C. Regular meetings to take place with Directors/Service Leads to agree and update local work plans. D. Reports on progress with any area of work covered by the SAFS Partnership Agreement will be provided on request.	Transparent evidence to Senior Management that the Council is receiving a service matching its contribution.
2	Provide an investigation service.	A. 450 Days of counter fraud activity including proactive and reactive investigation work, data-analytics, training and fraud risk management (Supported by SAFS Intel/Management). B. 3 Reports to Audit Committee. C. SAFS attendance at corporate governance, 'service champion' meetings, local management team meetings.	Ensure ongoing effectiveness and resilience of the Councils anti-fraud arrangements.
3	Action on reported fraud.	A. All urgent/ high risk cases 1 Day. B. All other cases 2 Days on Average.	Ensure that all cases of reported fraud are triaged within agreed timescales.
4	Added value of SAFS membership.	A. Membership of NAFN & PNLD B. Membership of CIPFA Counter Fraud Centre and access to CIFAS/NCSC/AF/FFCL alerts/trends/best practice C. NAFN Access/Training for relevant Council Staff D. 10 Training events for staff/Members in year. (To be agreed with Directors/Service leads and HR)	Deliver additional services that will assist in the Council in preventing fraud across all services and in the recovery of fraud losses.
5	Allegations of fraud received. & Success rates for cases investigated.	A. All reported fraud (referrals) will be logged and reported to officers by type & source. B. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each will be reported to officers. C. 12 Social homes secured from unlawful use or sub-letting. D. 100% Review of all Right to Buy and 'Succession' applications.	This target will measure the effectiveness of the service in promoting the reporting of fraud & measure the effectiveness in identifying cases worthy of investigation.
6	Making better use of data to prevent/identify fraud.	A. Support the output from NFI 2022/23 across all Council services. B. Membership of the Herts FraudHub in 2023/24.	Develop a 'data-hub' that will allow the Council to access and share data to assist in the prevention/detection of fraud.

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SAFS KPIs - 2023/ 2024

KPI	Measure	Target 2023/24	Performance to September 2023
1	Return on investment from SAFS Partnership.	Demonstrate that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution. A. Meetings to take place with the Assistant Director of Finance, quarterly. B. Strategic Director (CFO) or deputy will attend SAFS Board meetings quarterly. C. Regular meetings to take place with Directors/Service Leads to agree and update local work plans. D. Reports on progress with any area of work covered by the SAFS Partnership Agreement will be provided on request.	A. SAFS Mgt have meetings planned throughout the year with Senior Mgt. B. CF invited to attend all SAFS Board meetings in 23/24 C. Meetings with Hsing Mgt in place on regular basis. Meetings between NJ and CF are in place. D. This report, and others are available upon request. SAFS Mgt provide updates on its work at all CGG meetings.
2	Provide an investigation service.	A. 450 Days of counter fraud activity including proactive and reactive investigation work, data-analytics, training and fraud risk management (Supported by SAFS Intel/Management). B. 3 Reports to Audit Committee. C. SAFS attendance at corporate governance, 'service champion' meetings, local management team meetings.	A. 138 Days reported in Q1 & Q2 combined – 31%. More work is planned in Q3 to support NFI outcomes and use of Data to support NDR. We are also aware that officers assigned to work on SBC projects are un-reporting their time. B. Reports to Audit Committee in September and November 2023 and third report planned for March 2024. C. SAFS has close working with relationship with R&B & Housing Services and regular liaison is taking place. Head of SAFS sits on the Councils Corporate Governance Group.
3	Action on reported fraud.	A. All urgent/ high risk cases 1 Day. B. All other cases 2 Days on Average.	A. SAFS CMS currently unable to recognise urgent from non-urgent, we are working with the CMS provider to rectify this. B. At present we are responding to referrals for SBC within 1 day on average, AND we are ensuring that any urgent cases are sifted and selected ahead of other work.
4	Added value of SAFS membership.	A. Membership of NAFN & PNLD B. Membership of CIPFA Counter Fraud Centre and access to CIFAS/NCSC/AF/FFCL alerts/trends/best practice C. NAFN Access/Training for relevant Council Staff D. 10 Training events for staff/Members in year. (To be agreed with Directors/ Service leads and HR)	A. SAFS have procured licenses to NAFN and PNLD for Council staff. B. SAFS Mgt are members of the CF Centre. HCC has membership of CIFAS with alerts shared with SAFS Partners. C. Council staff have access to NAFN training & support. D. Training events are still being developed with HR, including a review of the E-Learning modules on fraud/bribery/AML.
5	Allegations of fraud received & Outcomes recorded.	A. All reported fraud (referrals) will be logged and reported to officers by type & source. B. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each will be reported to officers. C. 12 Social homes secured from unlawful use or sub-letting. 100% Review of all Right to Buy and 'Succession' applications.	A. This is happening daily as referrals are received. B. The SAFS CMS allows the reporting of granular detail on each referral received, every case investigated, and the MI from this is, is used to manage workflow and workloads. C. SAFS have investigated a number of tenancy fraud matters and we are awaiting the outcomes of notice/court procedures to recover properties. We have conducted a 100% review of all RTB applications received in 2023- (28)
6	Making better use of data to	A. Support the output from NFI 2022/23 across all Council services. B. Membership of the Herts FraudHub in 2023/24.	A. Access to NFI data and relevant systems arranged for SAFS officers. Output and matches reviewed will be reported to the CGG. This work is progressing very well.

	prevent/identify fraud.		B. Contracts with C/O signed for the Council to take part in the Herts FHUB in 23/24. Data-upload and dissemination of matches in place. We are now working with officers to begin clearing matches.
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Part I – Release to Press



Meeting Audit Committee

Portfolio Area Information Governance – ICT Services

Date 8 November 2023



REGULATION OF INVESTIGATORY POWERS ACT (RIPA) POLICY

NON-KEY DECISION

1 PURPOSE

- 1.1 To present the Council's updated Regulation of Investigatory Powers Act (RIPA) Policy for consideration by the Committee, to ensure the Council as a public authority meets its obligations under the Regulation of Investigatory Powers Act 2000.

2 RECOMMENDATIONS

- 2.1. That the content of the report be noted.
- 2.2. That the updated Regulation of Investigatory Powers Act (RIPA) Policy, as attached at Appendix A to the report, be approved.

3 BACKGROUND

- 3.1 RIPA regulates the use of certain surveillance powers by public authorities, including:

- Directed Surveillance (covert surveillance conducted as part of a specific investigation likely to result in obtaining private information about an individual)
 - Use of Covert Human Intelligence Sources (CHIS), and
 - Access to communications data (e.g. details of subscribers to telephone numbers or email accounts).
- 3.2 The Council is a rare user of these powers. However, it is important that it has sufficient oversight of its activities to ensure that any considered use is compliant with individuals' human rights and compliance with legislative provisions.
- 3.3 The Home Office publishes national Codes of Practice on the use of RIPA powers by public authorities. These help public authorities assess and understand whether and in what circumstances it is appropriate to use covert techniques. The codes also provide guidance on what procedures need to be followed in each case. The Council must have regard to the relevant Code of Practice whenever exercising powers covered by RIPA. The Investigatory Powers Commissioner (IPC) conducts regular inspections of all public authorities to ensure compliance with RIPA, and the Codes of Practice.
- 3.4 External Inspections are carried out from time-to-time by the Investigatory Powers Commissioner's Office ('IPCO'), so it is important that all documentation is properly completed and (where relevant) authorised to confirm that any directed surveillance is carried out on a lawful basis. The last inspection was held in July 2023. The Council will be due for a further review on or around 2026 dependent on the IPCO's inspection scheduling requirements.
- 3.5 The Council is required to have arrangements and a RIPA Policy in place. The current one was approved in 2017/18.
- 3.6 Members should note the Council last used its surveillance powers in 2021.
- 3.7 The Shared Anti-Fraud Service ('SAFs') that the Council is a member of, also utilise such powers and these are regulated through Hertfordshire County Council's processes.
- 3.8 In terms of Communications data, all such applications must be processed through the Nafn (National Anti-Fraud Network), who will consider the application prior to submitting this for approval to the Office for Communications Data Authorisations (OCDA). All applications must be approved before Communications Data is acquired. All applications submitted to NAFN will be overseen by the Council's Borough Solicitor who acts as the Council's single point of contact for such applications. This means there is an experienced person that ensures controls and checks on any applications that are considered by Stevenage Borough Council.
- 3.9 RIPA training has been provided to Council authorising officers in 2021 and further officer training is in the process of being arranged for 2023/24.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 From the Council's recent inspection, it was recommended the Council raise awareness of its RIPA Policy amongst officers and elected members, to increase understanding of RIPA arrangements in the Council.
- 4.2 To help improve understanding of the procedures for directed surveillance applications, the Policy has been reviewed and updated with a revised RIPA management structure that identifies the Council's senior authorising officers involved in the application process and inclusion of a RIPA Process Flow Chart and Social Media Evidence Log Template located under Appendix A of the Policy.
- 4.3 Further powers have been granted to public authorities under Sections 37 to 44 of the Police, Crime, Sentencing and Courts Act 2022 that came into force on 8 November 2022. This provides public authorities with a further power to extract Communications Data held on electronic devices. Such legislative changes makes it more important for the Council to have a Policy in place that ensures proper procedure is followed.

5 IMPLICATIONS

Financial Implications

- 5.1 There are no financial implications arising from this Report.

Legal Implications

- 5.2 The Regulation of Investigatory Powers Act 2000 ("RIPA") enables local authorities to carry out certain types of surveillance activity, as long as specified procedures are followed. The information obtained as a result of surveillance operations can be relied upon in court proceedings providing RIPA is complied with.
- 5.3 Full details of the RIPA requirements and compliance are set out in the Policy, with relevant documents and guidance document available to relevant officers via the staff intranet should they consider it necessary to use these powers.

Equalities and Diversity Implications

- 5.4 In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 5.5 The contents of this report do not directly impact on equality, in that it is not making proposals that will have a direct impact on equality of access or outcomes for diverse groups.

BACKGROUND DOCUMENTS

BD1 [CHIS Code \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

BD2 [Extraction of Information from electronic devices: code of practice \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

APPENDICES

A RIPA Policy



RIPA (The Regulation of Investigatory Powers Act)

CHIS (Covert Human Intelligence Sources)

COUNCIL POLICY AND GUIDANCE

INDEX	
1	Background
2	What is covert surveillance?
3	What is directed covert surveillance?
4	For what purposes can the Council conduct directed covert surveillance?
5	What falls within the definition of directed covert surveillance?
6	What falls outside of directed covert surveillance?
7	What is authorisation?
8	Who can authorise surveillance operations and how to complete an application?
9	What is the role of the Authorising Officer?
10	Special authorisation requirements for “sensitive” information
11	What is legally privileged information, private or confidential information or confidential journalistic material?
12	What is the duration of authorisations?
13	How is an operation reviewed, renewed or cancelled?
14	What is a covert human intelligence source (CHIS)?
15	What is likely to fall within the definition of a CHIS for Council purposes?
16	Special requirements to observe when using a CHIS

17	Social Media Investigations
18	Accessing Communications Data
19	What is ‘Communications data’?
20	Who can authorise communication data applications?
21	Records, equipment and monitoring
22	Training
23	General Advice and Oversight
24	Errors
25	Complaints
26	Legislation and other sources of information and guidance
APPENDIX A	RIPA Management Structure RIPA Process Flowchart Social Media Evidence Log Template

1. Background

The Regulation of Investigatory Powers Act 2000 (RIPA) provides the legislative framework within which covert surveillance operations must be conducted in order to ensure that investigatory powers are used in accordance with human rights. The Act also regulates the use of confidential human intelligence sources.

The Investigatory Powers Act 2016 sets out the circumstances in which the Council can acquire and use “communications data”.

This guidance based on the Home Office Codes of Practice on covert surveillance, covert human intelligence sources and accessing communications data are intended as a practical reference guide for Council officers who may be involved in or are considering covert operations.

They are not intended to replace the Codes of Practice issued by the Home Office and officers involved in covert operations must familiarise themselves with the content of these Codes in order to ensure that they fully understand their responsibilities.

The Codes are available on the web site:

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

2. What is covert surveillance?

Covert surveillance is defined in the Act as any 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.

The Act goes on to define two different 'types' of covert surveillance:

- a) Directed covert surveillance
- b) Intrusive covert surveillance

Intrusive covert surveillance 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.

The Council has no powers to undertake intrusive covert surveillance operations.

3. What is directed covert surveillance?

Directed covert surveillance is defined in the Act as surveillance, which is covert but not intrusive and is undertaken: for the purposes of a specific operation or investigation in such a manner that it is likely to result in the obtaining of private information about a person (whether or not they are the individual specifically identified for the purposes of the operation) 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 to be sought for carrying out surveillance

4. For what purposes can the Council conduct directed covert surveillance?

The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 specifies that the Council can only use directed covert surveillance for the purpose of preventing or detecting a criminal offence and it meets the conditions set out below:-

The conditions are that the criminal offence which is sought to be prevented or detected is punishable, whether on indictment or summary conviction, by a maximum term of at least six months' imprisonment, or would be an offence under sections;

a) s.146 of the Licensing Act 2003 (sale of alcohol to children);

b) s.147 of the Licensing Act 2003 (allowing the sale of alcohol to children);

c) s.147A of the Licensing Act 2003 (persistently selling alcohol to children);

d) s.7 of the Children and Young Persons Act 1933 (sale of tobacco, etc, to persons under 18)

If a directed covert surveillance operation does not fall within this purpose the Council may be acting unlawfully under the Human Rights Act. Where an officer is contemplating undertaking surveillance that does not appear to fall within this

purpose and the new conditions as set out above they **must** take advice from the Borough Solicitor.

5. What falls within the definition of directed covert surveillance?

It is safest to assume that any operation that involves planned covert surveillance of a specific person or persons, of however short duration, falls within the definition of directed covert surveillance and will, therefore, be subject to authorisation under RIPA and the amending legislation.

In some circumstances, legitimate surveillance may fall outside RIPA controls. This will be where the surveillance does not relate to the core function of law enforcement, for example in the course of collecting private information for an employment issue. Nonetheless care needs to be taken and the principles behind RIPA should be respected. The Information Commissioner has issued guidance on workplace monitoring. See <https://ico.org.uk/for-organisations/uk-gdpr-guidance-and-resources/employment-information/employment-practices-and-data-protection-monitoring-workers/>

The consequence of not obtaining an authorisation will render the surveillance action unlawful under the Human Rights Act, and/or the evidence obtained inadmissible in any Court proceedings.

It is **the Council's requirement** that Council officers seek an authorisation where the surveillance is **likely** to interfere with a person's Article 8 (Human Rights Act) rights to privacy.

Obtaining an authorisation from the authorised officers and a Magistrate will ensure that the surveillance action is carried out in accordance with the law and is subject to stringent safeguards against abuse. Proper authorisation of surveillance should also ensure the admissibility of evidence under the common law, PACE (Section 78) and the Human Rights Act.

Use of overt (public) CCTV for any covert operation is regulated and governed by the Home Office, the Surveillance Commissioner and Information Commissioner all of which publish detailed information on their websites which should be the source for the latest guidance and best practice.

6. What falls outside of directed covert surveillance?

Anything which constitutes an **immediate response**, e.g. a Council officer with regulatory responsibilities may by chance be present when an individual is potentially infringing the law and it is necessary to observe, follow, or engage in other surveillance tactics as an instant response to the situation to gather further information or evidence. Given the lack of preparation, surveillance in these circumstances is unlikely to be particularly covert.

Once this immediacy has passed, however, any further covert surveillance of the individual should be subject to RIPA authorisation and that of a Magistrate.

7. What is authorisation?

Authorisation is the process by which a directed covert surveillance operation is subject to proper consideration, recording and approval by the officer conducting the investigation and the senior officer authorised to approve it and then obtaining the approval of a Magistrate.

It ensures that all relevant factors have been thoroughly considered and checked. It is also the means by which, in the event of challenge, Council officers can demonstrate that covert surveillance was lawfully conducted and that it was a fair and reasonable way to proceed, despite the possible intrusion of a person or person's privacy.

Forms in respect of authorisation can be downloaded from the Home Office Website <https://www.gov.uk/government/collections/ripa-forms--2>.

Copies of the forms can also be obtained from the RIPA Co-ordinator by emailing dpa@stevenage.gov.uk.

The authorisation forms issued by the Home Office cover all of the necessary aspects. It is important that these forms are correctly and adequately completed for all directed covert surveillance operations.

There is one element of the written application that is of particular importance and is an integral part of a number of the questions contained in the standard application form:

Proportionality - this is a fundamental principle embodied in the Human Rights Act.

Officers must be able to demonstrate that a surveillance operation justifies the level of intrusion of privacy that may occur with regard to the target or targets of the surveillance or any other persons, ***i.e. that it is proportionate set against the outcome.*** We should not use a sledgehammer to crack a nut!

This must be adequately recorded in the application form. It is not enough to simply have a standard phrase saying that the surveillance is proportionate. The rationale for proceeding with covert surveillance needs to be written and explicit. Questions it might be useful to ask to help in framing responses to questions included in the application form are:

- What is the nature of the suspected or alleged offence/infringement?
- What, if any, are the alternatives to covert surveillance, i.e. could the information be reasonably obtained by other means?
- If there are other options why have these been rejected in favour of covert surveillance?
- What is the level of intrusion of privacy likely to be? Minimal? Average? Significant? Interference will not be justified if the means used to achieve the aim are excessive in the circumstances of the case. Further, any proposed interference with a person or people's private, home and family life (HRA Article 8 rights) should be carefully managed and must not be arbitrary or unfair.
- Is legally privileged, personal confidential information or confidential journalistic material likely to be acquired?
- Is the privacy of other persons not connected with the investigation likely to be effected and what steps can be taken to minimise or avoid this? (Collateral intrusion).
- What is the desired outcome?
- What is the anticipated benefit to the Council?

Proportionality in this context has nothing whatsoever to do with whether or not the possible benefit of a covert surveillance operation justifies the time and money expended by the Council.

Authorising Officers are required to further consider the proportionality of any proposed surveillance and may challenge assumptions or statements that do not appear to provide adequate justification.

In making an application, the case for the warrant or authorisation should be presented in a fair and balanced way. In particular, all reasonable efforts should be made to take account of information which support or weakens the case for the warrant or authorisation;

8. Who can authorise surveillance operations and how to complete an application?

The Protection of Freedoms Act 2012 amended the RIPA 2000 Act to make all Local Authority authorisations subject to judicial approval.

The Council has to have all its RIPA surveillance authorisations (that is, use of directed surveillance and covert human intelligence sources) **approved by a designated officer AND a magistrate** before they take effect.

The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010/521 specifies the officers who can authorise RIPA applications.

Stevenage Borough Council designates the following officers for authorising RIPA applications: Strategic and Assistant Directors only (**See RIPA management structure at Appendix A**)

There are 4 key steps to making an RIPA application:

- i. Apply to the Data Protection Team for a Unique reference number (URN) and to obtain a copy of the RIPA authorisation application form by emailing dpa@stevenage.gov.uk. The form can also be downloaded directly from the Home Office website at <https://www.gov.uk/government/collections/ripa-forms--2>
- ii. Submit application form to Authorising Officers for approval and signature via the RIPA Co-ordinator
- iii. Contact the RIPA Co-ordinator & Borough Solicitor to apply to Magistrate for approval at Stevenage Magistrates Court:
<https://courtribunalfinder.service.gov.uk/courts/stevenage-magistrates-court>
- iv. The original signed authorisation and all supporting documents must be passed to the Data Protection Team for filing and recording at dpa@stevenage.gov.uk

9. What is the role of the Authorising Officer?

The Authorising Officer is the officer who takes responsibility for the instigation of the surveillance activity. It is therefore important that:

- The Authorising Officer has undertaken training in relation to their role as an authorising officer under RIPA; and
- The Authorising Officer exercises careful and independent judgment in deciding whether or not to authorise, giving a full statement of their reasons for authorisation. This is not a rubber-stamping exercise and the Authorising Officer may be called upon to defend their decision.

10. Special authorisation requirements for “sensitive” information

Where there is likelihood that legally privileged, personal confidential information or confidential journalistic material will be acquired as a result of a directed covert surveillance operation authorisation must be made by the Chief Executive (or Deputy) as the Senior Responsible Officer (SRO), (see RIPA management structure chart at Annex A below), and then by a Magistrate.

11. What is legally privileged information, private or confidential information or confidential journalistic material?

Definition of legal professional privilege, private information, confidential information and confidential journalistic material

Legal professional privilege

"legal professional privilege" means matters to which the following applies;

- (1) communications between a professional legal adviser and-
 - (a) his client, or (b) any person representing his client,which are made in connection with the giving of legal advice to the client.
- (2) communications-
 - (a) between a professional legal adviser and his client or any person representing his client, or (b) between a professional legal adviser or his client or any such representative and any other person, which are made in connection with or in contemplation which are made in connection with or in contemplation of legal proceedings and for the purposes of such proceedings.

(3) items enclosed with or referred to in communications of the kind mentioned in (1) or (2) and made-

(a) in connection with the giving of legal advice, or

(b) in connection with or in contemplation of legal proceedings and for the purposes of such proceedings.

Exclusions -

(a) communications and items are not matters subject to legal privilege when they are in the possession of a person who is not entitled to possession of them, and

(b) communications and items held, or oral communications made, with the intention of furthering a criminal purpose are not matters subject to legal privilege.

Private information

“private information” means-

Any information relating to an individual’s private or family life, and 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

Confidential information

This covers: a) confidential personal information (b) confidential constituent information and (c) confidential journalistic material.

Where such material has been acquired and retained, the matter should be reported to the relevant Commissioner/ Inspector during their next inspection and the material be made available if requested.

Confidential personal information means:

Information held in confidence relating to the physical or mental health or spiritual counselling of a person (whether living or dead) who can be identified from it. Such information, which can include both oral and written communications, is held in confidence if it is held subject to an express or implied undertaking to hold it in confidence or it is subject to a restriction on

disclosure or an obligation of confidentiality contained in existing legislation. For example a consultation between a doctor and a patient.

Confidential constituent information means:

Information relating to communications between a Member of Parliament and a constituent in respect of constituency matters. Again, such information is held in confidence if it is held subject to an express or implied undertaking to hold it in confidence or it is subject to a restriction on disclosure or an obligation of confidentiality contained in existing legislation.

Confidential journalistic material means:

Material acquired or created for the purposes of journalism and held subject to an undertaking to hold it in confidence, as well as communications resulting in information being acquired for the purposes of journalism and held subject to such an undertaking.

Where there is any doubt as to the handling and dissemination of confidential information, advice should be sought from Shared Legal Services before any further dissemination of the material takes place.

12. What is the duration of authorisations?

Authorisation for a directed covert surveillance operation will cease to have effect (unless renewed) at the end of a period of **3 months** beginning with the day on which it took effect.

Authorisation for a directed covert surveillance operation using a human intelligence source will cease to have effect (unless renewed) at the end of a period of **twelve months** beginning with the day on which it took effect. It is good practice to keep authorisations under regular review. Do not simply rely on the passage of time for expiry to take place.

13. How is an operation reviewed, renewed or cancelled?

All covert operations or investigations must be effectively assessed and regularly monitored by the officer conducting the operation and the authorising

officer. The authorisation process should be viewed as a useful management tool to help officers to achieve this.

Reviews

Regular reviews of authorisations should be undertaken at least monthly to assess the need for surveillance to continue. Responsibility for assessing the appropriate review period rests with the authorising officer and this should be as frequently as considered necessary and practicable. All reviews should include a re-examination of the **necessity** and **proportionality** of the authorisation, and its impact; e.g. whether there is a greater level of collateral intrusion than anticipated.

There is clear guidance on reviews, renewals and cancellations in the Home Office Codes of Practice and officers should refer to the appropriate sections for further details. The standard review, renewal and cancellation forms issued by the Home Office cover all the necessary aspects with copies of all related forms available from the Data Protection Team. It is important that these forms are correctly and adequately completed.

Renewals

NB. All applications for renewals have be approved by a magistrate

In addition applications for renewal will record:

Whether this is the first renewal, if not, every occasion on which the authorisation has previously been renewed;

The reason why it is necessary to continue with the surveillance;

The content and value to the investigation or operation of the information so far obtained by the surveillance;

The results of regular reviews of the investigation or operation.

Cancellation

An authorising officer who granted or last renewed an authorisation **must** cancel it if he is satisfied that the directed surveillance no longer meets the criteria upon which it was originally authorised.

Even if an authorisation has reached its time limit and has ceased to have effect, it does not lapse and must still be formally cancelled.

14. What is a covert human intelligence source (CHIS)?

A person is a CHIS if:

They establish or maintain a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within the two bullet points below;

- They covertly use such a relationship to obtain information or to provide access to information to another person; or
- They covertly disclose information obtained by the use of such a relationship or as a consequence of the existence of such a relationship

15. What is likely to fall within the definition of a CHIS for Council purposes?

The use of CHIS's by the Council is likely to be extremely rare. This type of source of information will be more commonly used by the Police, Security Service, Customs & Excise, other intelligence services etc. where it is normal practice to use agents, informants and officers working undercover.

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

There are occasions, however, when the Council may use a CHIS to obtain information, e.g.

A CHIS may be used as a source to obtain information in respect of an investigation into housing or Council Tax benefit fraud; this may be a Council officer acting undercover.

A CHIS may be used as a source to obtain information in respect of an investigation into the loss of monies at Council premises where there are cashier activities; this may be a Council officer acting undercover.

This list is clearly not definitive. There is an element of judgement involved in determining when an individual taking some part in an investigation may be acting as a CHIS and the matter is not entirely black and white.

A member of the public volunteering a piece of information to the Council regarding something they have witnessed in their neighbourhood is not a CHIS. They are not passing information obtained as a result of a relationship which has been established or maintained for a covert purpose. However, if the Council asks them to use a relationship to gather further information, then they may need to be treated as a CHIS. An investigating officer conducting covert investigations on social media using a covert identity (i.e. an alias) may become a CHIS if s/he establishes a relationship with the account user.

A duty of care to the individual should always be considered and a special caution exercised if the person could be at risk of reprisals if the information is acted on.

In all cases where consideration is given to use of a CHIS, please take advice from Legal Services.

16. Special requirements to observe when using a CHIS?

There are rules about the use of vulnerable adults or juveniles as sources and There are also special requirements with regard to the management, security and welfare of sources. For further details refer to the sections detailed above in the Home Office CHIS Code of Practice.

The same requirements of necessity and proportionality exist for the granting of these authorisations as are set out for directed surveillance.

Additionally the authorising officer shall not grant an authorisation unless they believe that arrangements exist for the source's care which satisfies the following requirements:-

There will at all times be an officer with day to day responsibility for dealing with the source and the source's security and welfare;

There will be at all times an officer who will have general oversight of the use made of the source;

There will at all times be an officer with responsibility for maintaining a record of the information supplied by the source;

Records which disclose the identity of the source will not be available to persons except to the extent that there is a need for access to them to be made available;

All CHIS authorisations must contain or have attached a risk assessment.

Special safeguards apply to the use or conduct of juvenile sources (i.e. under 18 years of age). On no account can a child under 16 years of age be authorised to give information against his or her parents. Similar safeguards also apply to the use of vulnerable individuals as sources. (A vulnerable individual is a person who is or may be in need of community care services by reason of mental or other disability, age or illness and who is or may be unable to take care of himself or herself, or unable to protect himself or herself against significant harm or exploitation.)

Vulnerable or juvenile CHIS may only be authorised by Assistant Directors or whoever deputises in their absence. Further advice must be sought from Legal Services before using juveniles or vulnerable individuals as sources, to ensure that all necessary legal requirements are complied with.

There are also specific legal rules which must be followed in relation to the management of sources. Details are given in the relevant Home Office Code of Practice, and further advice can be obtained from Legal Services.

17. Social Media Investigations

Some investigations that use the internet may meet the criteria of directed surveillance. Especially if a profile is built by processing data about a specific individual or group of individuals without their knowledge. There is a fine line

between general observation, systematic observation and research and it is unwise to rely on a perception of a person's reasonable expectations or their ability to control their personal data.

The internet is deemed a surveillance device under RIPA, as surveillance is covert "if, and only if, it is conducted in a manner that is calculated to ensure that persons subject to the surveillance are unaware that it is, or may be taking place.

Where information about an individual is placed on a publicly accessible database, for example the telephone directory or Companies House, which is commonly used and known to be accessible to all, they are unlikely to have any reasonable expectation of privacy over the monitoring by public authorities of that information. Individuals who post information on social media networks and other websites whose purpose is to communicate messages to a wide audience are also less likely to hold a reasonable expectation of privacy in relation to that information.

Simple reconnaissance of such sites (i.e. preliminary examination with a view to establishing whether the site or its contents are of interest) is unlikely to interfere with a person's reasonably held expectation of privacy and therefore is not likely to require a directed surveillance authorisation. But where the Council is systematically collecting and recording information about a particular person or group, a directed surveillance authorisation should be considered.

If an officer strikes up a covert social media relationship for the purpose of an investigation, e.g. by becoming a "friend" on Facebook, they may be acting as a CHIS and this needs to be properly authorised in advance.

Officers using the internet for investigations should refer to paragraphs 3.10 - 3.17 of the Revised Code of Practice for specific guidance on determining when RIPA authorisation is required. The Code of Practice can be found at: [CHIS Code \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/616222/CHIS_Code.pdf). Officers should also refer to the Social Media Evidence Log Template under Appendix A, where using social media to obtain evidence.

For further advice on the use of social media and RIPA, please contact the Shared Legal Services team.

18. Accessing Communications Data

In accordance with Part 3 of The Investigatory Powers Act, 2016, local authorities can authorise **the acquisition and disclosure of ‘communications data’ provided that the acquisition of such data is necessary for the purpose of preventing or detecting crime or preventing disorder**; and proportionate to what is sought to be achieved by acquiring such data.

19. What is ‘Communications data’?

Communications data is information relating to the use of a communications service e.g. postal service or telecommunications system. It is defined by Section 261 of the Act and falls into three main categories: -

Traffic data – where a communication was made from, to whom and when

Service data – use made of service e.g. Itemised telephone records

Subscriber data – information held or obtained by operator on person they provide a service to.

Local authorities are restricted to subscriber and service use data and only for the purpose of preventing or detecting crime or preventing disorder.

NB. Nothing permits the interception of the content of any communication

20. Who can authorise communication data applications?

Only the Head of the Shared Legal Services (Borough Solicitor or deputy) can apply for and authorise these applications and acts as the Councils’ single point of contact (SPOC) for these applications.

The purpose and effect of the procedure is the same i.e. to ensure proper consideration is given to permitting such investigations and as before, final approval has to be given by a Magistrate.

Officers requiring communication data authorisation should consult the Borough Solicitor for advice and assistance.

21. Records, equipment and monitoring

A central record of all authorisations must be held. This register will be securely held by the RIPA Co-ordinator. Register information will be held for **a period of five (5) years**.

Officers should refer to the appropriate sections of the Codes of Practice detailed above for guidance on the maintenance and retention and destruction of authorisation records that are held in addition to the register.

Material obtained through directed or intrusive surveillance, or entry on, or interference with, property or wireless telegraphy, may be used as evidence in criminal proceedings. The admissibility of evidence is governed primarily by the common law, the Criminal Procedure and Investigations Act 1996, the Civil Procedure Rules, section 78 of the Police and Criminal Evidence Act 1984 and the Human Rights Act 1998.

Officers should be particularly mindful of the provisions of the Criminal Procedure and Investigation Act and the Code of Practice issued under it. This Code of Practice provides guidance on the recording, retention and disclosure of material acquired during the course of an investigation. The Code of Practice can be found at: [Criminal Procedure and Investigations Act Code of Practice - GOV.UK \(www.gov.uk\)](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/281207/Criminal_Procedure_and_Investigations_Act_Code_of_Practice_-_GOV.UK.pdf)

Where the product of surveillance or property interference could be relevant to pending or future criminal or civil proceedings, it should be retained in accordance with established disclosure requirements. In the case of the law enforcement agencies, particular attention is drawn to the requirements of the code of practice issued under the Criminal Procedure and Investigations Act 1996, which requires that the investigator retain all material obtained in an investigation which may be relevant to the investigation.

22. Training

Due to the speciality of the training requirements for RIPA and CHIS investigations, external accredited specialist companies should be sourced to provide training to ensure officers, including authorising officers, receive the most up to date requirements, techniques and advice on best practice.

23. General Advice and Oversight

The RIPA Co-ordinator maintains the central register of authorisations and is available to advise generally on questions regarding surveillance, and guidance to senior officers in signing/review of applications. The RIPA Co-ordinator is the Records & Information Governance Manager, who can be contacted by emailing dpa@stevenage.gov.uk

The RIPA Co-ordinator will provide assistance and guidance with the application to Magistrates and Court procedure and be responsible for liaison with the Investigatory Powers Commissioner's Office and the implementation of any recommendations.

24. Errors

Errors can have very significant consequences on an affected individual's rights. Proper application of the surveillance and CHIS provisions in the RIPA Codes and this Policy should reduce the scope for making errors. 58.2 It is important that all staff involved in the RIPA process report any issues, so they can be assessed as to whether it constitutes an error which requires reporting.

There are two types of errors within the Codes which are: "relevant error" and "serious error".

(a) Relevant Error An error must be reported if it is a 'relevant error'. A relevant error is any error by the Council in complying with any requirements that are imposed on it by any enactment which are subject to review by a Judicial Commissioner. This includes compliance by the Council with RIPA and the content of the Codes. Examples of relevant errors occurring would include circumstances where:

- Surveillance activity has taken place without lawful authorisation
- There has been a failure to adhere to the safeguards set out in the relevant statutory provisions and Chapter 9 of the Surveillance Codes relating to the safeguards of the material

All relevant errors made by the Council must be reported to the Investigatory Powers Commissioner by the Council as soon as reasonably practicable and a full report provided no later than ten working days. The report should include information on the cause of the error; the amount of surveillance conducted, and material obtained or disclosed; any unintended collateral intrusion; any analysis or action taken; whether any material has been retained or destroyed; and a summary of the steps taken to prevent recurrence.

(b) Serious Errors The Investigatory Powers Commissioner must inform a person of any relevant error relating to that person if the Commissioner considers that the error is a serious error and that it is in the public interest for the person concerned to be informed of the error. The Commissioner may not decide that an error is a serious error unless they consider that the error has caused significant prejudice or harm to the person concerned. The fact that there has been a breach of a person's Convention rights (within the meaning of the HRA) is not sufficient by itself for an error to be a serious error.

25. Complaints

Any person who reasonably believes they have been adversely affected by surveillance activity by or on behalf of the Council may complain to the Council in accordance with the Council's Corporate Complaints Procedure.

Any person may also make a complaint to the official body, which is the Investigatory Powers Tribunal (IPT), about the Council using covert techniques against them. Details explaining how to make a complaint can be found on the IPT's website. The IPT has jurisdiction to investigate and determine complaints against the Council's use of RIPA powers, including those covered by this Policy.

Complaints to the IPT should be emailed to: info@ipt-uk.com or posted to: The Investigatory Powers Tribunal PO Box 33220 London SW1H 9ZQ

26. Legislation and other sources of information and guidance

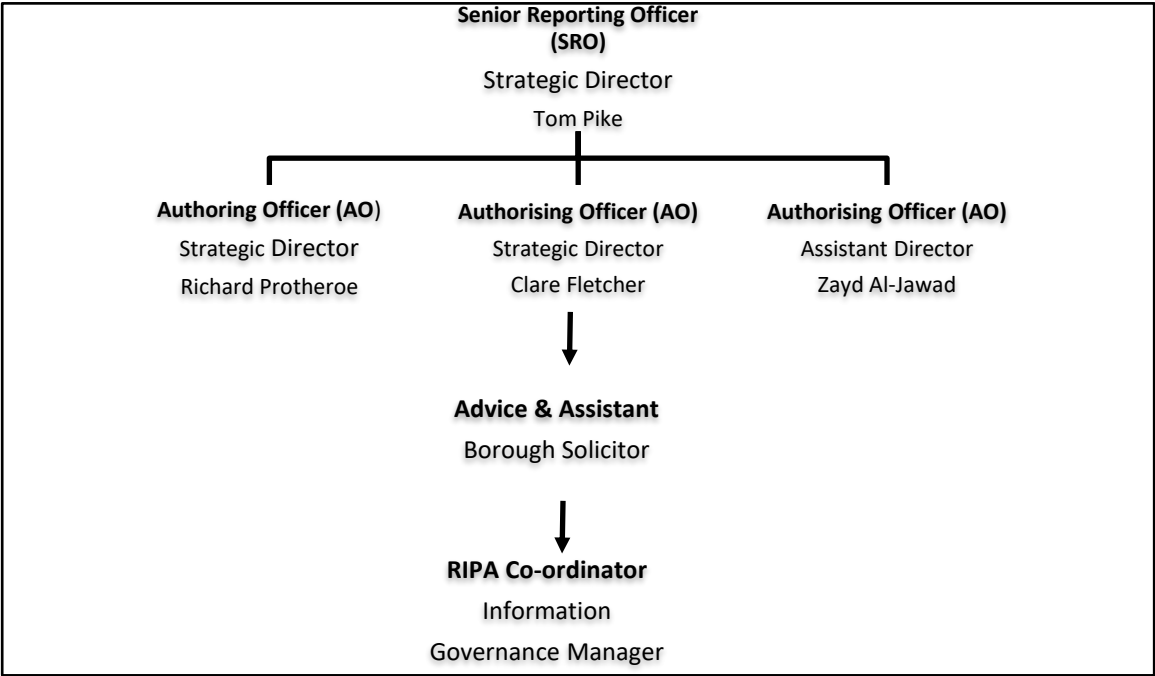
Legislation: <http://www.legislation.gov.uk/ukpga/2000/23/contents>

- a) The Regulation of Investigatory Powers Act 2000 (RIPA);**
- b) The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010, SI 2010/521 (the 2010 order);**
- c) The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012, SI 2012/1500 (the 2012 order);**
- d) The Protection of Freedoms Act 2012.**
- e) The Investigatory Powers Act 2016**

The Home Office - <https://www.gov.uk/search?q=ripa>

Investigatory Powers Commissioner's Office - [IPCO – Investigatory Powers Commissioner's Office](#)

APPENDIX A RIPA MANAGEMENT STRUCTURE



RIPA PROCESS FLOWCHART

Directed Surveillance is considered necessary to assist an investigation



Applicant officer must:

- Review **RIPA Policy document** to: Determine nature of surveillance & assess whether authorisation will be in accordance with the law.
- Complete SBC RIPA Internal Authorisation Form & Judicial Authorisation Form (**RIPA Forms**) available from the Data Protection Team.



Completed RIPA Forms sent to RIPA Co-ordinator for:
Initial review



Reviewed RIPA Forms sent to Authorising Officer (AO) for:
Council approval



Approved RIPA Forms sent to Borough Solicitor for:
Final review



Council approved and reviewed RIPA Forms lodged with Magistrates Court by applicant officer for:
Judicial approval



Judicial approved RIPA Forms and all supporting documents sent to RIPA Co-ordinator to:
Retain file copy and update RIPA central register



Applicant officer to liaise with RIPA Co-ordinator for:
Reviews /Cancellation/Renewal of Directed Surveillance and completion of required forms for sign off by AO and filing by RIPA Co-ordinator

SOCIAL MEDIA - EVIDENCE LOG TEMPLATE

Investigating officers should use this log template to record all evidence obtained using social media to ensure the Council meets its RIPA Records and Product Management requirements, that covers the retention, review and destruction of any evidence obtained through use of covert powers.

Date Evidence obtained	Media platforms/ sites visited as part of the investigation (e.g. google maps, Meta, X, etc)	What evidence has been obtained?	Is obtained evidence considered necessary and proportionate to achieve objectives of the surveillance? Please provide reasons. (Where obtained evidence is not considered necessary to achieve objectives, it should be securely destroyed/disposed, otherwise evidence to be retained for 5 years from authorisation cancellation date.)	Is evidence to be retained or disposed? (Where evidence is retained, it should be held securely by applicant officer within the relevant service team for the required 5 year retention period. - Where evidence is to be disposed, please confirm method and date of disposal.)

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Meeting: **Audit Committee**

Portfolio Area: All Portfolio Areas

Date: **8 November 2023**

PROGRESS OF CORPORATE GOVERNANCE ACTIONS

Author: Suzanne Brightwell Ext: 2966

Contributors: Assistant Directors

Lead Officer: Suzanne Brightwell Ext 2966

Contact Officer: Suzanne Brightwell Ext. 2966

1. PURPOSE

To advise Members of the Audit Committee of progress to date of corporate governance actions to strengthen the Council's corporate governance arrangements as identified in the Council's 2022/23 Annual Governance Statement, reported to Audit Committee on 6 June 2023.

2. RECOMMENDATIONS

That Members of Audit Committee note progress to date of corporate governance actions to strengthen the Council's corporate governance arrangements as identified in the Council's 2022/23 Annual Governance Statement, reported to Audit Committee on 6 June 2023.

3. BACKGROUND

- 3.1.** Governance is the policies and procedures in place and the values and behaviours that are needed to ensure the Council runs effectively and can be held to account for its actions.
- 3.2.** In 2016, CIPFA SOLACE published a review Framework and Guidance that reflects the International Framework: 'Good Governance in the Public Sector, developed by CIPFA/IFAC. The Framework defines the principles that should underpin the governance of each local government organisation and outlines the requirement for authorities to test their governance structures and partnerships against the principles contained in the Framework by:
- Developing and maintaining an up to date Local Code of Governance, including arrangements for ensuring ongoing effectiveness
 - Reviewing existing governance arrangements, and
 - Reporting publicly on compliance with the Local Code of Governance on an annual basis setting out how they have monitored the effectiveness of their governance arrangements in the year and identify any enhancement required.

3.3. The CIPFA/SOLACE seven core principles of good governance are:

A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law

B: Ensuring openness and comprehensive stakeholder engagement

(Principles A and B are considered fundamental and applicable through principles C to G)

C: Defining outcomes in terms of sustainable economic, social and environmental benefits

D: Determining the interventions necessary to optimise the achievement of intended outcomes

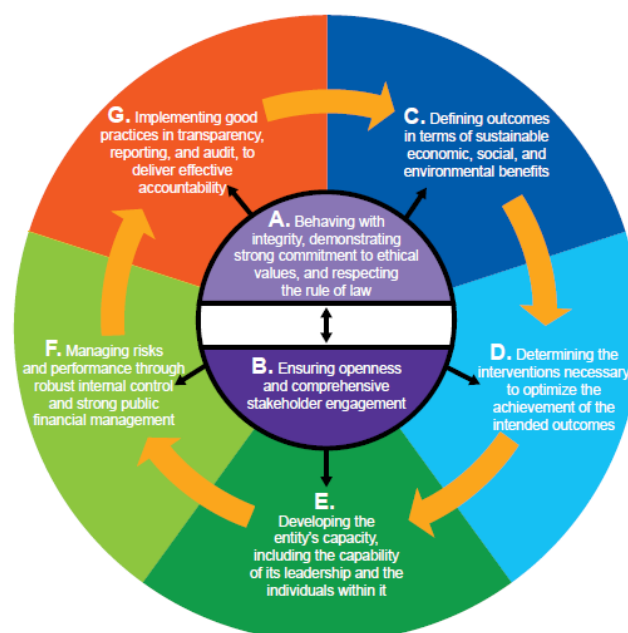
E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

F: Managing risks and performance through robust internal control and strong public financial management

G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

3.4. For each of the above core principles, the Framework outlines a set of sub-principles and a set of behaviours and actions that demonstrate good governance in practice.

3.5 The diagram below, taken from the International Framework, Good Governance in the Public Sector (CIPFA/IFAC, 2014) illustrates the above principles of good governance in the public sector and how they relate to each other.



3.6 Significant Governance Enhancement Activity – April to September 2023

3.6.1 As a result of the Council's annual assessment of governance arrangements and procedures, actions were identified to improve the high quality of

governance arrangements already in place for the Council. Any actions which were deemed as significant were included in the Action Plan in the 2022/23 Annual Governance Statement and these actions are reflected in Appendix A to this report.

3.6.2 Enhancement activity is deemed significant if recommended for inclusion in the Annual Governance Statement by the Shared Internal Audit Service following their review of control arrangements to meet the Audit Plan, or if identified as key to the management of 'very high/high level' strategic risks. By adopting this approach, any concerns over key controls that have a material effect on corporate governance arrangements and the delivery of outcomes should be addressed.

3.6.3 Appendix A outlines the year-to-date progress of the significant governance enhancement actions included in the 2022/23 Annual Governance Statement. The full year position will be reported to Audit Committee in March 2024.

3.7 At business unit level, assurance of compliance with the principles of good governance requires all Assistant Directors to complete, certify and return a Service Assurance Statement each year. The Service Assurance Statement is designed to provide assurance that the control environment operated effectively during 2022/23 in respect of the business units for which they have responsibility. As a result of this review, actions were identified for delivery in 2023/24 to enhance service governance arrangements.

Service governance continues to be monitored and actions to enhance the Council's governance arrangements at an operational level are progressing and will be monitored by Corporate Governance Group which meets quarterly. There are no current concerns regarding service governance arrangements

4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

The self-assessment of the Council's corporate governance arrangements against the 'Delivering Good Governance in Local Government' Framework principles and identification of significant governance actions to facilitate continued compliance with this Framework, forms part of the assurance process for the production of the Council's Annual Governance Statement to meet Regulation 6 of the 2015 Accounts and Audit (England) Regulations.

5. IMPLICATIONS

5.1 Financial Implications

There are no direct financial implications arising from this report.

5.2 Legal Implications

There are no legal implications arising from this report.

5.3 Risk Implications

There are no risk implications arising from this report.

5.4 Other Corporate Implications

There are no corporate implications arising from this report.

6. BACKGROUND DOCUMENTS

- CIPFA/SOLACE 'Delivering Good Governance in Local Government' 2016 Framework and Guidance
- CIPFA/IFAC International Framework: 'Good Governance in the Public Sector', published August 2014
- Audit Committee report (6 June 2023) Annual Governance Statement 2022/23

7. APPENDICES

- Appendix A: Progress Review of Corporate Governance Actions 2023/24 - April to September 2023

ANNUAL GOVERNANCE STATEMENT – SIX MONTH PROGRESS UPDATE

Action	Six Month Progress Update
<p>To implement the General Fund Asset Management Strategy and create a Corporate Landlord function, the following activity is planned:</p> <ul style="list-style-type: none"> • Implementation of new property data management software to manage the Council's assets • Ensure adequate resources are available to deliver the Corporate Landlord function • Continue the review of the Council's commercial portfolio • Deliver the Corporate Landlord function • Embedding the new Facilities Management system to integrate operational compliance work within a single system • Procurement of compliance services, covering Fire, Gas/Water and Electrical contracts 	<p>The new Asset Management System has been uploaded with commercial properties and data checks of the information are being carried out.</p> <p>The new Asset Management System, once fully implemented, should assist with the review of the Council's commercial portfolio and delivery of the Corporate Landlord function.</p> <p>Recruitment and retention of staff within the Estates service continues to be difficult due to competition from the private sector. The job descriptions of vacant roles are being reviewed to make the roles more desirable.</p> <p>The new Computer Aided Facilities Management System is now live. The system will enhance compliance monitoring and management of the Council's buildings.</p> <p>The procurement of compliance services has not as yet been carried out.</p>
<p>Balancing the Budget: To ensure that the Council has sufficient resources to fund its medium and long-term service plans and corporate priorities the following activity is planned:</p> <ul style="list-style-type: none"> • Complete the refresh of the Housing Revenue Account Business Plan • Carry out a review of the Council's reserves • Development of a Capital Funding Plan to identify and progress funding sources to ensure suitable capital funding is in place to deliver the Council's priorities • Continue to find savings as part of the 2024/25 budget setting process, incorporating the work around the four transformation themes • Robustly undertake budget monitoring to ensure all costs are accurately forecasted and profiled. 	<p>A review of the 30-year Housing Revenue Account Business Plan has been carried out to incorporate new government requirements, welfare and social reforms and inflationary pressures. The draft Business Plan was considered at Community Select Committee on 19th October and then at Executive in November 2023.</p> <p>A Super Capital Strategy is being developed and is scheduled to be reported to Executive in November 2023.</p> <p>The Council needs to find savings of £1.2M for 2024/25 and then £1M each year for the next three years. Star Chamber events have been held with Assistant Directors to identify savings within each Business Unit. Identified savings were considered by the Financial Security Group on 25th October 2023. A report will be going to Executive in November to consider the savings which have been identified.</p> <p>Budgets are monitored quarterly and reported to SLT and Executive. The Quarter One monitor is showing</p>

Action	Six Month Progress Update
	that the majority of proposed savings identified for 2023/24 are on target to be achieved.
<p>Commercialisation: To ensure that the Council's ambitious Co-operative Commercial and Insourcing Strategy can be achieved, a programme of work is required:</p> <ul style="list-style-type: none"> • Review of the Commercial and Insourcing Strategy. • Review of Fees and Charges for 2024/25 • Continue to assess the options outlined in the Insourcing Roadmap for 2022-24 	<p>The Commercial and Insourcing Strategy 2023-2026 was agreed by Executive at its meeting in September. The strategy outlines the Council's approach to operating commercially. This will be achieved through maximising opportunities to insource services, the delivery of business process improvements and the generation of new or enhanced sources of revenue. The commercial culture across the organisation will continue to be developed, to ensure that staff are equipped with the right skills to deliver.</p> <p>New fees and charges for 2024/25 were agreed by Executive in September 2023.</p> <p>Options for new income streams are progressing and reports will be submitted in Q2, Q3 and Q4 with proposals.</p>
<p>Council Housebuilding and Acquisitions Programme: To ensure the Council can deliver new council owned homes as programmed the following action is planned:</p> <ul style="list-style-type: none"> • Carry out viability assessments prior to lending being approved for the Wholly Owned Company to demonstrate they meet key targets as outlined in the Business Plan • Explore grant funding opportunities with Housing Associations in the local area to secure nomination rights to properties • Ongoing governance and review by the Housing Development and Regeneration Working Group • Key Performance Indicators to be determined and monitored for the Wholly Owned Company regarding key financial performance indicators 	<p>The Council has received grant funding of £10.6M from Homes England as part of their Affordable Homes Programme. This will be used to build a new Independent Living Scheme.</p> <p>Regular updates continue to be provided at Housing Development and Regeneration meetings.</p> <p>Performance indicators in relation to number of affordable homes delivered by the Council and number of private homes provided is included in the quarterly performance report which is reported to Executive.</p>
<p>Socio-Economic Impacts: As a result of the combined socio-economic impacts of welfare reform, the Covid-19 pandemic, and an economic downturn the following action is planned:</p>	<p>Funding of £300K is being received in instalments and is being used to support local small businesses. This is part of the Mission 44 funding, and the Council is working with schools to encourage STEM learning to ensure better prospects for young people.</p>

Action	Six Month Progress Update
<ul style="list-style-type: none"> Continue to develop and update the online Cost of Living information hub on the Council's website, covering Council support and signposting to other support including government and local grants, advice about avoiding scams, and support with household costs such as school uniforms. Continue to work with partners including Citizen's Advice and the Money Advice Unit to offer residents a comprehensive advice and support service Continue to operate and promote the Warm Spaces scheme, utilising public, community, and other buildings to offer comfort during the winter months Offer advice to help people with cooking on a budget, including links to Step to Skills to develop learning opportunities Continue to promote availability of local employment opportunities and skills and training courses (including funding available to support access) to help raise awareness and confidence for people to increase income and improve their financial wellbeing. Develop and implement decarbonisation schemes to reduce Council and tenant costs. To include a bid to Round 2.1 of the Government's Social Housing Decarbonation Fund targeting properties with an EPC D rating or below. Modelling the impact of energy increases in the charges to tenants and leaseholders to consider how best to support people with managing costs. Continue to work through the Stevenage Together partnership to share learning and best practice and to co-ordinate activity where appropriate. Continue to work with the County and district and borough councils in Hertfordshire to share learning and best practice and to co-ordinate activity where appropriate. Further develop the use of the Social Value Portal to divert funding from Council contractors to local skills 	<p>The Social Inclusion Partnership has been set up to share information about services and applying for funding collaboratively. It is made up of voluntary sector organisations who have come together and is being supported by the Council and Citizens Advice Stevenage.</p> <p>The Welfare Reform Group continues to meet. A dashboard is being used to inform the Council's understanding of the impact of the cost-of-living crisis locally. Data is collected from colleagues and partners who attend Welfare Reform Group meetings. The dashboard is made up of 13 different measures which are analysed quarterly to inform the Council's and partners' understanding of local trends.</p> <p>The Council's website contains information to help residents to manage the cost of living and this is updated regularly with new advice and how to access grants and benefits.</p> <p>A new Collection and Engagement IT solution to allow focus on high-risk Universal Credit claim cases is being procured. The new system will automate many tasks required to reach customers in arrears and will enable early intervention and assist with proactive management of arrears cases.</p> <p>The Council has recently partnered with Sustainable X to deliver a fully funded Sustainable Support Programme for local businesses to support key learning of sustainable practices and opportunities for businesses. The programme includes skills and training support on sustainable supply chain management and wider stakeholder engagement. The programme launched on 28th September with a Sustainable Meet the Buyer event, providing unique collaboration opportunities for both Buyers and Suppliers. It also offers participants the chance to grow their network with potential supply chain connections too.</p> <p>The Council was successful in its bid for Round 2.1 of the Government's Social Housing Decarbonisation Fund and will receive £2.6M. This will need to be match funded. The aim of the funding is to help the country meet its net zero targets, but will make resident's homes more energy efficient, comfortable and affordable to heat. An updated Housing Asset Management Strategy is going to be presented to the Executive in November which sets out the Council's approach to decarbonisation of its housing stock within</p>

Action	Six Month Progress Update
development and key local investment priorities.	the available resources identified in the revised HRA Business Plan.
<p>Health and Safety: Continue to enhance and embed health and safety compliance and performance by:</p> <ul style="list-style-type: none"> • Continue the rolling programme of internal and external audits for medium and high-risk services • Complete the implementation of health and safety enhancements for the Council's identified health and safety risks • 	<p>All high health and safety risks are reviewed by the Strategic Health and Safety Group and reported to Corporate Risk Group and the Senior Leadership Team quarterly. The monitor is also reviewed by the Chief Executive at monthly HR meetings.</p>
<p>IT Resilience and Cyber Security: The Shared IT Service to continue to implement the IT Strategy and Action Plan to enhance IT infrastructure, cyber security, IT resilience by:</p> <ul style="list-style-type: none"> • Implement the Cyber Treatment Plan • Gain Cyber Assessment Framework accreditation • Agree resources and actions required to implement the SOCITM recommendations • Recruitment to key ICT roles to be able to deliver the ICT work programme • Complete the roll out of Windows 10 and M365 	<p>It is anticipated that the Cyber Treatment Plan actions will be completed by the end of December 2023.</p> <p>SOCITM carried out a review of Shared IT Services in February 2022 and following on from this SOCITM were commissioned to design the Future Operating Model for the Joint IT Service. The recommended Future Operating Model was agreed by the Joint Information Communication Technology Committee at its meeting on 2nd October 2023.</p> <p>Work has commenced to gain Cyber Assessment Framework accreditation. The Framework provides a systematic and comprehensive approach to assessing the extent to which cyber risks to essential functions are being managed. The self-assessment against the Cyber Assessment Framework has commenced.</p> <p>Recruitment to the IT Security Officer role continues to be difficult. The role has recently been advertised again.</p> <p>The roll out of Microsoft 365 (M365) is now complete, except for a few people who have not been able to migrate over to M365 as the systems they use cannot currently be used on M365. These systems should be updated by end of October 2023. The removal of the 2008 servers is nearing completion.</p>

Action	Six Month Progress Update
<p>Repairs and Maintenance: To reduce the backlog in repairs due to the impact of the Covid-19 pandemic and the damage caused by the recent storms the following actions is planned:</p> <ul style="list-style-type: none"> • Complete the mobilisation of new fencing and guttering programmes and embedding of new Repairs Supervisors who are responsible for ensuring repairs are undertaken in an efficient, timely and effective way. • Launch of a new online reporting repairs service which will allow customers to select their own repair appointment times • Appointment to vacant repairs posts to increase the capacity and performance of the Repairs service 	<p>A fencing programme has been put in place by the Housing Investment team which aims to clear the historic backlog during 2023/24 and 2024/25. Changes to ways of working for the Repairs Supervisors have been introduced. There is still work to do in embedding these changes and implementing any other changes that can further improve service performance (customer satisfaction, first time fix, etc).</p> <p>‘Book Hub’ the new online reporting repairs service, which will allow customers to select their own repair appointment times, has been released in-house and testing is being carried out. Once this is complete then the system will be rolled out to residents.</p> <p>There are still a number of key back-office posts which are proving difficult to fill. These include Project Officer and Project Operative in the Voids team and Maintenance Surveyors in the Contracts and Commercial team.</p>
<p>Corporate Capacity To ensure the Council has the capacity to carry out all of its priorities as well as provide its core services and implement new government requirements as they arise the following actions are planned:</p> <ul style="list-style-type: none"> • Implementation of service planning in all service areas to improve resource planning • HR team to continue working with service leadership teams to prioritise recruitment and associated support plans 	<p>Service Plans have now been produced for all service areas. These Service Plans set out the objectives of each service for the forthcoming year. The plan contains information about the service’s performance targets and programme milestones. It sets out the risks, staff development activities, equality, budgetary, resident engagement and workforce considerations that will inform and influence service delivery throughout the year.</p> <p>There are still some challenging areas where posts are proving hard to fill. These include vital service areas such as Building Surveyors and IT Security officers. The HR Team continue to support managers to write adverts and explore ways to encourage applicants.</p>

Action	Six Month Progress Update
<p>Environmental Maintenance Strategy: To ensure that best practice and statutory compliance is achieved in relation to the Environmental Maintenance service the following action is planned:</p> <ul style="list-style-type: none"> • Update guidance on the process of reporting graffiti removal work to be reviewed. 	<p>The process for the removal of graffiti has now been reviewed so that all reports of graffiti go to Community Safety to investigate and build stats, tag details etc. and then to the SDS Operations Team for removal of the graffiti. This audit action is now considered to be complete.</p>
<p>Social Housing Regulation Bill: To deliver the proposals set out in the Social Housing White Paper which will give tenants greater powers, improve access to swift and fair redress and enhance the powers of the Social Housing Regulator, the following action is planned:</p> <ul style="list-style-type: none"> • Development and implementation of a resident/tenant engagement proposal to enable the tenants voice to influence Council policies and decision making and develop a governance structure for this • Ensure Members and Boards are fully aware of their responsibilities for consumer standard compliance • Develop and implement a breach self-referral process • Carry out a gap analysis exercise once new consumer standards are shared • Implement the required new Tenant Satisfaction Measures which local authorities will be required to report on from April 2023. • Implement the process for capturing the 12 Tenant Perception measures which local authorities will be required to report on from March 2024. • Commence a stock condition survey. This will run for the next 5 years. • Develop and publish a new Communications Plan 	<p>The Social Housing Regulation Bill received Royal Assent on 20th July 2023.</p> <p>The Regulator has advised that it is proposing to start the new programme of regulatory inspection from next April and landlords will need to demonstrate how they are providing good quality homes and services for tenants as well as meeting its governance and viability standards.</p> <p>The Regulator of Social Housing has consulted on the new consumer standards that landlords will need to meet and the Council has submitted its response to this consultation.</p> <p>The Community Development team have secured funding for an additional person to be appointed to implement building safety related resident engagement and this post will be working on implementation of the new Tenant Engagement Framework.</p> <p>The implementation of a breach self-referral process will be one of the initial key actions for the Housing Engagement and Performance Working Group.</p> <p>A gap analysis exercise has been carried out and this is being used to shape and prioritise key service improvement areas.</p> <p>HR are working with Housing to carry out an audit of Housing staff qualifications to ensure compliance with the new Chartered Institute of Housing requirements.</p> <p>Arrangements are now in place to report on the ten tenant satisfaction measures which became reportable from 1st April 2023. Band 1 procurement has been approved for consultancy to assist with recording the additional performance indicators which will be required to report on from March 2024.</p>

Action	Six Month Progress Update
<p>Building and Fire Safety Acts: To deliver the proposals set out in the new Building Safety/Fire Safety Acts which have established new legal duties for landlord and building owners of higher-risk residential buildings to keep their buildings safe, the following actions is planned:</p> <ul style="list-style-type: none"> • Emergency evacuation training for residents of buildings in scope of the Acts • Inspect and develop a remedial programme of work for buildings in scope • Carry out fire door inspection programme • Develop floor and building plans for all housing stock within scope. • Implementation of a new Fire Risk Assessment Prioritisation Tool • Develop and install signage in buildings within scope 	<p>Housing staff have received training to enable them to complete Personal Emergency Evacuation Plans and Housing Staff are completing these for residents of flat blocks in scope of the Act.</p> <p>All buildings within scope of the Act have been inspected and this has identified remedial work. Tenders for the remedial work will be out to market in November, with the preferred contractor identified in February 2024. Remedial work is expected to start April 2024. Leaseholders will need to pay for the remedial work to their properties.</p> <p>The fire door inspection programme is complete</p> <p>Floor and building plans have been developed for buildings within scope of the Act.</p> <p>The Fire Risk Assessment Prioritisation Tool has been implemented.</p> <p>Signage in flat blocks within scope of the legislation is scheduled to be installed by end of December 2023.</p>

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AUDIT COMMITTEE/ EXECUTIVE / COUNCIL

Portfolio Area: Resources

Date: 8 November 2023 / 15 November
2023 / 20 December 2023



2023/24 MID YEAR TREASURY MANAGEMENT REVIEW AND PRUDENTIAL INDICATORS

NON-KEY DECISION

Author – Rhona Bellis
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Lead Officer – Brian Moldon
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1 PURPOSE

- 1.1 To update Members on the Treasury Management activities in 2023/24 and review effectiveness of the 2023/24 Treasury Management and Investment Strategy including the 2023/24 prudential and treasury indicators.

2 RECOMMENDATIONS

2.1 Audit Committee

That subject to any comments by the Audit Committee to the Executive, the 2023/24 Mid-Year Treasury Management Review and Prudential indicators reports is recommended to Council for approval.

2.2 Executive

That subject to any comments made by the Executive, in addition to those made by the Audit Committee, the 2023/24 Mid-Year Treasury Management Review and Prudential indicators report is recommended to Council for approval.

2.3 Council

That subject to any comments from the Audit Committee and the Executive, 2023/24 Mid-Year Treasury Management Review and Prudential indicators report be approved by Council.

3 BACKGROUND

3.1.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.

3.1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

3.1.3 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021). The primary requirements of the Code are as follows:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

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- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Audit committee.

3.1.4 In December 2017, CIPFA revised the Code to require, all local authorities to report on:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

These elements are covered in the annual Capital Strategy reported to Council in February each year.

3.1.5 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2023/24 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2023/24;
- A review of the Council's borrowing strategy for 2023/24;
- A review of compliance with Treasury and Prudential Limits for 2023/24.

3.2 Economics and interest rates

3.2.1 Economics update.

3.2.2 The first half of 2023/24 saw:

- Interest rates rise by a further 100basis points, taking Bank Rate from 4.25% to 5.25%.
- Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
- A 0.5% month by month decline in real GDP in July.
- CPI inflation rose by 6.7% in the 12 months to September 2023, the same rate as in August, and down from a recent peak of 11.1% in October 2022.
-

3.2.3 The yield on 10-year Gilts fell from a peak of 4.74% on 17th August to 4.44% on 29th September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt yields are set to reduce further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).

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3.2.4 Interest Rate Forecasts

3.2.5 The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate* (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1st November 2012.

3.2.6 The latest forecast on 25th September sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

Chart 1

Link Group Interest Rate View		25.09.23												
		Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE		5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings		5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings		5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings		5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB		5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB		5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB		5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB		5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

* Certainty Rate reduction HRA – 0.6% is not included above

4 Treasury Management Strategy Statement and Annual Investment Strategy Update

4.1.1 The Treasury Management Strategy was approved by council on 23 February 2023.

There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

4.2 The Council's Capital Position (Prudential Indicators).

4.2.1 This part of the report is structured to update:

- The Council's capital expenditure plans and how these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

4.2.2 Prudential Indicator for Capital Expenditure and changes to Financing of the Capital Programme.

4.2.3 The table below shows the revised estimates for capital expenditure and financing and the changes since the capital programme was agreed at the Budget. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Table 1 Capital Expenditure and Financing			
	Original Capital Strategy (Council February 2023)	Revised Capital Strategy Q2	<i>Movement¹</i>
	£'000	£'000	£'000
Capital Expenditure:			
General Fund Capital Expenditure	34,017	28,140	(5,877)
HRA Capital Expenditure	62,420	45,556	(16,864)
Total Capital Expenditure	96,437	73,696	(22,741)
Financed by:			
Capital Receipts	(22,090)	(22,249)	(159)
Capital Grants /Contributions	(20,212)	(13,314)	6,898
Capital Reserves	(1,733)	(20)	1,713
Revenue contributions	(592)	(937)	(345)
Major Repairs Reserve	(20,755)	(13,048)	7,707
Total Financing	(65,382)	(49,568)	15,814
Borrowing requirement	31,055	24,128	(6,927)

4.2.4 The General Fund net reduction of £5.877Million includes:

- Slippage of £10.456Million of the Housing Development budgets
- Budget increases of £4.578Million – including, £1.302Million in Regeneration, with Towns Fund slippage netted off by the addition of the SG1 Joint Venture.
- The Deferred Works Reserve budget was increased by £1.079Million to reflect the potential for significant costs arising such as from asbestos in the garage estate.
- The remaining increase is split across services, predominantly as a result of new grants that have been successfully bid for.

4.2.5 The HRA net reduction of £16.864Million is due to slippage of the Housing Development budgets.

4.3 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational

4.3.1 The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

¹ This movement differs from that reported in the quarterly Capital Monitoring reports as that report uses the latest budget rather than the original as a comparator.

Prudential Indicator – Capital Financing Requirement and the Operational Boundary for external debt.

Table 2	2023/24 Original Estimate Council February 2023 £'000	Current Position £'000	2023/24 Revised Estimate Mid- Year £'000
CFR – non housing	55,035	45,850	52,769
CFR – housing	292,842	284,673	284,673
Total CFR	347,877	330,523	337,442
Net movement in CFR			(10,435)
Prudential Indicator – the Operational Boundary for external debt			
Borrowing	292,121	248,118	269,118
Other long-term liabilities ²	15,000	10,945	10,945
Total debt (year-end position)	307,121	259,063	280,063

4.3.2 Details relating to changes in the capital strategy that are reflected in the net movement in CFR of £10Million, can be found in Quarters 1 and 2 Monitoring Report (Capital).

4.4 Limits to Borrowing Activity

4.4.1 The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and next two financial years.

4.4.2 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

² Finance Leases

Table 3 Authorised limits	Operational Boundary ³ £'000	Authorised Limit £'000	Actual External Debt 30/09/2023 £'000
General Fund	55,035	56,035	14,886
Housing WOC	15,000	15,000	0
Finance Lease		15,000	10,945
Total General Fund	70,035	86,035	25,831
HRA	292,842	304,841	233,231
Total Debt	362,876	390,876	259,062
CFR (year-end position)			337,442

4.4.3 A temporary breach of the operational boundary is permissible for short term cash flow purposes however a breach of the authorised limit would require a report to Council. There have been no breaches of either limit in the period for 2023/24.

4.5 Borrowing

4.5.1 The Council's capital financing requirement (CFR) for 2023/24 is £337Million. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. Table 3 shows the Council has borrowings of £259Million and has utilised £78Million of cash flow funds in lieu of borrowing (Current CFR less total current debt). This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that any upside risk to gilt yields prevails.

4.5.2 capital programme is being kept under regular review due to the effects of inflationary pressures, shortages of materials and labour. The Council borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, in order to achieve optimum value and risk exposure in the long-term.

4.5.3 External borrowing of £7.5Million from the PWLB was taken out 24 August 2023 for a period of 17 years at 5.3%. This funding replaced internal borrowing used to fund the HRA and did not increase the overall CFR for the HRA.

4.5.4 It is anticipated that further borrowing will be undertaken during the financial year in line with financing in table 1 above.

4.5.5 Gilt yields and PWLB certainty rates were on a generally rising trend throughout the first half of 2023/24. At the beginning of April, the 5-year rate was the cheapest part of the curve and touched 4.14% whilst the 25-year rate was relatively expensive at 4.58%.

³ Operational Boundary = expected debt position

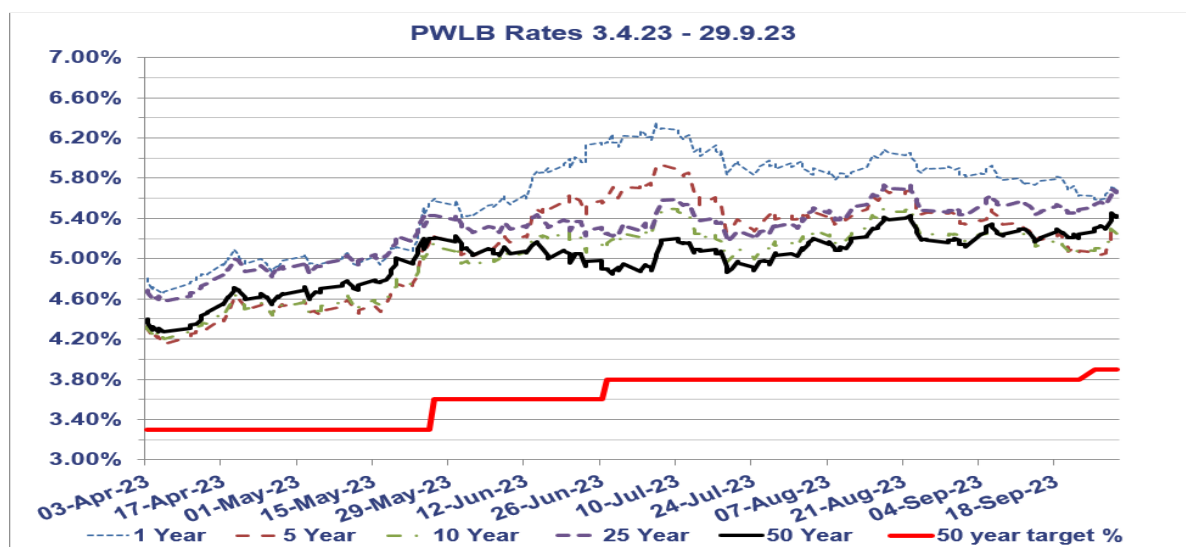
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4.5.6 Rates are forecast to fall back over the next two to three years as inflation dampens. The CPI measure of inflation is expected to fall below 2% in the second half of 2024, and 50-year rates are expected to stand at 3.90% by the end of September 2025. However, there is considerable gilt issuance to be digested by the market over the next couple of years, as a minimum, so there is a high degree of uncertainty as to whether rates will fall that far.

4.5.7 The Chart below shows the volatility of the PWLB borrowing rates from 1 April 2023 to 29 September 2023.

Chart 2



4.6 COMPLIANCE WITH TREASURY AND PRUDENTIAL LIMITS

4.6.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2023 the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2023/24. The Chief Finance Officer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

4.6.2 All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

4.7 ANNUAL INVESTMENT STRATEGY

4.7.1 The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual Investment Strategy, was approved by the Council on 23 February 2023. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite

- 4.7.2 There were no breaches to this policy in the year to 30 September 2023 with the investment activity conforming to the approved strategy. The Council had no liquidity difficulties and no funds have been placed with the Debt Management Office (DMO), demonstrating that counterparty limits and availability for placing funds approved in the TM Strategy were working effectively. It is possible that surplus funds that may be borrowed during 2023/24 will be placed in the DMO temporarily, if PWLB borrowing rates are advantageous and cash balances due to timing of taking out new loans would breach other counterparty limits.
- 4.7.3 The Specified and Non-Specified Investment Criteria (Appendix C) have been reviewed and updated in the Treasury Management Strategy 2023/24 which was agreed at Full Council in February 2023 and no further amendments are proposed at this stage.
- 4.7.4 In accordance with the Treasury Management Strategy, the Council invests its surplus cash balances that are committed for future approved spending. The policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data and counterparty limits dependant on level of cash balances held.

4.8 Investment performance year to date as of 30 September 2023

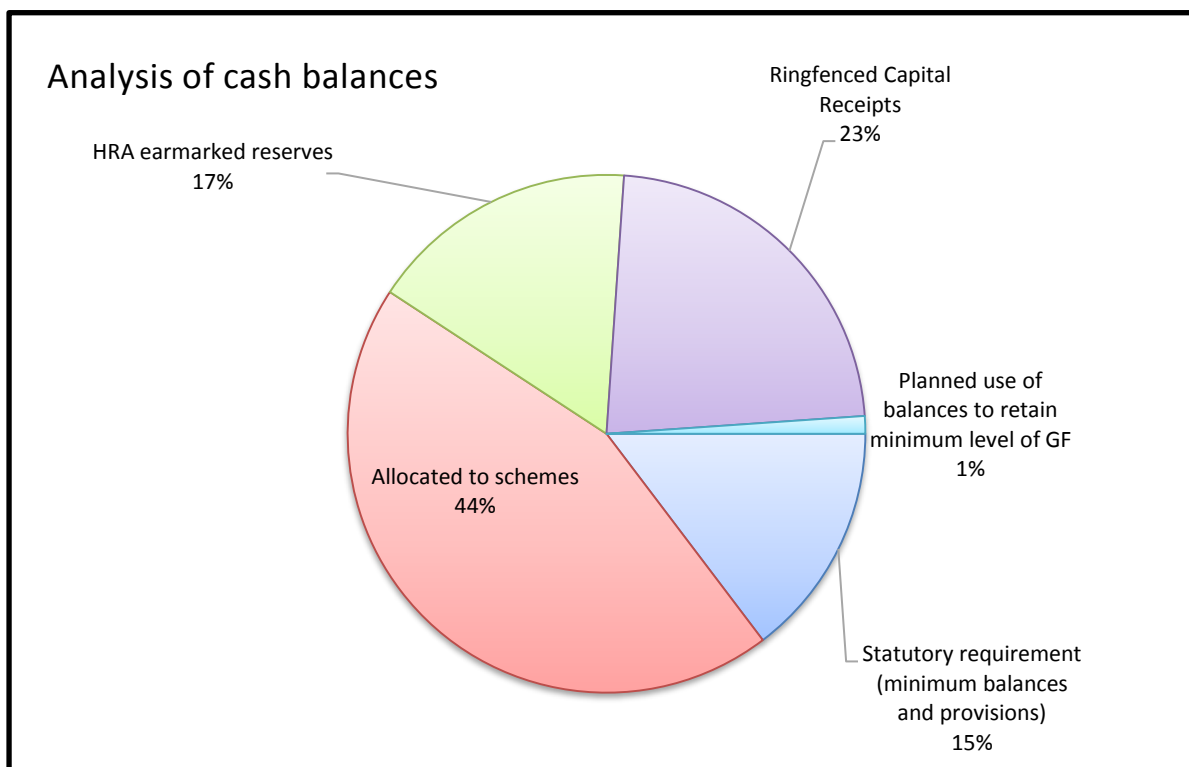
- 4.8.1 The Council's current investment portfolio consists of "conventional" cash investments: deposits with banks and building societies, Money Market Funds and loans to other Local Authorities. Currently no investments have been made with any of the other approved instruments within the Specified and Non-specified Investment Criteria (see Appendix C).
- 4.8.2 The average level of funds available for investment purposes during the first half of the financial year was £48.5Million, earning an average interest rate of 5.27%. Interest earned to 30 September 2023 was £1.6Million. Projected investment balances at 31 March 2024 are currently £38Million and forecast external interest receivable from investments is currently £2.6Million against a working budget of £1.404Million, contributing to General Fund (£379k) and Housing Revenue Account revenue income (£1.025Million).
- 4.8.3 The Council's balances are made up of cash reserves e.g. HRA and General Fund balances, restricted use receipts e.g. right to buy one for one receipts and balances held for provisions such as business rate appeals and debt repayment.
- 4.8.4 In considering the Council's level of cash balances, Members should note that the General Fund MTFS and Capital Strategy have a planned use of resources

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over a minimum of 5 years and the HRA Business Plan (HRA BP) a planned use of resources over a 30 year period, which means, while not committed in the current year; they are required in future years.

4.8.5 The following chart shows the planned use of cash balances as at 30 September 2023.



4.8.6 The restrictive use of a proportion of the cash balances set out above, plus the planned use of resources in line with the Council's capital and revenue strategies mean that the investment balance of £45Million as at 30 September 2023 is not available for new expenditure (for details see Appendix B).

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 This report is of a financial nature and reviews the treasury management function for 2023/24 to date. Any consequential financial impacts identified in the Capital strategy and Revenue budget monitoring reports have been incorporated into this report.

5.1.2 During the financial year Officers operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury management practices.

5.2 Legal Implications

- 5.2.1 Approval of the Prudential Code Indicators and the Treasury Management Strategy are intended to ensure that the Council complies with relevant legislation and best practice.
- 5.2.2 There have been no changes to PWLB borrowing arrangements since the last Treasury report, however where there are changes to the Prudential and Treasury Management codes from 2023/24. Officers will ensure that any changes are reflected in treasury operations and reporting requirements.

5.3 Risk Implications

- 5.3.1 The current policy of minimising external borrowing only remains financially viable while cash balances are high and the differentials between investment income and borrowing rates remain. As these conditions change the Council may need to take borrowing at higher rates which would increase revenue costs.
- 5.3.2 There remains uncertainty on the long-term implications of exiting the EU on the UK economy and borrowing rates. Officers monitor interest rate forecasts to inform the timing of borrowing decisions.
- 5.3.3 The Council's Treasury Management Strategy is based on limits for counterparties to reduce risk of investing with only a small number of institutions.
- 5.3.4 The thresholds and time limits set for investments in the Strategy are based on the relative ratings of investment vehicles and counter parties. These are designed to take into account the relative risk of investments and also to preclude certain grades of investments and counterparties to prevent loss of income to the Council.
- 5.3.5 There is a risk to the HRA BP's ability to fund the approved 30 year spending plans if interest rates continue to rise. Mitigation is included in the revision to the BP (2023), including requiring higher levels of reserves to be maintained in the medium term to cover interest rate risks.

5.4 Equalities and Diversity Implications

- 5.4.1 This report is technical in nature and there are no implications associated with equalities and diversity within this report. In addition to remaining within agreed counterparty rules, the council retains the discretion not to invest in countries that meet the minimum rating but where there are concerns over human rights issues. Counterparty rules will also be overlaid by any other ethical considerations from time to time as appropriate.
- 5.4.2 The Treasury Management Policy does not have the potential to discriminate against people on grounds of age; disability; gender; ethnicity; sexual orientation; religion/belief; or by way of financial exclusion. As such a detailed Equality Impact Assessment has not been undertaken.

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5.5 Climate Change Implications

5.5.1 The council's investment portfolio is sterling investments and not directly in companies. However the TM team continue to review the use of Money Market funds to ensure, where possible, money market funds that invest in environmentally sustainable companies are used. In this way the TM team aligns with the Councils ambition to attempt to be carbon neutral by 2030.

BACKGROUND PAPERS

- BD1 Treasury Management Strategy including Prudential Code Indicators 2023/24 (Council 23 February 2023)
- BD2 Quarters 1 and 2 Monitoring Report (Capital) (Executive 15 November 2023)

APPENDICES

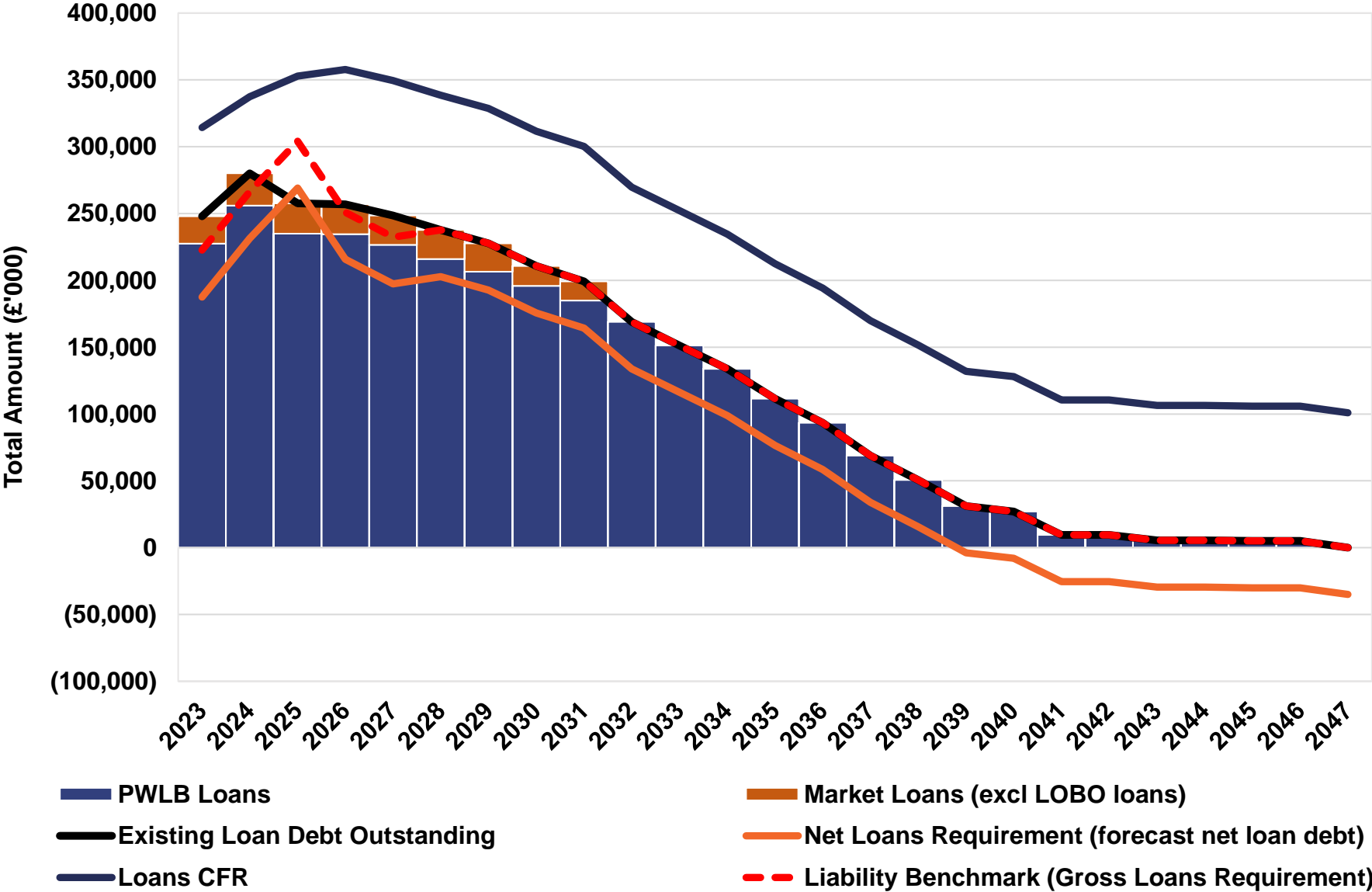
- Appendix A - Prudential Indicators
- Appendix B - Investment Portfolio
- Appendix C - Counterparty List 30 September 2023

Comparison of borrowing parameters to actual external borrowing.

	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	2	3	4	5	6	7	8	9
Financial Year End	2023	2024	2025	2026	2027	2028	2029	2030
PWLB Loans	227,487	255,987	234,987	234,487	226,487	216,031	206,431	195,831
Market Loans (excl LOBO loans)	20,487	24,076	22,734	22,384	22,025	21,657	21,280	14,844
Existing Loan Debt Outstanding	247,974	280,063	257,721	256,871	248,512	237,688	227,712	210,675
Opening Loan Debt	246,980							
Less: opening treasury investments	(68,750)	(43,285)	(26,384)	(46,788)	(60,702)	(35,000)	(35,000)	(35,000)
Plus: planned prudential borrowing	9,460	27,635	18,542	9,633	9,585	0	0	0
Less: MRP & Capital Receipts set aside	(89)	(1,004)	(3,129)	(4,696)	(8,359)	(10,824)	(9,977)	(17,036)
+/- other forecast cashflows								
Net Loans Requirement (forecast net loan debt)	187,601	231,321	269,093	215,870	197,394	202,688	192,712	175,675
Opening Loans CFR	304,947							
Plus: planned Prudential Borrowing	9,460	24,128	18,542	9,633				
Less: MRP & Capital Receipts set aside	(89)	(1,004)	(3,129)	(4,696)	(8,359)	(10,824)	(9,977)	(17,036)
Loans CFR	314,318	337,442	352,855	357,793	349,434	338,610	328,633	311,597
Liquidity allowance above net debt (liquidity buffer)	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Liability Benchmark (Gross Loans Requirement)	222,601	266,321	304,093	250,870	232,394	237,688	227,712	210,675
Forecast Investments	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
(Over)/Under Liability Benchmark	(25,373)	(13,743)	46,371	(6,001)	(16,118)	0	(0)	0

Liability Benchmark

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	Country	Institution	Instrument Type	Start	Maturity	Yield	Principal
■	AUS	Australia and New Zealand Banking Group Ltd.	Fixed Term Deposit	28/12/2022	27/12/2023	4.78%	£5,000,000
							£5,000,000
■	GBR	Goldman Sachs International Bank	Fixed Term Deposit	14/04/2023	16/10/2023	4.74%	£6,000,000
		Santander UK PLC	Call (60 Day Notice)			4.58%	£1,000,000
		Standard Chartered Bank	Call (95 Day Notice)			5.47%	£7,000,000
		Lloyds Bank Corporate Markets Plc (NRFB)	Fixed Term Deposit	06/07/2023	05/01/2024	5.98%	£5,000,000
		Lloyds Bank Corporate Markets Plc (NRFB)	Fixed Term Deposit	19/07/2023	19/01/2024	5.88%	£3,000,000
		Landesbank	Fixed Term Deposit	05/09/2023	03/09/2024	5.96%	£3,000,000
		Landesbank	Fixed Term Deposit	29/09/2023	02/01/2024	5.93%	£2,500,000
		Bury Metropolitan Borough Council	Fixed Term Deposit	18/05/2020	18/11/2024	2.00%	£2,300,000
							£29,800,000
■	MMF	MMF Aberdeen	Money Market Fund			5.15%	£8,880,000
		MMF CCLA	Money Market Fund			5.02%	£903,000
		MMF Morgan Stanley	Money Market Fund			5.13%	£261,867
							£10,044,867
	Total						£44,844,867

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Appendix C
Specified and Non-specified Investment Criteria
(including Treasury Limits and Procedures)

2023/24 Treasury Management Strategy

Table 1

Specified Investments are sterling denominated with maturities up to maximum of one year and must meet the following minimum high credit quality criteria:

Investment Counterparty	Investment Instrument	Minimum High Credit Quality Criteria	Investment Duration
Banks or Building Societies	Overnight Deposit	Fitch: Short Term F1 and Long Term A and Moody, Standard & Poor, equivalent where rated, the lowest rating used where different OR Part-nationalised or Nationalised UK banking institutions (subject to regular reviews of government share percentage).	Maximum duration as per Treasury Advisor's (Capita's) colour coded Credit List, and less than one year
	Notice Account		
	Short Term Deposit		
Debt Management Office or UK Local Authority	Any deposit	No limit.	
Money Market Funds	Instant Access or with Notice	AAA rated	Instant Access or notice period up to one year

Table 2

Non-Specified Investment are sterling denominated with a maturity longer than one year but no longer than five years, and must meet the following criteria:

Investment Counterparty	Investment Instrument	Minimum High Credit Quality Criteria	Investment Duration
Banks or Building Societies	Any deposits with maturity up to a maximum of five years	Fitch: Short Term F1+ and Long Term AA- and Moody, Standard & Poor, equivalent where rated, the lowest rating used where different	Maximum duration suggested by Treasury Advisor's (Capita's) colour coded Credit List, and not in excess of five years
Debt Management Office or UK Local Authority		No Limit.	

Table 3

Treasury Limits

Investment Instrument	Cash balances less than £30Million	Cash balances higher than £30Million
	Limits	Limits
Variable Rate Investments (Excluding Enhanced Cash Funds)	Maximum holding £30M	Maximum holding 100%
Counterparty limits (to encompass all forms of investment)	Maximum £5M	Maximum £10M
Instant Access Or Overnight Deposit	Maximum holding 100%	
Fixed Rate less than 12 month maturity	Maximum holding 100%	
Fixed Rate more than 12 months to maturity (includes all types of Fixed Rate Investments i.e. Certificates of Deposits)	Maximum £5M	Maximum £10M
Money Market Funds - Traditional Instant Assess (Counterparty Limit per Fund)	Maximum £5M per MMF	Maximum £10M per MMF
	No limit on total cash held	
Enhanced Cash Funds	Maximum £3M	
Certificates of Deposits	Maximum £5M	
Property Funds	Maximum of £3M - No durational limit. Use would be subject to consultation and approval	

Procedures of Applying the Criteria and Limits

Before the Treasury Team makes an investment, the Team will follow the follow procedure to ensure full compliance with the Specified and Non-Specified Criteria and Treasury Limits:

1 Check that the Counterparty is on the Counterparty List (also known as Current Counterparty Report for Stevenage) produced by Link Asset Services (LAS), specifically meeting the Council's Specified and Non-specified Minimum High Credit Quality Criteria in the above Table 1 & 2. If it is not on the list, the Treasury Team will not invest with them.

2 If the Counterparty is on the list, then the Treasury Team refers to the Credit List produced by LAS in colour coding, to determine the maximum investment duration suggested for the deposit, as per the column of Suggested Duration (CDS Adjusted with manual override).

3 Refer to the Treasury Limits in the above Table 3 to ensure the amount invested complies with the Treasury Limits.

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