



To: Safer and Stronger Renfrewshire Thematic Board

On: 16 May 2016

Report by:

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Counter Corruption, Serious Organised Crime & Counter Terrorism

1. Summary

- 1.1 As previously reported, the Council's strategy for counter corruption and to respond to the threat posed by serious organised crime is driven by an Integrity Group which has now been in place for a little over a year. The approach to developing a strategic response to this agenda is to ensure a proportionate response to the risks identified across the Council.
- 1.2 Many of the relevant interventions reflect good internal control, personnel and ICT management practices and the representation of these services at a senior level on the Integrity Group is critical to ensuring good progress is made. Specific issues that have been identified by this group and are being developed further within a revised action plan include:
 - (a) Ensuring key policies and procedures are up to date and fit for purpose – e.g. Code of Conduct, Whistle blowing;
 - (b) Identifying opportunities for "hardening" the organisation and procedures – e.g. management of Weekend / Evening working, ID badges;
 - (c) Better usage of ICT services – e.g. Cyber Security, Monitoring Staff Usage (to report on anything suspicious);
 - (d) Regular personnel monitoring and support – e.g. Regular appraisals, E-Learning packages, Continuous communication and enforcement of policies;
 - (e) Publicity and increasing awareness – e.g. E-Learning, Spotighting on intranet / council website, Production of materials for the public;
 - (f) Training – e.g. Use of case studies, Management responsibility training;
 - (g) HR and Recruitment – e.g. Vetting, Appraisals, Training records;
 - (h) Authorisation – e.g. ensuring staff can only access files relevant to their work and at times appropriate to their work;
 - (i) Strategic Overview – Aligning objectives across multiple services, e.g. Procurement.
- 1.3 More recently a number of high risk areas of activity, highlighted by the Police Scotland Counter Corruption Unit have been identified that will be focused on:
 - Planning and Development;
 - Licensing;
 - ICT;



- Procurement;
- Building Maintenance.

1.4 In addition to these areas of focus, other medium risk examples have been identified that will continue to feature in the plan and approach – primarily centred around contract vulnerabilities or areas where vulnerable residents might be targeted:

- Housing – in particular private rented sector housing;
- Social Care;
- Estates Management;
- Catering/Cleaning and other facilities management;
- Fleet;
- Grounds Maintenance;
- Waste.

1.5 As part of a proportionate strategy to tackle the threat posed by serious organised crime and corruption, the Council Integrity Group is in the process of developing a series of actions and recommendations for the Council and partners to consider based around the vulnerabilities identified above and which is likely to highlight opportunities that focus on:

- Continued corruption risk assessment and training for the Council and partners;
- Improvements to the support management and supervision of employees and partners;
- Consideration of the way in which individual roles, responsibilities and authority levels are determined and managed;
- Contract management and award processes;
- Consideration of the way in which management information can be used to identify opportunities for corruption or threat;
- How we can manage potential conflicts of interest;
- The way in which we can focus on and communicate key policies and procedures to change behaviours, promote compliance and develop a culture where possible concerns and threats are recognised, openly discussed, reported and improvement actions developed.

1.6 An assessment of potential vulnerabilities being undertaken by the National Counter Corruption Unit supported by the Chief Auditor, will guide the strategy as it is finalised providing focus and scope to ensure that key risks are prioritised for action.

2. Recommendations

2.1 It is recommended that the Safer & Stronger Renfrewshire Thematic Board:

- a) Notes the progress achieved in understanding and responding to the threat posed by serious organised crime and counter corruption;
- b) Notes the themes identified and the plans for the Integrity Group to update their assessments and actions accordingly; and



- c) Requests a further report on the work of the Integrity Group in relation to Serious Organised Crime and Counter Corruption be submitted to a future meeting.

3. Background

- 3.1 The Council's Integrity Working Group has been established for a little over a year now and with the help of specialist personnel from Police Scotland a self assessment audit has been undertaken which identified a number of early actions that required to be taken forward to improve the resilience of the Council and partners in relation to Serious and Organised Crime.
- 3.2 The initial findings indicated that there was good general awareness by senior management within the Council of the potential risk posed by serious and organised crime groups and corruption generally, but that there remained work to be done to ensure that these risks were being effectively mitigated across all service areas. The self assessment report and action plan provided a baseline of current practice and some degree of reassurance for the Council in relation to the policies and procedures that protect the organisation. Risks were added to the Council's risk register as appropriate and a number of early actions were identified that are being taken forward by the Integrity Working Group including:
- Strengthening training and development at a general level to raise operational awareness and in focused ways to target services at high risk;
 - Promoting increased monitoring and analysis of ICT use;
 - Promoting improved monitoring and analysis of key indicators such as high cash payments;
 - Targeted strengthening and awareness of infrastructure and organisational vulnerabilities, particularly during periods of change – technology, social media, physical infrastructure (metal theft);
 - Reviewing procedures to protect the organisation from financial threats and misuse of resources – fraud, external funding, procurement;
 - Ensuring the Council's assets and statutory obligations/permissions are not abused or misused – Licensing, regulatory, planning and development functions, commercial property portfolio.
- 3.3 The Integrity Group has in place an action plan which is tied into the Council Risk Management Plan and Internal Audit plans to provide and evidence robust management assurance procedures in these areas of activity. Training with elected Members on the Audit, Scrutiny and Petitions Board has been carried out on Serious Organised Crime by the Head of Public Protection and similar training has been carried out by the Chief Auditor on Fraud issues. Officers on the Council Resilience Management Team have also received awareness raising and training on Serious Organised Crime issues and how they might impact on our organisational resilience and the Home Office have provided targeted training to Customer Service Staff in relation to recognising forged and fake documentation.
- 3.4 Over the past year, the Integrity Group has discussed specific issues arising from the recent Corporate Fraud Pilot and further amendments that will be proposed



to procedures arising from this work. In addition the need to focus on the private rented housing sector as a key area where both tenants and the Council can be vulnerable to fraudulent activity was agreed. On the back of this, actions are being developed to help disrupt organised crime activity. The group have also discussed the need to focus on forthcoming changes to benefits arising through the universal credit process as a key area where opportunities to exploit the system might arise and will need to be addressed. It was agreed that the group will be strengthened through the addition of specific representatives from Development and Housing Service and Legal Services within Finance and Resources Services to take this and other associated actions forward. Specific issues that have been discussed and are being developed further within a revised action plan include:

- (a) Ensuring key policies and procedures are up to date and fit for purpose – e.g. Code of Conduct, Whistle blowing;
- (b) Identifying opportunities for hardening – e.g. Weekend / Evening working, ID badges;
- (c) Better usage of ICT services – e.g. Cyber Security, Monitoring Staff Usage (to report on anything suspicious);
- (d) Regular personnel monitoring – e.g. Regular appraisals, E-Learning packages, Continuous enforcement of policies (hardening);
- (e) Publicity and increasing awareness – e.g. E-Learning, Spotighting on intranet / council website, Production of materials for the public;
- (f) Training – e.g. Use of case studies, Management responsibility training;
- (g) HR and Recruitment – e.g. Vetting, Appraisals, Training records;
- (h) Authorisation – e.g. ensuring staff can only access files relevant to their work and at times appropriate to their work;
- (i) Strategic Overview – Aligning objectives across multiple services, e.g. Procurement.

3.5 More recently, contact has been made with officers from the Police Scotland National Counter Corruption unit and a number of meetings held. From this, a structured session for Chief Officers and other key personnel from across the Council was developed, based on cases from other Scottish Councils that have involved senior officers in fraud, abuse of hospitality and gifts, corruption and poor contract management. The session took place on 11 March 2016 and highlighted that the risk to the Council is wider than simply money being siphoned out of the public sector or fraudulently obtained and that it extends to issues such as:

- Data theft and abuse;
- The Council or key projects being used to legitimise serious organised crime groups businesses;
- Hospitality and gifts being abused to exercise control over officers and decision taking processes; and
- People within the workforce being planted within the organisation to obtain information or contracts corruptly – working on behalf of other businesses or crime groups.



- 3.6 The primary case study used focused on issues that arose within Building Services in City of Edinburgh Council and the way that contracts were managed – but had a more general relevance to a wider audience due to the issues raised and the changing nature and understanding of corruption and risk within the public sector – in particular the nature of insider threat.
- 3.7 Police Scotland auditors have also been working with the Council's Internal Audit team to review contracts and processes locally to assess how effective and robust procedures are. All of this progress and learning is being used to develop the Council approach to counter corruption in particular and to harden the Council and the Community Planning Partnership against serious organised crime and corrupt practices.
- 3.8 As the Serious Organised Crime, Integrity Strategy develops, a number of high risk areas, highlighted by the Police Scotland Counter Corruption Unit will be focused on:
- Planning and Development;
 - Licensing;
 - ICT;
 - Procurement;
 - Building Maintenance.
- 3.9 In addition to these areas of focus other medium risk examples will continue to feature in the plan and approach – primarily centred around contract vulnerabilities or areas where vulnerable residents might be targeted:
- Housing – in particular private rented sector housing;
 - Social Care;
 - Estates Management;
 - Catering/Cleaning and other facilities management;
 - Fleet;
 - Grounds Maintenance; and
 - Waste.
- 3.10 Learning from the work undertaken in conjunction with Police Scotland has also highlighted that organisations generally face increased risks in circumstances where they are undergoing restructuring or change; where staff numbers are reducing; where systems and work allocation are subject to fewer controls; where little or no supervision of work is carried out or where unprofessional relationships between staff and contractors are allowed to develop.
- 3.11 There is an inherent tension in some of these areas as the public sector modernisation and improvement agenda contains a current expectation and focus on developing and empowering employees and local communities; stripping out unnecessary processes and procedures and developing partnership and commissioning arrangements rather than simply contractual arrangements with suppliers and providers of services. The overall approach to counter corruption needs to be risk aware and proportionate in order to support this wider



strategic agenda. Within this, it is vital that all partners understand the importance of complying with the controls and procedures that are retained in order to protect themselves as well as their own organisation and its partners.

- 3.12 For the Council, a proportionate approach to tackling this agenda will frequently involve relatively small, but highly visible changes in management behaviour and oversight that will incrementally go a long way to hardening the organisation and its partners against opportunistic threats. Simply giving the impression that corrupt individuals or insider threats are more likely to be caught or noticed and reported will significantly reduce the perceived opportunity for corrupt behaviour and the overall risk to the Council and its partners. These changes come in 2 forms: physical hardening of the organisation – its buildings and assets; and hardening of management information and its use to understand and review employee behaviours. In many cases these changes will have a dual benefit in protecting the organisation and its assets, but also in protecting and supporting employees and their health and safety.
- 3.13 For example, running a check on all employees that access the Council HQ complex out of hours at a weekend using their access card and cross referring this to the lists submitted to the Commissionaires of approved out of hours working for that period to identify any discrepancies and following these up with a conversation with the employees concerned will indicate an awareness of people accessing the building – a concern over their health and safety in an almost empty building and at the same time show the organisation has an awareness of people accessing and using resources out of hours that management are monitoring and reviewing.
- 3.14 Likewise certain questions might usefully be included as part of a recruitment or personal development plan process for all employees that would indicate that the Council is aware of potential conflicts of interest that employees might have and is managing the risk that these might pose to the Council.
- 3.15 As part of a proportionate strategy to tackle the threat posed by serious organised crime and corruption, the Council Integrity Group will develop a series of actions and recommendations for the Council and partners to consider based around vulnerabilities identified in the initial self assessment exercise and the following Police Scotland assessment process which is likely to highlight opportunities that focus on:
- Continued corruption risk assessment and training for the Council and partners;
 - Improvements to the support management and supervision of employees and partners;
 - Consideration of the way in which individual roles, responsibilities and authority levels are determined and managed;
 - Contract management and award processes;
 - Consideration of the way in which management information can be used to identify opportunities for corruption or threat;
 - How we can manage potential conflicts of interest;



- The way in which we can focus on and communicate key policies and procedures to change behaviours, promote compliance and develop a culture where possible concerns and threats are openly discussed and reported rather than ignored or covered up.

3.16 While the nature of corruption and serious organised crime are continually evolving and expanding; the strategy being developed, underpinned by the broad themes outlined above will position the Council and its key partners well to respond to the present threat. The focus on key organisational areas within these themes and the ability to continually review and update actions will ensure that approaches are undertaken that are proportionate to any new threats that emerge. The role of the Integrity group will be to coordinate the actions, evaluate the requirement for further actions and to ensure delivery of them.

4. **Resources**

4.1 The Safer and Stronger Renfrewshire Action Plan identifies the resources requirements for each individual action.

5. **Prevention**

5.1 The Action Plan framework allows the Safer and Stronger Renfrewshire Thematic Board to plan resources and direct investment towards prevention and early intervention.

6. **Community Involvement/Engagement**

6.1 The Action Plan has been developed through the Safer and Stronger Renfrewshire Thematic Board and sub groups whereby the third sector is widely represented.



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