



### **Audit and Procurement Committee**

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#### **Time and Date**

2.30 pm on Monday, 31st January, 2022

#### **Place**

Diamond Rooms 1 & 2 - Council House, Coventry CV1 5RR

Please note that in line with current Government and City Council guidelines in relation to Covid, there will be reduced public access to the meeting to manage numbers attending safely. If you wish to attend in person, please contact the Governance Services Officers indicated at the end of the agenda.

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#### **Public Business**

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of Previous Meeting** (Pages 5 - 12)  
To agree the minutes of the meeting held on 29<sup>th</sup> November 2021
4. **Exclusion of Press and Public**  
To consider whether to exclude the press and public for the private item of business for the reasons shown in the report.
5. **Outstanding Issues** (Pages 13 - 18)  
Report of the Director of Law and Governance
6. **Work Programme 2021/2022** (Pages 19 - 20)  
Report of the Director of Law and Governance
7. **Information Governance Annual Report 2020/21** (Pages 21 - 32)  
Report of the Director of Law and Governance
8. **Half Year Fraud and Error Report 2021-22** (Pages 33 - 40)  
Report of the Director of Finance
9. **2021/22 Second Quarter Financial Monitoring Report (to September 2021)**  
(Pages 41 - 66)  
Report of the Director of Finance

10. **Treasury Management Update 2021/22 - Half Year Progress Report**  
(Pages 67 - 76)  
Report of the Director of Finance
11. **Complaints to the Local Government and Social Care Ombudsman 2020/21** (Pages 77 - 100)  
Report of the Chief Executive
12. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

#### **Private business**

13. **Consideration of Approval of Severance Package** (Pages 101 - 110)  
Report of the Director of Finance  
  
(Listing Officer: B Strain, Tel: 024 7697 7198)
14. **Any other items of private business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

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Julie Newman, Director of Law and Governance, Council House, Coventry  
Friday, 21 January 2022

Note: The person to contact about the agenda and documents for this meeting is Michelle Salmon, Governance Services, Email: [michelle.salmon@coventry.gov.uk](mailto:michelle.salmon@coventry.gov.uk)

#### **Membership:**

Councillors M Ali, J Blundell, R Brown (By Invitation), G Hayre, R Lakha (Chair), T Sawdon, B Singh (Deputy Chair) and R Singh

#### **By invitation:**

Councillor R Brown – Cabinet Member for Strategic Finance and Resources

#### **Public Access**

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<https://www.coventry.gov.uk/publicAttendanceMeetings>

#### **Michelle Salmon, Governance Services**

**E-mail:** [michelle.salmon@coventry.gov.uk](mailto:michelle.salmon@coventry.gov.uk)

**Coventry City Council**  
**Minutes of the Meeting of the Audit and Procurement Committee**  
**held at 2.30 pm on Monday, 29 November 2021**

Present:

Members:                   Councillor R Lakha (Chair)  
                                  Councillor M Ali  
                                  Councillor J Blundell  
                                  Councillor G Hayre  
                                  Councillor T Sawdon  
                                  Councillor B Singh (Deputy Chair)  
                                  Councillor R Singh

In Attendance:            Z Francis, M Stocks

Employees (by Service):

Finance                    B Hastie (Director of Finance), P Jennings, K Tyler  
Law and Governance      L Knight  
Streetscene and  
Regulatory Services      D Cahalin-Heath, A Tandy

## **Public Business**

### **37.     Declarations of Interest**

There were no disclosable pecuniary interests.

### **38.     Minutes of Previous Meetings**

The minutes of the meetings held on 27<sup>th</sup> September and 27<sup>th</sup> October 2021 were agreed and signed as correct records.

There were no matters arising.

### **39.     Outstanding Issues**

The Audit and Procurement Committee considered a report of the Director of Law and Governance, that identified issues on which a further report / information had been requested or was outstanding so that members were aware of them and could manage their progress.

Appendix 1 to the report provided details of issues where a report back had been requested to a meeting, along with the anticipated date for consideration of the matter.

Appendix 2 of the report provided details of items where additional information had been requested outside formal meetings, along with the date when this had been completed.

In respect of item 1 of Appendix 2, relating to details of the Governance arrangements for the City of Culture legacy work, the Committee were advised that this matter had now been completed.

**RESOLVED that the Audit and Procurement Committee notes the Outstanding Issues report.**

40. **Work Programme 2021/2022**

The Audit and Procurement Committee considered a report of the Director of Law and Governance which set out the Work Programme of scheduled issues to be considered by the Committee during the Municipal Year 2021/22.

**RESOLVED that the Audit and Procurement Committee notes the Work Programme for 2021/22.**

41. **Annual Compliance Report 2021 - Regulatory & Investigatory Powers Act (RIPA) 2000**

The Audit and Procurement Committee considered a report of the Director of Streetscene and Regulatory Services, which outlined the Council's use of the Regulation of Powers Act 2000 (RIPA), which governed the acquisition and disclosure of communications data and the use of covert surveillance by local authorities.

He report indicated that the Council used powers under RIPA to support its core functions for the purpose of prevention and detection of crime where an offence may be punishable by a custodial sentence of 6 months or more or were related to the underage sale of alcohol and tobacco. There were three processes available to local authorities under RIPA: the acquisition of communications data; directed surveillance; and covert human intelligence sources ("CHIS").

The Act set out the procedures that the Council must follow if it wished to use directed surveillance techniques or acquire communications data in order to support core function activities (e.g. typically those undertaken by Trading Standards and Environmental Health). The information obtained as a result of such operations can latter be relied upon in court proceedings providing RIPA was complied with.

The Home Office Code for Covert Surveillance and Property Interference recommended that elected members, whilst not involved in making decisions or specific authorisations for the local authority to use its powers under Part II of the Act, should review the Council's use of the legislation and provide approval to its policies. The Council adopted this approach for the oversight of the authority's use of Parts I and II of the Act.

**RESOLVED that the Committee:**

- 1. Note the Council's use and compliance with RIPA.**
- 2. Request that the Cabinet Member for Policing and Equalities be recommended to look at processes for the purchase of goods online, including alcohol, and how age can be confirmed.**

**42. Internal Audit Plan 2021-22 - Half Year Progress Report**

The Audit and Procurement Committee considered a report of the Director of Finance, which provided an update on the internal audit activity for the period April to September 2021, against the Internal Audit Plan 2021/22. The report was the first monitoring report for 2021/22 and was presented in order for the Audit and Procurement Committee to discharge its responsibility 'to consider summaries of specific internal audit reports as requested' and 'to consider reports dealing with the management and performance of internal audit'.

An Appendix to the report provided a list of the audits finalised between April and September 2021, along with the level of assurance provided. As at 30<sup>th</sup> September 2021, the following audits were in progress:

- Compliance with Working Together Standards
- File Storage
- Purchasing Card Compliance
- Green Homes Grant
- PSDS Core Buildings Grant
- Dol-y-Moch Recruitment
- Parking Enforcement
- Deprivation of Liberty Safeguards

Details of a selection of key reviews completed in this period were provided in a further appendix to the report. In all cases, the relevant managers had agreed to address the issues raised in line with the timescales stated. These reviews would be followed up in due course and the outcomes reported to the Audit and Procurement Committee.

In relation to the Audit Review within Business Rates, the Committee noted that the Business Rates Team had significantly re-purposed its activities throughout 2020-21 in order to administer Covid-19 grants to businesses. However, as a result, there had been a significant impact on the Service's ability to maintain its normal systems, levels of control and working practices. It was acknowledged that this was not a result of management failings and that there was confidence that this was a temporary situation which did not impact on the level of assurance that was provided in relation to the objective.

In considering the Audit Review relating to the Broadgate House Payment Kiosks, the Committee noted that investigations behind discrepancies in the reported end of year cash balances were undertaken but that not all cash which had been administered by Customer Services could be adequately accounted for. Whilst the review identified two possible explanations, it was not possible to reach a conclusion with any degree of certainty as to what had taken place. There were

indications that the issue had occurred as a result of software / kiosk errors, it was not possible to rule out that cash may have been misappropriated, although there were no other factors identified to support this.

At the end of September 2021, the Service had completed 33% of the Audit Plan against a planned target of 50%. It was acknowledged that progress in quarter two was below target, although it was comparable to performance at the same point last year.

The Internal Audit Plan for 2021-22 was submitted to the Committee at its meeting on 28<sup>th</sup> June 2021. That report had explained that the level of resources available in 2021/22 for audit and corporate fraud work could not be precisely defined when the Plan was developed due to staff vacancies within the Service.

As a result, the Internal Audit Plan was developed on an estimate of 650 days available for audit and corporate fraud work, but this would be monitored, with any resulting changes provided in future reports to the Committee. Whilst all vacant posts were now being recruited to, at the current time, management were not in a position to accurately define the impact on the available audit days. However, achievement of 90% of the Plan by the end of March 2022 remained a key priority for the Internal Audit Service and a flexible approach would be taken to utilise resources to meet this target.

In considering the report, the Committee discussed the level of resources required to undertake an audit review and, in particular, how much manual work is required and whether better use could be made of data analytics and artificial intelligence. It was agreed that a report on the possibility of using data analytics, including artificial intelligence, be included on the Work Programme for 2022/23.

**RESOLVED that the Audit and Procurement Committee:**

- 1. Notes the performance at quarter two against the Internal Audit Plan 2021/22.**
- 2. Considered and notes the summary findings of the key audit reviews detailed in an Appendix to the report.**
- 3. Request that a report on the use of data analytics, including artificial intelligence, be added to the work programme for 2022/23.**

**43. Audited 2019/20 Statement of Accounts and Audit Findings Report**

The Audit and Procurement Committee considered a report of the Director of Finance, which sought approval of the audited 2019/20 Statement of Accounts and Grant Thornton's Audit Findings report provided alongside the accounting statements. The Committee was approving these accounts on the Council's behalf. This followed an extension to the period of audit by Grant Thornton in line with national regulation. The original deadline to complete and authorise the Statement of Accounts was 31<sup>st</sup> July 2020.

The Council published its draft statement on 26<sup>th</sup> June, two months before the statutory deadline. As a change to previous years and due to the unusual circumstances caused by the COVID-19 pandemic, the decision was taken for the draft accounts to not be considered by the Committee, but instead for the Committee to consider the final audited statement alongside the external auditor's Audit Findings report in November 2020.

At the meeting in November 2020 (Minute 25/20 refers), the Committee gave delegated authority to the Director of Finance, following consultation with the Chair of the Committee, for final changes to the draft accounts. Subsequent audit work, much of which was not foreseen at the time of the meeting, uncovered a significant number of further audit queries, some of which have resulted in material changes to the accounting statements. This led to a delay to the 2019/20 accounts being completed, which is unprecedented in recent memory. The vast majority of this further work has been completed and there is now a strong degree of confidence that the last remaining outstanding items in the Audit Findings report will be completed very shortly, allowing the audited accounts to be signed off and published.

In November 2020, a number of factors were outlined for delays to the audit process for 2019/20. These were:

- Practical issues with undertaking audit work in a 'virtual' way;
- Additional work required of the auditors, including that insisted upon by the Financial Reporting Council in relation to the valuation of Property, Plant and Equipment;
- Well publicised pressure on the auditing sector which have been outlined in the recent Redmond Review; and
- Delays elsewhere in the process, for instance in the completion of pension fund accounts and those of the Council's companies.

A number of key issues that have remained outstanding through 2021 relate to Property, Plant and Equipment valuation, whilst the other key areas of audit challenge has been the Council's accounting arrangements surrounding its Group Accounts, which incorporate the financial statements of the relevant external companies owned by the Councils. Details of this work was set out in the Addendum to the Audit Findings report accompanying the Audited Statement of Accounts and included the major items that the Committee needed to have brought to its attention and the Council's response to these.

The Audit Findings report by Grant Thornton, the Council's external auditors, had been presented to the Committee in November 2020 and an Addendum to that report was now presented to the Committee for consideration. The Committee noted that, since the November 2020 meeting, several further accounting issues were identified for which material adjustments were required to the Group and Council's financial statements. These had resulted in the recognition of:

- An increase in group net assets as at 31<sup>st</sup> March 2020 or £215.5m (Council £149.4m);
- An increase in group total comprehensive income for the year ending 31<sup>st</sup> March 2020 of £91.1m (Council £56.6m);
- Prior period adjustments to recognise:

- An increase in group net assets as at 31<sup>st</sup> March 2019 of £115m (Council £92.8m);
- An increase in group comprehensive income for the year ending 31<sup>st</sup> March 2019 of £4.8m (Council £5.3m).

These audit adjustments were detailed in Appendix B to the Addendum and recommendations raised with management as a result of the audit work carried out by Grant Thornton were set out in Appendix A.

Grant Thornton indicated within the Addendum that their work was substantially complete and there were no matters of which they were aware that would require modification of their audit opinion, or material changes to the financial statements subject to the following outstanding matters:

- Receipt of evidence that Local Plan land asset valuations appropriately reflect significant information available about the condition and cost of remedial works;
- Confirmation from Grant Thornton's experts that inclusion in the Local Plan impacts market value of land to the extent determined by management;
- Confirmation from Grant Thornton's experts that management's assessment that the depreciated replacement costs (DRC) basis of valuing Coombe Abbey property is appropriate in the group accounts;
- Receipt of an amended lease agreement between the Council and UKBIC Limited and evidence that all affected assets are included on the amended lease;
- Completion of review procedures;
- Receipt of management representation letter; and
- Review of the final set of financial statements.

Grant Thornton concluded that the other information to be published with the financial statements was consistent with their knowledge of the organisation and the financial statements they had audited. It was anticipated that the audit report opinion would be unqualified, including an Emphasis of Matter paragraph highlighting PPE, investment properties and Pension Fund investment properties valuation material uncertainty disclosures.

**RESOLVED that, the Audit and Procurement Committee:**

- 1. Having considered the final 2019/20 Statement of Accounts, approves the Accounts.**
- 2. Accepts the Grant Thornton's Audit Findings Report provided alongside the accounting statements.**
- 3. Endorse that delegated approval be giving to the Director of Finance, following consultation with the Chair of the Audit and Procurement Committee, to agree any final changes to the Statement.**

44. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other items of public business.

(Meeting closed at 4.30 pm)

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Audit and Procurement Committee

31 January 2022

**Name of Cabinet Member:**

N/A

**Director approving submission of the report:**

Director of Law and Governance

**Ward(s) affected:**

N/A

**Title:**

Outstanding Issues

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**Is this a key decision?**

No

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**Executive summary:**

This report is to identify those issues on which further reports / information has been requested or are outstanding so that Members are aware of them and can monitor their progress.

**Recommendations:**

The Committee is recommended to:

- 1) Consider the list of outstanding items as set out in the Appendices to the report, and to ask the Director concerned to explain the current position on those items which should have been discharged.
- 2) Agree that those items identified as completed within the Appendices to the report, be confirmed as discharged and removed from the outstanding issues list.

**List of Appendices included:**

Appendix 1 - Further Report Requested to Future Meeting  
Appendix 2 - Information Requested Outside Meeting

**Other useful background papers:**

None

**Has it or will it be considered by Scrutiny?**

No

**Has it, or will it be considered by any other council committee, advisory panel or other body?**

No

**Will this report go to Council?**

No

**Report title:  
Outstanding Issues**

**1. Context (or background)**

- 1.1 In May 2004, the City Council adopted an Outstanding Minutes system, linked to the Forward Plan, to ensure that follow-up reports can be monitored and reported to Members.
- 1.2 At their meeting on 25<sup>th</sup> January 2017, the Audit and Procurement Committee requested that, in addition to further reports being incorporated into the Committee's Work Programme, a report be submitted to each meeting detailing those additional reports requested to a future meeting along with details of additional information requested outside the formal meeting.
- 1.3 Appendix 1 to the report outlines items where a report back has been requested to a future Committee meeting, along with the anticipated date for further consideration of the issue.
- 1.4 In addition, Appendix 2 to the report sets out items where additional information was requested outside the formal meeting along with the date when this was completed.
- 1.5 Where a request has been made to delay the consideration of the report back, the proposed revised date is identified, along with the reason for the request.

**2. Options considered and recommended proposal**

- 2.1 N/A

**3. Results of consultation undertaken**

- 3.1 N/A

**4. Timetable for implementing this decision**

- 4.1 N/A

**5. Comments from the Director of Finance and the Director of Law and Governance**

- 5.1 Financial implications

N/A

- 5.2 Legal implications

N/A

**6. Other implications**

- 6.1 How will this contribute to achievement of the Council's Plan?

N/A

- 6.2 How is risk being managed?

This report will be considered and monitored at each meeting of the Cabinet

**6.3 What is the impact on the organisation?**

N/A

**6.4 Equalities / EIA**

N/A

**6.5 Implications for (or impact on) climate change and the environment**

N/A

**6.6 Implications for partner organisations?**

N/A

**Report author(s):**

**Name and job title:**

Lara Knight  
Governance Services Co-ordinator

**Service:**

Law and Governance

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Enquiries should be directed to the above person.

<b>Contributor/approver name</b>	<b>Title</b>	<b>Service</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
-				
<b>Names of approvers:</b> (Officers and Members)				
-				

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## Appendix 1

### Further Reports Requested to Future Meetings

	<b>Subject</b>	<b>Minute Reference and Date Originally Considered</b>	<b>Date for Further Consideration</b>	<b>Responsible Officer</b>	<b>Proposed Amendment to Date for Consideration</b>	<b>Reason for Request to Delay Submission of Report</b>
1.	Internal Audit Annual Report 2019-2020 - Further information requested on the progress of recommendations made in respect of the audit of IT Disaster Recovery.	Minute 6/20 19 October 2020	When the formal follow-up review of the audit is undertaken, the findings be reported to Committee	Karen Tyler		

\* identifies items where a report is on the agenda for your meeting.

	Subject/Report	Minute Reference and Date Originally Considered	Information Requested / Action Required	Responsible Officer	Date Completed

**THERE ARE NO OUTSTANDING MATTERS**

## Audit and Procurement Committee

31<sup>st</sup> January 2022

### Work Programme 2021-2022

#### 28<sup>th</sup> June 2021

Internal Audit Annual Report 2020-21  
Internal Audit Plan 2021-22  
2019/20 Accounts Update

#### 26<sup>th</sup> July 2021

Annual Governance Statement 2020-21  
Audit and Procurement Committee Annual Report to Council 2020-21  
2020/21 Revenue and Capital Outturn  
External Audit Plan Year Ending March 2021 (Grant Thornton)

#### 27<sup>th</sup> September 2021

Annual Fraud and Error Report 2020-21  
Quarter One Revenue and Capital Monitoring Report 2021-22  
Whistleblowing Annual Report 2020-21  
Six Monthly Procurement Progress Report (Private)

#### 27<sup>th</sup> October, 2021 (Additional Meeting)

Framework for Organisational Change  
Severance Package Approvals (Private)

#### 29<sup>th</sup> November 2021

Half year Internal Audit Progress Report 2021-22  
RIPA (Regulation of Investigatory Powers Act) Annual Report 2020  
Audited 2019/20 Statement of Accounts  
Audit Findings Report 2019-20

#### 31<sup>st</sup> January 2022

Half Year Fraud and Error update 2021-22  
Information Governance Annual Report 2020  
Quarter Two Revenue and Capital Monitoring Report 2021-22  
Treasury Management Update  
Complaints to the Local Government and Social Care Ombudsman 2019/20  
Approval of Severance Package (Private)

## **21st March 2022**

Quarter Three Internal Audit Progress Report 2021-22  
Internal Audit Recommendation Tracking report  
Corporate Risk Register Update  
Quarter Three Revenue and Capital Monitoring Report 2020-21  
Draft Statement of Accounts 2020-2021  
Audit Findings Report 2020-21  
Six Monthly Procurement Progress Report (Public & Private)

## **Date to be confirmed in 2022/2023**

Audited 2020-21 Statement of Accounts  
Data Analytics, Including Use of Artificial Intelligence



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Audit and Procurement Committee

31 January 2022

**Name of Cabinet Member:**

Cabinet Member of Policy and Leadership – Councillor G Duggins

**Director Approving Submission of the report:**

Director of Law and Governance

**Ward(s) affected:**

None

**Title:**

Information Governance Annual Report 2020/21

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**Is this a key decision?**

No

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**Executive Summary:**

Information is one of the Council's greatest assets and its correct and effective use is a major responsibility and is essential to the successful delivery of the Council's priorities. Ensuring that the Council has effective arrangements in place to manage and protect the information, both personal and business critical, it holds is a priority.

Data protection legislation sets out the requirements on organisations to manage information assets appropriately and how they should respond to requests for information. The Information Commissioner's Office (ICO) is the UK's independent supervisory authority set up to uphold information rights in the public interest, promote openness by public bodies and data privacy for individuals, and monitors compliance with legislation.

This report provides a summary of the Council's performance during 2020/2021 in responding to requests for information received under the above-mentioned legislation. It also reports on the management of data protection security incidents and/or those reported to the ICO and data protection training

**Recommendations:**

The Audit and Procurement Committee is recommended to:

- 1) Note the Council's performance on Freedom of Information, Subject Access and other Data Protection Act requests, including the outcomes of internal reviews and the number and outcome of complaints made to the ICO.
- 2) Note the reporting and management of data security incidents and/or those reported to the ICO.

- 3) Note data protection training compliance
- 4) Identify any comments or recommendations

**List of Appendices included:**

None

**Background papers:**

None

**Other useful documents**

None

**Has it been, or will it be considered by Scrutiny?**

No

**Has it been, or will it be considered by any other Council Committee, Advisory Panel or other body?**

No

**Will this report go to Council?**

No

## Report Title: Information Governance Annual Report 2020/21

### 1 Background

- 1.1 The Information Governance (IG) is the strategy or framework for handling personal information in a confidential and secure manner while ensuring compliance with the relevant statutory and regulatory requirements. IG within the Council is delivered through a distributed model of responsibility rather than through the sole responsibility of the IG Team, with key roles identified and assigned to ensure appropriate oversight and accountability:
- Head of Information Governance
  - Information Governance Team
  - Senior Information Risk Officer (SIRO)
  - Data Protection Officer (DPO)/DPO Team
  - Information Asset Owners (IAO)
  - Information Asset Managers (IAM) (Heads of Service)
  - Information Management Strategy Group
- 1.2 The function of Information Governance supports the Council's compliance with the General Data Protection Regulations GDPR (UK GDPR), Data Protection Act (DPA) 2018, Freedom of Information Act 2000 (FOIA) and Environmental Information Regulations (EIR). The Council has a statutory obligation to comply with the IG framework by responding appropriately to requests and managing personal data lawfully. The IG Team assist the organisation by monitoring internal compliance, informing and advising on data protection obligations, providing advice and guidance and raising awareness on data protection matters.
- 1.3 FOIA/EIR impose a statutory obligation on the Council to respond to requests for information within 20 working days, subject to relevant exemptions. The Code of Practice, issued by the Secretary of State for Constitutional Affairs under Section 45 of the FOIA, requires public authorities to have a procedure in place to deal with complaints in regard to how their requests have been handled. This process is handled by the Information Governance Team as an FOI/EIR internal review. After an internal review has been completed an applicant has a right to complain to the Information Commissioner's Office (ICO) for an independent ruling on the outcome. Based on the findings of their investigations, the ICO may issue a Decision Notice. The ICO may also monitor public authorities that do not respond to at least 90% of FOI/EIR requests they receive within 20 working days.
- 1.4 The DPA 2018 provides individuals with the right to ask for information that the Council holds about them. These are also known as Subject Access Requests (SARs). The Council should be satisfied about the individual's identity and have enough information about the request. The timescale for responding to these requests is one month, starting on the day of receipt. Authorities can extend the time taken to respond by a further two months if the request is complex or a number of requests have been received from the individual, e.g. other types of requests relating to individuals' rights.
- 1.5 There is no requirement for the Council to have an internal review process for SARs. However, it is considered good practice to do so. Therefore, the Council informs applicants of the Council's internal review process. However, individuals may complain directly to the ICO if they feel their rights have not been upheld.
- 1.6 The Council also receives one-off requests for personal information from third parties including the police and other government agencies. The IG Team maintains a central log that includes exemptions relied on when personal data is shared with third parties. They

provide advice and assess whether the Council can lawfully disclose the information or not.

- 1.7 The Council's Management of data protection security incidents is undertaken by the Data Protection Officer Team, they record, investigate and where necessary, recommend actions to be taken based on the impact risk level.
- 1.8 The Data Protection Officer Team supports the Council in understanding the impact of plans, projects and activities on data protection through a process of impact assessments to support decision-making. The Council also has arrangements in place to support the sharing of data where appropriate and the team provide support in the preparation and sign off of on-going and one-off data sharing agreements.

## **2 Information Governance Annual Report 2020/21**

- 2.1 The landscape in which public authorities are now operating has seen its third significant change since introduction of the GDPR and the new Data Protection Act 2018 (DPA 2018) in 2018. At the end of the 2019/20 year, the country went into lockdown as part of its response to the Covid 19 pandemic and the impact of Brexit has subsequently led to introduction of the UK GDPR.
- 2.2 The pandemic has resulted in significant changes to ways of working and priorities. During this period, the Information Governance Team has supported the Council to adapt and keep working effectively. It has facilitated the rapid turnaround of sharing requests and needs whilst ensuring requests have been properly assessed to confirm that the personal data of the people concerned is used in line with relevant legislation and in keeping individuals informed of how their data is handled. This has allowed data to flow compliantly for the purposes of the Council's pandemic response. The IG Team has supported the organisation as new ways of working have been introduced to meet needs while ensuring the continuing protection of information.
- 2.3 The numbers of requests for information received by the City Council have remained high throughout the pandemic and subsequent lockdowns and the IG function has seen a significant increase in demand for its services.

### **2.4 Data Security and Protection Toolkit**

- 2.4.1 The Data Security and Protection Toolkit is an online tool that allows relevant organisations that process health and care data to measure their performance against data security and information governance requirements which reflect legal rules and Department of Health policy. This independently audited self-assessment tool enables the Council to demonstrate that it can be trusted to maintain the confidentiality and security of personal information, specifically health and social care personal records.
- 2.4.2 All organisations that have access to NHS patient data and systems must use this Toolkit to provide assurance that they are practicing good data security and that personal information is handled correctly.
- 2.4.3 For the 2020/21 reporting period, the submission deadline was 30 June 2021. Ordinarily this is 31 March each year, however due to national, regional and local response requirements to Covid-19, there has been an extended timeframe for both the 2019/20 self-assessment and the 2020/21 self-assessment submission.

2.4.4 The 2020/21 Toolkit was successfully completed, and it was confirmed that the Council has appropriate evidence available for its assessment and the Toolkit standard was met.

## **2.5 Requests for information**

2.5.1 The number of Freedom of Information Requests received by the Council had generally been increasing year on year but reduced from 1474 in 2019/20 to 1267. The Council responded to 71% of FOIA/EIR requests within the target time of 20 working days in 2020/21 compared to 78% for the previous year (see table 2). Performance remains below the target set by the ICO.

2.5.2 In February 2021 a new FOI management system went live and for a short period of time the IG Team needed to run both systems until such time as all the requests on the old system had been completed.

(588 requests were received during the first two quarters of 2021/22 and response rates have improved to 83% following the introduction of the new management system and new arrangements for managing requests.)

2.5.3 The Council received 47 requests for internal reviews in the year 2020/21 (compared to 48 the previous year). The Council responded to these with the following outcomes:

- 19 were not upheld – the exemptions that had been applied were maintained and no further information was provided
- 8 were not upheld – but advice or clarification was provided
- 10 were partially upheld – further was information provided
- 8 were upheld - information was provided
- 1 was withdrawn
- 1 was closed with no further action

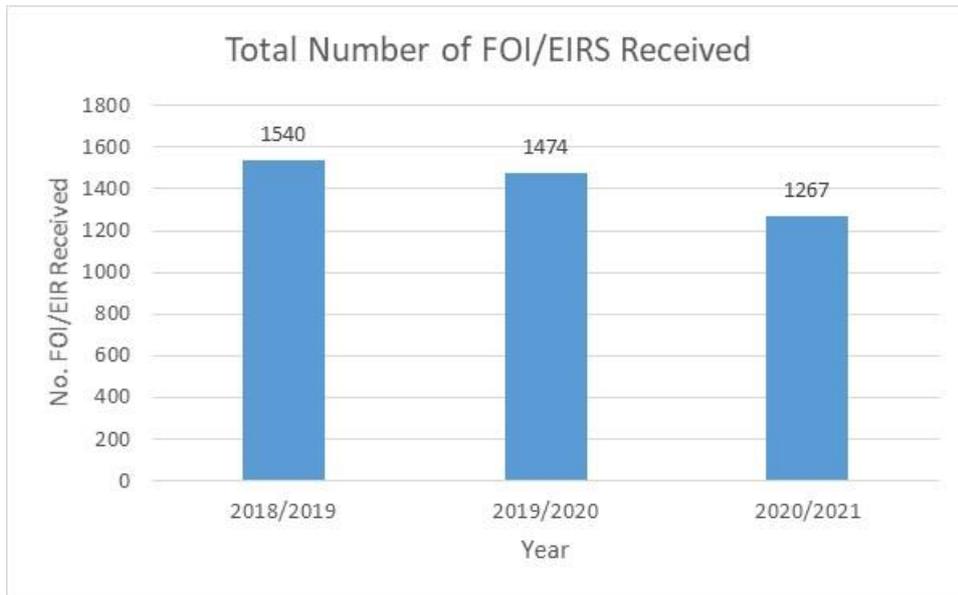
(35 requests for internal reviews have been received during the first three quarters of 2021/22).

2.5.3 Four complaints were referred to the ICO during 2020/21 (compared to five the previous year). The reasons and outcomes for these were:

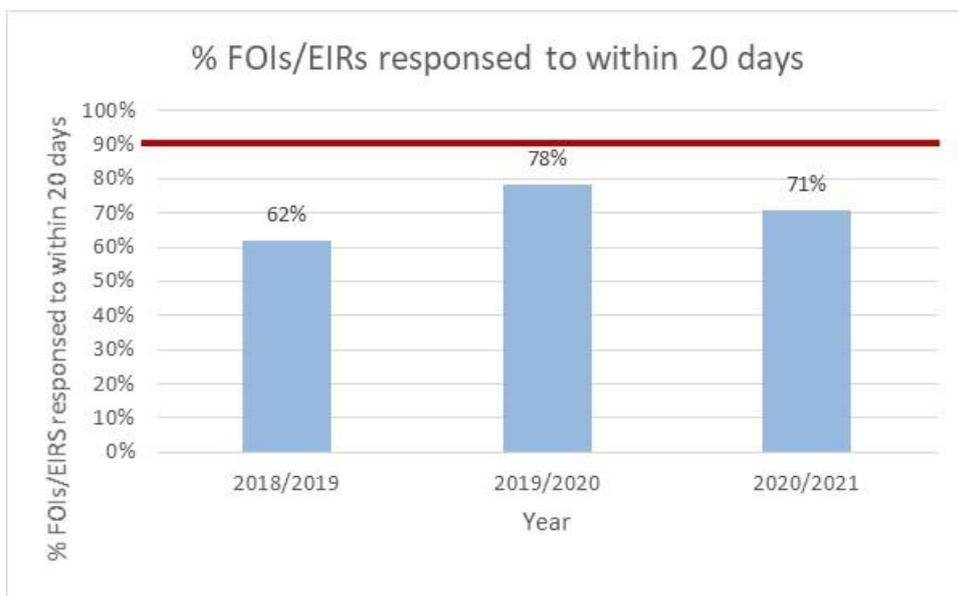
- Three complaints related to the handling of an FOI and the exemptions engaged by the Council. The ICO issued a decision notice on one and required no further action on the remaining two. The complaints were not upheld.
- One complaint has still to be allocated a Case Worker within the ICO.

(Six complaints have been referred to the ICO during the first three quarters of 2020/21 and five are awaiting the allocation of an ICO case worker.)

**Table 1. Number of FOI/EIR requests received**



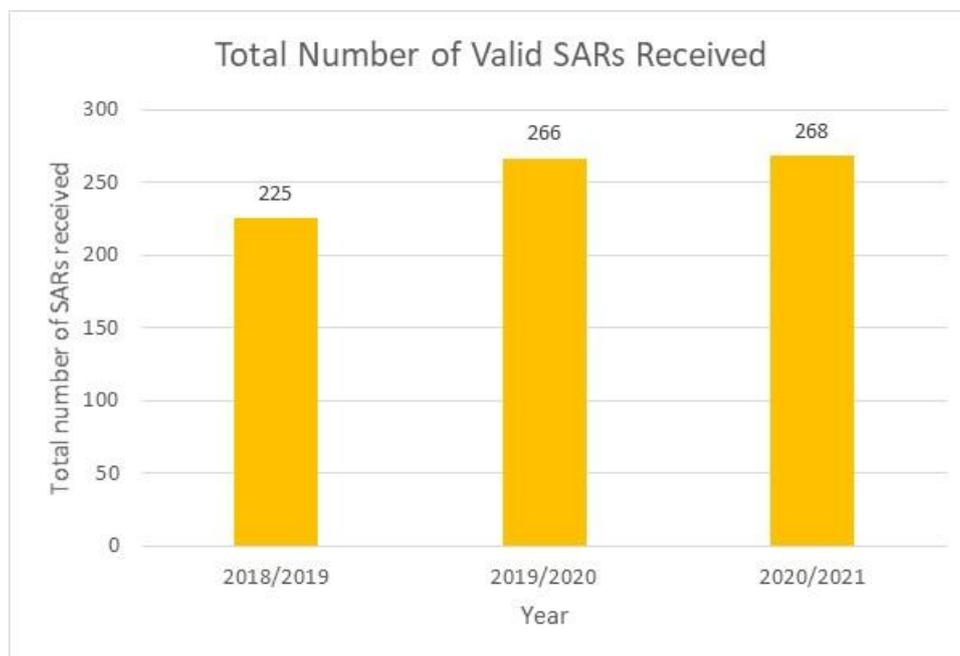
**Table 2. Proportion of FOI/EIR requests completed within target time**



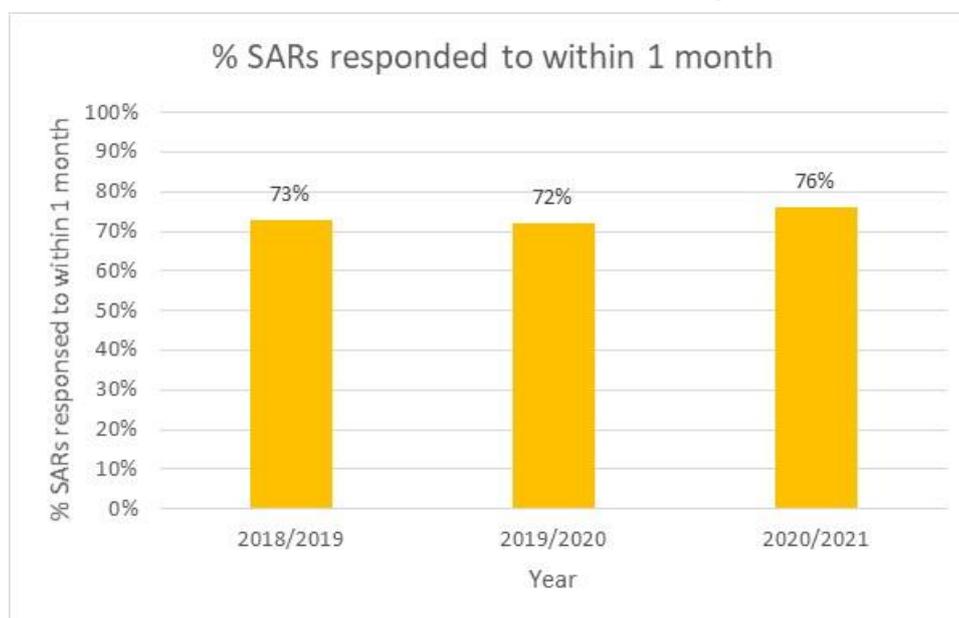
ICO Adequate Response Rate 90%

- 2.6.4 The City Council already publishes a significant amount of information and identifying opportunities to increase the volume and type of information published (subject to legal compliance) will increase transparency and help to reduce the number of FOI's the Council receives because the information will already be available.
- 2.6.5 The Council received 268 valid Subject Access Requests (SARs) during 2020/21. The number of SARs has been rising year on year with a significant increase seen following the introduction of the GDPR. While the Council receives fewer SARs than other information requests, many of these are complex and can involve managing significant amounts of sensitive information. The introduction of the GDPR also reduced the required response time for responding to SARs from 40 days to one calendar month. The completion rate within the target time has seen a slight increase to 76% (see table 4).

**Table 3. Number of SAR's received**



**Table 4. Proportion of SARs responded to within target time**



% Complete within either 1 month, or 3 months where complex extension applied in 2020/2021 is 86%

2.6.6 The Council received 8 requests to carry out an internal review into a SAR application during 2020/21 (compared to four the previous year). In 5 cases, further information was provided which was located through further searches based on information provided by the requester. Where information was not provided, this was due to a) the original exemptions were upheld regarding grievance/disciplinary process and b) information was not held by the council.

2.6.7 No complaints were referred to the ICO related to Subject Access Requests in 2020/2021.

## **2.7 Data Security Incidents**

- 2.7.1 Protecting information from theft, loss, unauthorised access, abuse and misuse is crucial in order to reduce the risk of data breaches or financial loss incurred through non-compliance with key legislation.
- 2.7.2 The IG data protection security incident reporting process supports the Council's objective that breaches are managed promptly, and outcomes of investigations are used to inform reviews of the control measures in place to keep personal information secure.
- 2.7.3 In addition, the Council encourages the reporting of near misses and potential breaches as this promotes awareness, avoids complacency therefore reducing the likelihood of a serious breach to information. Increased data protection awareness within the organisation has resulted in an increase in reports and investigations although not all reported incidents will have resulted in a breach. Even where there is no breach, incidents can provide valuable insight into training requirements and processes and procedures which may need to be strengthened as a preventative measure. When investigating data protection security incidents, the Data Protection Team routinely consider resultant training needs and bespoke training and/or advice is provided as required. Messages continue to be provided to staff alerting them to the need to protect personal data and use it appropriately.
- 2.7.4 In 2020/21, 295 reports of information security incidents were sent to the Data Protection Team, an increase from 219 in the previous year. Of these, 165 did not involve a breach of personal data. These included for example near misses, loss or theft of equipment, cases where technical measures prevented access to data and incidents where a breach was contained. Of the incidents where a breach of personal data was identified, 112 were identified as low risk, 6 low/medium, 7 medium and 1 high. The majority of reports were classified as information being disclosed in error with 25 reports relating to loss or theft of hardware, 18 to technical/procedural errors and 13 unauthorised access.
- 2.7.5 The GDPR introduced requirements for personal data breaches that meet certain thresholds to be reported to the ICO. No self-reports were made to the ICO during 2020/2021. One complaint was made by a data subject directly to the ICO who assessed that the council failed to ensure security of personal data when it disclosed third party information and asked the council to ensure that staff who handle personal data are aware of the importance of keeping data secure. In addition, a third-party organisation working with the council had an incident which resulted in the breach of City Council data. They self-reported to ICO.

## **2.8 Training and Awareness**

- 2.8.1 Data Protection training is key to ensuring staff are aware of their responsibilities. Training is currently delivered through the Council's e-learning platform and annual completion of the data protection course is mandatory for all staff with access to personal data. Staff who do not have access to a computer in their role (not office based) and those with minimal personal data involved in their role are provided with appropriate level training. This ensures that an appropriate level of understanding and awareness is reached that is relevant to their role/responsibilities.
- 2.8.2 For the 2020/21 year, the Council reported a completion rate of the Council's mandatory data protection training of 95% when completing NHS Data Security and Protection Toolkit.

- 2.8.3 In addition to the above, ICT have delivered awareness sessions specifically relating to cyber security and regular cyber security messages are issued by ICT to staff.

### **3 Options considered and recommended proposal**

- 3.1 It is essential that the Council continues to monitor and report on its performance in relation to access to information requests, information security incidents and training completed in order to promote best practice information governance and drive continuous improvement in the Councils ability to comply with the laws relating to information.

### **4 Results of consultation undertaken**

- 4.1 None

### **5 Timetable for implementing this decision**

- 5.1 None

### **6 Comments from Chief Operating Officer (Section 151 Officer) and the Director of Law and Governance**

#### **6.1 Financial implications**

There are no specific financial implications resulting from the issues within this report although it is worth noting that the Information Commissioner's Office is able to levy significant fines for serious non-compliance with the legislation surrounding the management of information.

#### **6.2 Legal implications**

There are no specific legal implications arising out of the recommendations. However, the Council's performance is subject to external scrutiny by the ICO, who have the authority to impose sanctions upon the Council for non-compliance. The monitoring and reporting on the outcomes of ICO complaints represents good practice and promotes good governance and service improvement.

### **7 Other implications**

#### **7.1 How will this contribute to the Council Plan ([www.coventry.gov.uk/councilplan/](http://www.coventry.gov.uk/councilplan/))?**

The monitoring and reporting of the Council's performance regarding responding to, and handling access to information requests under FOIA and DPA 2018, including any complaints made to the ICO will enable continuous improvement, raise awareness and promote high standards of information governance, fostering a culture of openness and transparency within the Council and demonstrating our commitment to best practice information governance, security, and protection.

#### **7.2 How is risk being managed?**

The reporting and monitoring on the Council's performance to information laws and outcomes of ICO complaints will help reduce the risk of the ICO upholding complaints and taking enforcement action against the Council.

### **7.3 What is the impact on the organisation?**

Operating best practice Information Governance and Security will support public confidence in the Council, offering assurance to service users of the council's commitment to Data Protection and Transparency. Partner and client organisations will have the assurance they required in order to engage with the Council and share data. the risks of serious breaches of personal Data/Information Assets should be reduced thus reducing the likelihood of action by the ICO.

### **7.4 Equality Impact Assessment (EIA)**

The Council's responsibilities under Section 149 of the Equality Act 2010 are supported by UK GDPR/DPA2018, requiring that Special Category Data is afforded extra measures of security to protect that data.

### **7.5 Implications for (or impact on) climate change and the environment**

None

### **7.6 Implications for partner organisations?**

As set out in paragraph 7.3 above.

**Report author's Name and job title:**

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**Service:**

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Michelle Salmon	Governance Services Officer	Law and Governance	14/01/22	18/01/22
<b>Names of approvers for submission: (officers and members)</b>				
Paul Jennings	Finance Manager (Corporate Finance)	Finance	20/01/22	20/01/22
Julie Newman (SIRO)	Director of Law and Governance	Law and Governance	14/01/22	19/01/22
Councillor G Duggins	Leader and Cabinet Member for Policy and Leadership	-	14/01/22	20/01/22

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Coventry City Council

## Public report

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**Report to**

Audit and Procurement Committee

31<sup>st</sup> January 2022

**Name of Cabinet Member:**

Cabinet Member for Policy and Leadership - Councillor G Duggins

**Director approving submission of the report:**

Chief Operating Officer (Section 151 Officer)

**Ward(s) affected:**

City Wide

**Title:**

Half Yearly Fraud and Error Report 2021-22

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**Is this a key decision?**

No

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**Executive summary:**

The purpose of this report is to provide the Audit and Procurement Committee with a summary of the Council's anti-fraud and error activity undertaken by the Internal Audit Service during the financial year 2021-22 to date.

**Recommendation:**

The Audit and Procurement Committee is recommended to note and consider the anti- fraud and error activity undertaken during the first half of the financial year 2021-22.

**List of Appendices included:**

None

**Background papers:**

None

**Other useful documents:**

None

**Has it or will it be considered by scrutiny?**

No other scrutiny consideration other than the Audit and Procurement Committee.

**Has it, or will it be considered by any other council committee, advisory panel or other body?**

No

**Will this report go to Council?**

No

**Report title:**

Half Yearly Fraud and Error Report 2021-22

**1. Context (or background)**

- 1.1 Fraud in the public sector has a national focus through the publication of "Fighting Fraud and Corruption Locally – The Local Government Counter Fraud and Corruption Strategy". Whilst the national strategy states that the level of fraud in the public sector is significant, the current trends in fraud activity includes areas which Coventry City Council does not have responsibility for, for example, social housing, and the levels of identified / reported fraud against the Council remain at relatively low levels, in terms of both numbers and value.
- 1.2 Notwithstanding the above, it is recognised that the risk of fraud during emergency situations such as the pandemic is higher than at other times. This includes an inherent risk of fraud in emergency programmes which local authorities have been required to administer on behalf of government, particularly in relation to grants paid to businesses. This risk has been explicitly acknowledged by government in guidance issued to local authorities. As such, the Internal Audit Service have specifically included this within its anti-fraud work undertaken in 2021-22.
- 1.3 This report documents the Council's response to fraud and error during the first half of the financial year 2021-22 and is presented to the Audit and Procurement Committee in order to discharge its responsibility, as reflected in its terms of reference *'to monitor Council policies on whistle blowing and the fraud and corruption strategy'*.

**2 Options considered and recommended proposal**

- 2.1 The Internal Audit Service is responsible for leading on the Council's response to the risk of fraud and error. The work of the team has focused on four main areas during 2021-22, namely:

- Business Support Grants
- National Fraud Initiative
- Referrals and Investigations considered through the Council's Fraud and Corruption Strategy
- Council tax

A summary of the key activity that has taken place during 2021-22 to date is detailed below.

- 2.2 Business Support Grants - In response to Covid-19, the government announced there would be support for businesses in the form of grant funding schemes. As previously reported to the Audit and Procurement Committee, the internal Audit Service have led on the delivery of pre and post-payment assurance checks which have been required by the Department of Business, Energy, and Industrial Strategy (BEIS) to manage the risk of fraud and error in these schemes and are assisting in the administration of the debt recovery process in-conjunction with BEIS. This has required a significant and on-going level of resource from Internal Audit which has continued throughout 2021-22, including new requirements to provide evidence to BEIS of checks undertaken. In addition, two further grant schemes have recently been announced to provide businesses with support as a

result of the Omicron variant, namely the Omicron Hospitality and Leisure Grant and a top-up payment to the Additional Restrictions Grant Fund. The Internal Audit Service is now prioritising work to deliver pre-payment checks for these schemes to ensure that eligible grants can be paid by the required deadlines and a full update on the outcomes of the assurance work linked to all of the grant schemes will be provided in a future report to the Audit and Procurement Committee.

- 2.3 National Fraud Initiative (NFI) – The NFI exercise is led by the Cabinet Office. The exercise takes place every two years and matches electronic data within and between public bodies, with the aim of detecting fraud and error. Whilst the first set of matches were released in January 2021, further matches have continued to be released throughout 2021-22, with approximately 9000 matches currently available for the Council to consider. Whilst the Service is continuing to process matches at the present time, table one below provides a breakdown of those areas where errors / overpayments have been identified to date (it should be noted that matches relating to single person discount are released annually and the results here relate to the matches released in December 2020.)

**Table One – Breakdown of National Fraud initiative results April 2021 to December 2021**

Match Type	Purpose of match	Number of errors / discrepancies	Overpayments
Housing Benefit claimants to student loans	To identify housing benefit claimants who have failed to declare that they are in receipt of a student loan	2	£11,070
Waiting list to Housing Tenants	To identify individuals who have registered for housing using a different address to the one on the housing rents system	1	£803
Council Tax Support to Payroll	To identify individuals who have failed to declare employment income	1	£1422
Council tax support to council tax support	To identify individuals that are claiming council tax support from one or more local authority at the same time	3	£11,983
Council tax to electoral register	To identify where the householder is claiming a council tax single person discount, yet the electoral register suggests that there is more than one	21	£26,435

	adult in the household.		
<b>Total</b>		<b>28</b>	<b>£51,713</b>

In addition to these results, the Cabinet Office have estimated forward savings of £34,480 from preventing future incorrect payments relating to these cases. Where overpayments have been identified, these are subject to standard recovery arrangements.

- 2.4 Referrals and Investigations – From time to time, the Internal Audit Team receive referrals or are asked to assist with investigations relating to employee misconduct and other fraud against the Council involving external individuals. Table two below indicates the number of referrals by source in 2021-22, along with figures for the previous three financial years.

**Table Two - Fraud Referrals Received between 2018-19 and 2021-22**

Source	Referrals 2018-19	Referrals 2019-20	Referrals 2020-21	Referrals 2021-22 April to September
Whistle blower	3	3	4	1
Manager	21	16	14	9
External	2	1	6	1
<b>Total</b>	<b>26</b>	<b>20</b>	<b>24</b>	<b>11</b>

It is important to note that there is no mechanism for determining the number of referrals the Council should receive on an annual basis and it is very difficult to anticipate or identify the reasons behind fluctuations in numbers. It is worth noting that this information only reflects referrals made in respect of concerns relating to fraud and corruption and does not include other matters raised under the Whistleblowing Policy.

- 2.4.1 Of the eleven referrals received, three have led to full investigations. The reasons for referrals not resulting in a full investigation include (a) our initial assessment / fact finding does not find any evidence to support the allegations (b) appropriate action has already been taken, and (c) the nature of the event means it is impractical to pursue further.
- 2.4.2 In addition to the three investigations highlighted in 2.4.1 above, three further investigations were carried forward from 2020-21. All six investigations related to fraud / theft or other activities linked to obtaining a financial benefit.

Four out of the six investigations are still on-going, whilst of the remaining two:

- In one case, the officer was dismissed from the Council's employment.
- In one case involving an external fraud against the Council, revised Council Tax bills have been issued amounting to £3600 (and whilst not classed as fraudulent, new bills have been raised across ten customer's accounts amounting to £10k.)

- 2.5 Significant frauds - Within the International Auditing Standards, there are clear expectations around the level of oversight that the Audit and Procurement Committee should have in relation to the risk of fraud within the Council. This includes an expectation that appropriate detail is provided around significant fraud. We have applied the following principles when defining significant fraud:

- A financial impact in excess of £10,000.

- Frauds of under £10,000 can be included if the Chief Internal Auditor considers this justified by the nature of the fraud.
- In terms of establishing when a fraud has occurred, this is normally defined as occurring when the disciplinary process has been concluded, although in cases not involving employees, this will be linked to other management action, such as criminal prosecution.

In the period April 2021 to September 2021, no significant frauds have been concluded.

2.6 Council tax – Whilst the Internal Audit Service normally undertake a rolling programme of reviews of council tax exemptions and discounts, this work has not been progressed during the period April to September 2021, given the focus on other priorities and unplanned absence within the Service. As a rolling programme of work, this is not viewed as significant and will form part of the programme of work for 2022-23.

2.6.1 Council tax referrals - The Council receives referrals from both internal and external sources linked to concerns around the payment of council tax support or council tax discounts / exemptions. Table three below indicates the number of referrals received by source during the first half of the financial year 2021-22.

**Table Three – Council Tax Fraud Referrals Received April to September 2021**

Source	Referrals 2020/21 to date
Housing Benefits	6
Council Tax	2
Members of the public	0
Other	15
<b>Total</b>	<b>23</b>

Whilst appropriate cases are passed to the Department of Work and Pensions to investigate under agreed arrangements (i.e. where housing benefit / universal credit is also in payment), the Internal Audit Service have validated five concerns in 2021-22, which has resulted in revised bills / overpayments of around £8k being issued, of which £4K has been recovered to date.

### 3. Results of consultation undertaken

3.1 None

### 4. Timetable for implementing this decision

4.1 There is no implementation timetable as this is a monitoring report.

### 5. Comments from the Chief Operating Officer (Section 151 Officer) and the Director of Law and Governance

5.1 Financial Implications

All fraud has a detrimental financial impact on the Council. In cases where fraud / error is identified, recovery action is taken to minimise the impact that such instances cause. This also includes action, where appropriate, to make improvements to the financial administration arrangements within the Council as a result of frauds identified.

## 5.2 Legal implications

The Council has a duty under section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs. To effectively discharge this duty, these arrangements include Council policies and procedures which protect the public purse through managing the risk of fraud and error.

All cases are conducted in line with the Data Protection Act 2018 and if appropriate are referred to the Police for investigation.

## 6. Other implications

### 6.1 How will this contribute to achievement of the Council's plan?

The scope and content of this report is not directly linked to the achievement of key Council objectives, although it is acknowledged that fraud / error can have a detrimental financial impact on the Council.

### 6.2 How is risk being managed?

The risk of fraud is being managed in a number of ways including:

- Through the Internal Audit Service's work on fraud which is monitored by the Audit and Procurement Committee.
- Through agreed management action taken in response to fraud investigations and / or proactive reviews.

### 6.3 What is the impact on the organisation?

Human Resources Implications

Allegations of fraud made against employees are dealt with through the Council's formal disciplinary procedure. The Internal Audit Service are fully involved in the collation of evidence and undertake, or contribute to, the disciplinary investigation supported by a Human Resources representative. Matters of fraud can be referred to the police concurrent with, or consecutively to, a Council disciplinary investigation.

### 6.4 Equalities / EIA

Section 149 of the Equality Act 2010 imposes a legal duty on the Council to have due regard to three specified matters in the exercise of their functions:

- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The "protected characteristics" covered by section 149 are race, gender, disability, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment. The duty to have due regard to the need to eliminate discrimination also covers marriage and civil partnership.

The Council acting in its role as Prosecutor must be fair, independent and objective. Views about the ethnic or national origin, gender, disability, age, religion or belief, political views, sexual orientation, or gender identity of the suspect, victim or any witness must not influence the Council's decisions.

#### 6.5 Implications for (or impact on) Climate Change and the environment

No impact

#### 6.6 Implications for partner organisations?

None

#### Report author:

##### Name and job title:

Karen Tyler  
Chief Internal Auditor

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<b>Contributors:</b>				
Michelle Salmon	Governance Services Officer	Law and Governance	12/1/2022	12/1/2022
Paul Jennings	Finance Manager, Corporate Finance	Finance	12/1/2022	12/1/2022
<b>Names of approvers: (officers and members)</b>				
Barry Hastie	Chief Operating Officer (Section 151 Officer)	-	12/1/2022	13/1/2022
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	12/1/2022	13/1/2022

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Cabinet  
Audit and Procurement Committee

14<sup>th</sup> December 2021  
31<sup>st</sup> January 2022

**Name of Cabinet Member:**

Cabinet Member for Strategic Finance and Resources - Councillor R Brown

**Director Approving Submission of the report:**

Director of Finance

**Ward(s) affected:**

City wide

**Title:**

2021/22 Second Quarter Financial Monitoring Report (to September 2021)

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**Is this a key decision?**

No

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**Executive Summary:**

The purpose of this report is to advise Cabinet of the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of September 2021. The headline revenue forecast for 2021/22 is for net expenditure to be **£14.4m** over budget before the application of COVID-19 emergency funding for local government. After the use of this grant, the net forecast over-spend is **£3.1m**. At the same point in 2020/21 there was a projected overspend of £3.5m.

The position includes an underlying overspend of £6.8m within Children's Services although £3.3m of this has been attributed to the pandemic and funded from one-off Covid funding accordingly leaving a net overspend of £3.4m (2.7m at Quarter 2). Work has been undertaken to understand the likelihood and extent of these pressures continuing into next year and this will be reflected in the 2022/23 Pre-Budget Report. Management focus will continue to identify the causes and manage as far as possible the budget pressures within Children's Services as a fundamental element of balancing the 2022/23 Budget position. It is clear though that a combination of societal and demographic trends and market pressures are creating a very difficult environment for the service, part of the effect of which is the challenging financial position reflected here.

Elsewhere, lower level budget pressures have continued or emerged within Streetscene and Regulatory Services, Finance, Legal and Governance Services and Transportation and Highways. In overall terms the corporate position is within acceptable tolerances at this stage of the financial cycle and can be reasonably expected to continue improving towards year-end.

The Council and the city continue to receive Government support linked to Covid within the 2021/22 financial year. This amounts to c£24m announced to date to support Council services directly and a further c£41m channelled through the Council to support Coventry businesses and external suppliers. Although further allocations cannot be ruled out, the pace of funding announcements has slowed markedly reflecting the wider easing of lockdown measures. The scale of any residual Covid related grants is therefore likely to be modest.

The Council's capital spending is projected to be £253.4m and includes major scheme expenditure which ranges from investment in to the A46 Link Road, Coventry Station Masterplan, construction of a second office building and a hotel within the Friargate development, Air Quality highways works and Secondary Schools expansion. The size of the programme and the nature of the projects within it continue to be fundamental to the Council's role within the city.

The Council's services and its financial position are moving gradually towards a business as usual position as the year progresses with activity and impacts arising from the Covid pandemic starting to subside. Some pockets of service activity continue to be significantly affected although often this is not resulting in a net financial cost. It is clear though that significant financial risk remains in relation to the underlying funding position for local government as well as the future trajectory of Covid costs and funding within a few service areas. It remains a financial imperative therefore to focus on the medium-term horizon and for the Council to tackle the anticipated legacy effects of Covid.

#### **Recommendations:**

The Cabinet is requested to:

- 1) Approve the Council's revenue monitoring position incorporating the application of Covid emergency funding.
- 2) Approve the revised forecast capital outturn position for the year of £253.4m incorporating: £4.8m programme acceleration since quarter one and £1.5m net increase in spending relating to approved/technical changes.

The Audit and Procurement Committee is requested to:

- 1) Consider the proposals in the report and forward any recommendations to the Cabinet.

#### **List of Appendices included:**

Appendix 1 - Revenue Position: Detailed Directorate breakdown of forecast outturn position  
Appendix 2 - Capital Programme: Analysis of Budget/Technical Changes  
Appendix 3 - Capital Programme: Estimated Outturn 2021/22  
Appendix 4 - Capital Programme: Analysis of Rescheduling  
Appendix 5 - Prudential Indicators

#### **Background papers:**

None

#### **Other useful documents**

None

**Has it been or will it be considered by Scrutiny?**

No

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

Yes - Audit and Procurement Committee, 31<sup>st</sup> January 2022

**Will this report go to Council?**

No

**Report title:**

2021/22 Second Quarter Financial Monitoring Report (to September 2021)

**1. Context (or background)**

- 1.1 Cabinet approved the City Council's revenue budget of £243.8m on the 23rd February 2021 and a Directorate Capital Programme of £220.4m. This is the second quarterly monitoring report for 2021/22 to the end of September 2021. The purpose is to advise Cabinet of the forecast outturn position for revenue and capital expenditure and to report on the Council's treasury management activity.
- 1.2 The current 2021/22 revenue forecast is for expenditure to be £3.1m over budget. This is after applying £11.3m of emergency funding received from Government for the purpose of managing the estimated cost of COVID-19 to the Council. The reported forecast at the same point in 2020/21 after adjusting for Covid-related funding was an overspend of £3.5m. Capital spend is projected to be £253.4m.
- 1.3 It is not unusual for the revenue position to reflect a projected forecast at this stage which improves over the course of the year. Nevertheless, if such an improvement did not occur the Council maintains a strong balance sheet and could manage an overspend of this magnitude at year-end.

**2. Options considered and recommended proposal**

- 2.1 This is a budget monitoring report and as such there are no options.

**Revenue Position** - The revenue forecast position is analysed by service area below. The position shown for each service area assumes that all Covid costs are met from the emergency funding referenced above.

**Table 1 - Forecast Variances**

Service Area	Revised Net Budget	Forecast Spend	Total Over/ (Under) Spend	Funding for Covid Related Variance*	Non-Covid Forecast Variance
	£m	£m	£m	£m	£m
Adult Social Care	81.8	81.9	0.1	(0.1)	0.0
Business Investment & Culture	5.4	6.1	0.7	(0.4)	0.2
Children & Young People's Services	78.2	85.0	6.8	(3.3)	3.4
Contingency & Central Budgets	5.5	2.4	(3.1)	0.0	(3.1)
Education and Inclusion	16.1	17.1	1.0	(0.8)	0.2
Finance & Corporate Services	4.8	6.0	1.2	(0.2)	1.0
Housing & Transformation	13.5	13.9	0.4	(0.4)	0.0
Human Resources	1.3	1.4	0.1	(0.1)	0.0
Legal & Governance Services	4.1	5.1	1.0	(0.5)	0.6
Directorate Management	1.4	1.4	0.1	0.0	0.1
Project Management & Property Services	(4.6)	(4.1)	0.5	(1.9)	(1.4)
Public Health	0.3	0.4	0.1	0.0	0.1

Streetscene & Regulatory Services	29.4	32.9	3.5	(2.1)	1.5
Transportation & Highways	6.7	8.8	2.1	(1.6)	0.6
Total	243.8	258.2	14.4	(11.3)	3.1

\*Covid Emergency Funding will be applied at year-end as contributions of specific grant.

- 2.2 An explanation of the major forecast variances is provided below. Further details are provided in Appendix 1 to the report.

The largest part of the variations reported at quarter 2 are as a direct result of the COVID-19 impacts across the City Council totalling an estimated £11.3m. It must be stressed that the differentiation between Covid and non-Covid costs is subject to significant estimation uncertainty. Covid financial impacts accounted for a budget variation of c£31m in 2020/21.

#### **Directorate - Covid-Related**

Children and Young People's Services continues to account for a significant amount of the overspend caused by both the total number of placements and the average unit cost of those placements, as well as additional staffing to manage the increase in caseloads. The Quarter 2 Children's Services' position includes an overspend of £3.3m that is attributed to the pandemic and which will be funded from one-off Covid funding accordingly.

Other Covid related impacts include: forecast commercial property rent losses (£1.8m); parking and enforcement income loss (£1.6m); income losses from cancelled events and outdoor education provision; and additional staffing across several services reflecting staffing cover for additional Covid tasks or to cover for Covid related absence including within Streetscene and Regulatory.

#### **Directorate - Non-Covid**

The Quarter 1 position also includes variations which are separate from those attributable to Covid.

The non-Covid overspend in Children and Young People's Services is £3.4m. Significant spend pressures include the additional costs of looked after children placements as a result of increased demand, higher unit cost of placements partly attributable to the youth violence in the city, an increase in support packages for disabled children, the use of allowances to promote permanence outcomes for children and a continued reliance on agency staff due to recruitment and retention pressures felt across the region.

The £1.5m net overspend within Streetscene and Regulatory reflects prolonged use of agency staff within Domestic Refuse as a result of high sickness, self-isolation, and accrued leave (the cost of part of which is included in the Streetscene Covid impact figure of £2.1m and is referenced above). Added to this is pressures on workload, which has resulted in a decision to accelerate the two additional rounds planned for April 2022, together with some reactive cost of ensuring all bins are collected. Additional vehicle and fuel costs have also been incurred reflecting spot hires required for the additional rounds.

Within Finance, a £0.8m clawback pressure has emerged relating to the 2019/20 benefit subsidy claim as the Council's external auditors have, during certification testing, found areas in which subsidy had been over claimed as a result of user processing errors. There is also a net Housing Benefit subsidy pressure of £0.5m due to an increase in the volume and price of supported accommodation, for which the Council only receives partial subsidy payments if the provider is not a registered social landlord.

### Contingency and Central Budgets

A favourable variation of £3.1m is forecast at this stage arising from a combination of lower borrowing costs and greater investment income within the Asset Management Revenue Account than assumed at Budget Setting and Quarter 1, greater Business Rates pooling income and lower than anticipated employer superannuation costs. The corporate position continues to be predicted on a relatively prudent basis.

### Covid-Related Grants

The Government has announced a range of grant funding allocations to manage the financial impact of COVID-19 and deliver services to mitigate or address the effects of the pandemic.

**Table 2: Covid Funding Allocations**

	<b>Grant Value</b>	<b>Sub-Total</b>
<b>Funds Council Expenditure - Unallocated</b>	<b>£000</b>	<b>£000</b>
Emergency Funding*	(11,314)	
Sales, Fees and Charges Income Loss (Quarter 1 claim - subject to confirmation)	(1,002)	
		<b>(12,316)</b>
<b>Funds Council Expenditure – Specific**</b>		
Covid Winter Grant Scheme/Local Support Grant/Household Support Fund	(5,194)	
Contain Outbreak Management Fund	(2,920)	
Holiday Activities and Food Programme 2021	(1,499)	
LA Practical Support Payment (Public Health)	(718)	
Clinically Extremely Vulnerable Support***	(670)	
Welcome Back Fund (Support to High Streets)	(334)	
Business Support Grant New Burdens	(290)	
Emergency Accommodation Allocation	(130)	
		<b>(11,755)</b>
<b>External Provider or Programme Spend</b>		
Adult Social Care Infection Control and Protection Fund	(3,111)	
Adult Social Rapid Testing Fund	(2,108)	
Adult Social Care Vaccine Funding	(155)	
		<b>(5,374)</b>
<b>Grants to Businesses and Individuals****</b>		

Restart Grants	(13,573)	
		<b>(13,573)</b>
<b>Business Rates &amp; Council Tax Collection Fund Contributions</b>		
Retail Leisure and Hospitality Business Rates Reliefs	(22,000)	
		<b>(22,000)</b>
<b>Overall Support</b>		<b>(65,018)</b>

\*A further £7.6m remains from the 1<sup>st</sup> tranche of funding paid in 2019/20.

\*\* A further £8.3m is available having been carried forward as receipts in advance. £6.1m of this is COMF.

\*\*\*A further £0.5m has been carried forward relating to other Covid grants of which £0.4m relates to CEV.

\*\*\*\*Further amounts will have been paid out in 2021/22 from pre-existing schemes for Additional Restrictions Grant and Local Restrictions Support Grant.

The emergency funding allocation of £11.3m and Sales Fees and Charges Income Loss Compensation of £1.0m is sufficient currently to manage the cost of £11.3m detailed in Table 1. In addition, the specific grants communicated to date of £11.8m are being used to address Covid-specific priority programmes and are shown with a net nil position overall. It is possible that the purpose and guidelines specified in some instances means that not all of the grant will be spent with an expectation that any unused funding will be returned to Government at or after the year end.

The remaining grants and reliefs above are being passported to external Coventry businesses and Council suppliers in line with grant conditions.

### 2.3 Capital

The quarter 2 2021/22 capital outturn forecast is £253.4m compared with the original programme reported to Cabinet in February 2021 of £220.4m. Table 3 below updates the budget at quarter 2 to take account of a £1.541m of new approved/technical changes and £4.799m of rescheduling (accelerated spend).

The resources available section of Table 3 explains how the Capital Programme will be funded in 2021/22. It shows 79% of the programme is funded by external grant monies, whilst 13% is funded from borrowing. The programme also includes funding from capital receipts of £14.5m.

**Table 3 – Movement in the Capital Budget**

CAPITAL BUDGET 2021-22 MOVEMENT	Qtr 2 Reporting £m
Estimated Outturn Quarter 1	247.1
Approved / Technical Changes (see Appendix 2)	1.5
“Net” Rescheduling from future years (See Appendix 4)	4.8
Revised Estimated Outturn 2021-22	253.4

RESOURCES AVAILABLE:	Qtr 2 Reporting £m
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Prudential Borrowing (Specific & Gap Funding)	31.7
Grants and Contributions	201.4
Capital Receipts	14.5
Revenue Contributions and Capital Reserve	5.8
<b>Total Resources Available</b>	<b>253.4</b>

## 2.4 Treasury Management

### Interest Rates

At the Monetary Policy's Committee meeting of 4<sup>th</sup> November 2021, it was agreed that the Base Rate was to be maintained at 0.10% despite fears over rising inflation. It was felt that current inflation increases are being driven by shocks to the supply chain, not increased demand and that the inflation will revert close to the 2% target in due course. The current forecast predicts that the base rate will climb incrementally over the next year and may reach 1% by end of 2022.

### Long Term (Capital) Borrowing

The net long term borrowing requirement for the 2021/22 Capital Programme is £18.5m, taking into account borrowing set out in Section 2.3 above (total £31.7m), less amounts to be set aside to repay debt, including non PFI related Minimum Revenue Provision (£13.2m). The Council has no immediate plans to take any further new long-term borrowing although this will continue to be kept under review.

Although the Council's recent Capital Programmes have incorporated prudential borrowing as part of the overall resourcing package, no long-term borrowing has been undertaken for several years. This is due in part to the level of investment balances available to the authority. However, the budgeted and future high level of capital spend combined with a lower level of investment balances available mean that the Council will keep this under review. The actual pattern of these factors and the level and expected movement in interest rates will dictate when the Council next seeks to borrow.

The Public Works Loan Board (PWLB) is the main source of loan finance for funding local authority capital investment. In November 2020, the rules governing local authority access to PWLB changed and borrowing interest rates were reduced by 1%. The Treasury Management Strategy 2021/22 approved by Cabinet on 23 February 2021 reflected this change and agreed that the Council will not buy investment assets primarily for yield.

Interest rates for local authority borrowing from the Public Works Loans Board (PWLB) between 1<sup>st</sup> July and 30 September 2021 have varied within the following ranges:

PWLB Loan Duration (maturity loan)	Minimum 2021/22 to Q2	Maximum 2021/22 to Q2	As at the End of Q2
5 year	1.25%	1.62%	1.61%
50 year	1.69%	2.17%	2.17%

The PWLB now allows qualifying authorities, including the City Council, to borrow at 0.2% below the standard rates set out above. This "certainty rate" initiative provides a small reduction in the cost of future borrowing.

Regular monitoring continues to ensure identification of any opportunities to reschedule debt by early repayment of more expensive existing loans replaced with less expensive new loans. The premiums payable on early redemption usually outweigh any potential savings.

### **Short Term (Temporary) Borrowing and Investments**

The Council's Treasury Management Team acts on a daily basis to manage the Council's day to day cash-flow, by borrowing or investing for short periods. By holding short term investments, such as money market funds, helps to ensure that the Council has an adequate source of liquid funds. Current cash projections indicate that the Council may require short-term borrowing to cover cash shortfalls for the final quarter of 2021/22. All previous short-term borrowings (£54m) were fully repaid by the end of Quarter 1.

Returns provided by the Council's short-term investments yielded an average interest rate of 0.03% over the last 12 months. This rate of return reflects low risk investments for short to medium durations with UK banks, Money Market Funds, Certificates of Deposits, other Local Authorities, Registered Providers and companies in the form of corporate bonds.

Although the level of investments varies from day to day with movements in the Council's cash-flow, investments held by the City Council identified as a snap-shot at the reporting stages were: -

	<b>As at 31st March 2021</b>	<b>As at 30<sup>th</sup> June 2021</b>	<b>As at 30<sup>th</sup> Sept 2021</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Banks and Building Societies	0.0	0.0	0.0
Local Authorities	0.0	0.0	0.0
Money Market Funds	15.0	57.5	39.1
Corporate Bonds	0.0	0.0	0.0
Registered Providers	10.0	0.0	0.0
<b>Total</b>	<b>25.0</b>	<b>57.5</b>	<b>39.1</b>

### **External Investments**

In addition to the above in-house investments, a mix of Collective Investment Schemes or "pooled funds" is used, where investment is in the form of sterling fund units and not specific individual investments with financial institutions or organisations. The pooled funds are generally AAA rated; are highly liquid, as cash can be withdrawn within two to four days; and have a short average duration. These investments include Certificates of Deposits, Commercial Paper, Corporate Bonds, Floating Rate Notes, Call Account Deposits, Property and Equities. However, they are designed to be held for longer durations allowing any short-term fluctuations in return due to volatility to be smoothed out. In order to manage risk these investments are spread across several funds (CCLA, Schroders, Ninety-One Investec, Columbia Threadneedle and M&G Investments).

Returns provided by the Council's pooled funds yielded an average interest rate of 4.36% over the last 12 months. As at 30<sup>th</sup> September 2021 the pooled funds were valued at £29.8m (£29.4m at 30 June 2021), against an original investment of £30m. There remains an expectation that the full value will be recovered over the medium term - the period over which this type of investment should always be managed. Current accounting rules allow these 'losses' to be held on the Council's balance sheet and not counted as a revenue loss although this is due to change in April 2023. These investments will continue to be monitored closely.

### **Prudential Indicators and the Prudential Code**

Under the CIPFA Prudential Code for Capital Finance authorities are free to borrow, subject to them being able to afford the revenue costs. The framework requires that authorities set and monitor against Prudential Indicators relating to capital, treasury management and revenue issues. These indicators are designed to ensure that borrowing for capital purposes is affordable, sustainable and prudent. The purpose of the indicators is to support decision making and financial management, rather than illustrate comparative performance.

The indicators, together with the relevant figures as at 30<sup>th</sup> September 2021 are included in **Appendix 5** to the report. This highlights that the City Council's activities are within the amounts set as Performance Indicators for 2021/22. Specific points to note on the ratios are:

- The Upper Limit on Variable Interest Rate Exposures (indicator 9) sets a maximum amount of net borrowing (borrowing less investments) that can be at variable interest rates. At 30th September 2021 the value is -£42.9m (minus) compared to +£96.2m within the Treasury Management Strategy, reflecting the fact that the Council has more variable rate investments than variable rate borrowings at the current time.
- The Upper Limit on Fixed Interest Rate Exposures (indicator 9) sets a maximum amount of net borrowing (borrowing less investments) that can be at fixed interest rates. At 30th September 2021 the value is £258.5m compared to £481.1m within the Treasury Management Strategy, reflecting that a significant proportion of the Council's investment balance is at a fixed interest rate.

### **3. Results of consultation undertaken**

3.1 None

### **4. Timetable for implementing this decision**

4.1 There is no implementation timetable as this is a financial monitoring report.

### **5. Comments from the Director of Finance and the Director of Law and Governance**

#### **5.1 Financial implications**

##### **Revenue**

Based on budget monitoring trends in previous years the Council will expect to be able to balance its overall revenue budgetary position over the remainder of the year. Should this not be the case, the Council has taken steps to ensure that it has a strong balance sheet position supported by reserve balances and provisions set aside for amounts owed to it which together provide protection against unexpected adverse budget variations. The position will continue to be monitored through the year, in particular in response to any further potential worsening of pandemic conditions through the Autumn and Winter months.

Within this overall picture, the position within Children's Services continues to represent a serious financial issue for the Council, some of which is being managed in 2021/22 through Covid resources available on a one-off basis. However, it is now clear that much of the budgetary pressure being experienced currently will outlast the direct impacts of Covid. Looking ahead to 2022/23, estimated additional Children's Services' pressures have been included within the Pre-Budget Report presented at the same Cabinet meeting as this one. Although the initial three year projection of these costs indicates a medium term trajectory it remains a priority of management to continue to focus on projects to understand and mitigate

these overspends taking a longer term view that the Council should seek cost effective models for safe management of vulnerable and looked after children in the city.

Further clarity will also be included within the Pre-Budget Report on the degree to which recent Covid related income pressures will continue into 2022/23. It seems unlikely that further significant Government support will be made available meaning that the Council will need to plan based on managing any remaining pressures from within its own resource base.

The indicative unrestricted funding of £12.3m made available for 2021/22 is likely to be enough to manage the current estimates of cost in excess of budget. The Council has also brought forward funding from a range of other Covid-related grants including the Contain Outbreak Management Fund (COMF) which it will seek to utilise in a way that best manages support to local communities and services across the city. The Covid pressures shown in this report represent variations to Budget. These do not include Covid pressures of nearly £16m (including within the Council Tax and Business Rates Collection Fund) that the Council had already taken account of as part of the Budget approved in February 2021, the large part of which has been managed locally by the Council without Government funding. Some of these pressures have also been assumed to continue into 2022/23 and therefore it is crucial for the Council to manage its Covid resources on a multi-year basis, maximising the use of specific and time-limited Covid grants in-year but managing more general and flexible funding to support Covid priorities running into next financial year.

### **Capital**

The Council's Capital Programme continues to include a range of strategically important schemes across the city. Current forecasts indicate that the Council's capital spending is projected to be £253.4m compared with the base budget of £220m. This takes account of programme spend brought forward from 2020/21 plus new approvals added to the programme. At this stage it is expected that £4.8m of the approved programme is likely to be accelerated from the 2022/23 programme, with the secondary school expansion accounting for much of this spend.

This continues to be a large mostly grant funded programme continuing the trend of recent years. The programme includes major scheme expenditure on secondary schools' expansion, the second Friargate building, Coventry Station Masterplan, the Air Quality programme, the A46 Link Road and residual Public Realm works.

### **Legal implications**

None

## **6. Other implications**

### **6.1 How will this contribute to the Council Plan ([www.coventry.gov.uk/councilplan/](http://www.coventry.gov.uk/councilplan/))?**

The Council monitors the quality and level of service provided to the citizens of Coventry and the key objectives of the Council Plan. As far as possible it will try to deliver better value for money and maintain services in line with its corporate priorities balanced against the need to manage with fewer resources.

### **6.2 How is risk being managed?**

The need to deliver a stable and balanced financial position in the short and medium term is a key corporate risk for the local authority and is reflected in the corporate risk register. Budgetary control and monitoring processes are paramount in managing this risk and this report is a key part of the process. The impact of Covid has represented a heightened level

of financial risk over this period. The Council has sought to take a proportionate approach to supporting key sectors, partners and vulnerable groups ensuring that a fundamental safety net is provided but doing so in a financially sustainable way, ensuring that the Council can maintain legacy support within the broad financial envelope indicated by Government emergency funding announcements.

**6.3 What is the impact on the organisation?**

It remains important for the Council to ensure that strict budget management continues to the year-end. The Council continues to monitor any changes to the financial position represented by Covid.

**6.4 Equalities / EIA**

No impact.

**6.5 Implications for (or impact on) Climate Change and the environment**

No impact at this stage although climate change and the environmental impact of the Council's decisions are likely to feature more strongly in the future.

**6.6 Implications for partner organisations?**

No impact.

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## **Appendix 1 Revenue Position: Detailed Directorate Breakdown of Forecasted Outturn Position**

Budget variations have been analysed between those that are subject to a centralised forecast and those that are managed at service level (termed “Budget Holder Forecasts” for the purposes of this report). The Centralised budget areas relate to salary costs – the Council applies strict control over recruitment such that managers are not able to recruit to vacant posts without first going through rigorous processes. In this sense managers have to work within the existing establishment structure and salary budgets are not controlled at this local level. The Centralised salaries and Overheads under-spend shown below is principally the effect of unfilled vacancies.

Service Area	Revised Net Budget £m	Forecast Spend £m	Centralised Variance £m	Budget Holder Variance £m	Total Variance £m	Funding for Covid Impact £m	Non-Covid Forecast Variation £m
Adult Social Care	81.8	81.9	(0.6)	0.6	0.1	(0.1)	(0.0)
Business Investment & Culture	5.4	6.1	0.4	0.3	0.7	(0.4)	0.2
Children & Young People	78.2	85.0	(2.4)	9.2	6.8	(3.3)	3.4
Contingency & Central Budgets	5.5	2.4	0.0	(3.1)	(3.1)	0.0	(3.1)
Education and Inclusion	16.1	17.1	(0.0)	1.0	1.0	(0.8)	0.2
Finance	4.8	6.0	(0.2)	1.3	1.2	(0.2)	1.0
Housing and Transformation	13.5	13.9	0.4	0.0	0.4	(0.4)	0.0
Human Resources	1.3	1.4	(0.1)	0.2	0.1	(0.1)	0.0
Legal and Governance Services	4.1	5.1	0.2	0.9	1.0	(0.5)	0.6
Directorate Management	1.4	1.4	0.1	0.0	0.1	0.0	0.1
Project Management & Property	(4.6)	(4.1)	0.3	0.2	0.5	(1.9)	(1.4)
Public Health	0.3	0.4	0.0	0.0	0.1	0.0	0.1
Streetscene and Regulatory	29.4	32.9	(0.0)	3.5	3.5	(2.1)	1.5
Transportation & Highways	6.7	8.8	(0.2)	2.4	2.1	(1.6)	0.6
<b>Total</b>	<b>243.8</b>	<b>258.2</b>	<b>(2.3)</b>	<b>16.6</b>	<b>14.4</b>	<b>(11.3)</b>	<b>3.1</b>

## Budget Holder Variances

Service Area	Reporting Area	Explanation	£m
Education and Skills	SEND & Specialist Services	SEN Transport is forecasting an overspend of £230k. Increased statutory demand for specialist placements both within and outside of the City continues to be the primary driver for cost increase. This has been compounded by unanticipated levels of post 16 course extensions, as a direct consequence of Covid disruption. However, management action in the form of an e-auction has been successful in reducing some route costs which are reflected in the Q2 forecast.	0.2
Education and Skills	Education Entitlement	Outdoor Education Service (OES) is forecasting an overspend of £242k. Due to Covid the OES service is reopening in a phased way and has had to have some expenditure to reopen. It is planned this will be part of the recovery programme to be addressed next academic year once we are able to deliver local OES services in City. The forecast also includes a £400k pressure relating to dedicated school transport for the 21/22 academic year. This is as a result of fall out of a DfE grant that was funding a number of dedicated school transport routes in the 20/21 academic year. Work is ongoing to identify options to ensure we can reduce/eliminate this pressure in future years.	0.6
Education and Skills	Employment & Adult Education	To date it has not been possible to deliver the outstanding £189k financial savings target set as part of previous budget setting processes to ensure we maximise grant funding against internal training programmes.	0.3
Education and Skills	Education Improvement & Standards	An underspend on historic pension liability is partly offset against an overspend on school trade union facility time. Work is underway to understand the ongoing forecast of these variances and take corrective action where necessary.	(0.1)
Education and Skills	Libraries, Advice, Health & Information Services	The financial position reflects the service emerging from the Covid lockdown. Whilst library fees and charges have been re-introduced (since 1 October) other sources of income from room bookings etc are still in the early stages of recovery. The Schools' Library Service has also seen a decline in take up from schools which is also related to Covid impact and work is ongoing to re-focus the traded offer for the new challenges faced by schools post lockdown.	0.1
Education and Inclusion	Other Variances Less than 100K		(0.1)
<b>Education and Inclusion</b>			<b>1.0</b>
Children and Young People's Services	Commissioning, QA and Performance	The budget position has worsened from Q1 to Q2 with the projected overspend having increased by £76k to £233k. The overspend is largely linked to a shortfall of £0.1m in the Safeguarding training income target that is not expected to be met. Opportunities to increase income in this area are currently being progressed as part of the commercialisation programme and new training packages have been developed but we are yet to see how these will land and see increased income as a result.	<b>0.3</b>

		There has also been a pressure due to the higher cost of agency staff vs. permanent staff within the Safeguarding service. The other main driver for the projected overspend in Q2 relates to the PSS and a legacy saving target of £53k which is not going to be met.	
Children and Young People's Services	Help & Protection	<p>There has been a net reduction in the projected overspend from Q1 to Q2 of £400k. This is due to deep-dive work on Social Worker agency spend driven and supported by the Finance Team. Clear expectations are now set in relation to the monitoring and cessation of agency SW contracts. Agency SWs are required within the service to cover vacant posts, maternity and long-term sickness cover as these roles are business critical. With a total forecast spend of £2.6m on Agency, offset by the £1.7 underspend of establishment vacancies the pressure in net pressure on this is £0.9m.</p> <p>There are vacancies being held in the Family Hubs delivering £180k underspend. The service has also seen a significant increase in the volume of families presenting as "homeless" and requiring the local authority to provide them with temporary accommodation. A targeted response is being provided to fast-track those families into permanent accommodation, however, those interim costs are forecast to be £130k overspent in 21/22.</p>	<b>2.7</b>
Children and Young People's Services	LAC & Care Leavers	<p>A £3.5m pressure on placements budget forms the majority of this overspend. Of the placement pressure, £1.3m is due to market price increases and £2.2m due to a combination of high numbers of children looked after and an increase in the use of high cost residential placements. Both pressures are linked to COVID activity and the associated impact on supply and demand.</p> <p>The overspend is particularly impacted by the partial delivery of the agreed placements mix. There has been some success with reducing children looked after numbers. The predicted mix of placements has not been achieved, which has resulted in more children living in an external children's homes. This is because of a slower than predicted growth in internal fostering and a closed external fostering market. A reduction in numbers of children looked after in supported accommodation is because more are living in Staying Put or with foster carers.</p> <p>There is a forecast overspend of £0.9m SGO allowances, from an increase in SGO orders to promote permanence for children. Decisions are made for children on an individual basis, accounting for immediate financial efficiency, but this does cause pressure in subsequent years in the SGO budget. This is partially offset by an underspend in RO fees and some one-off income on the ACE budget, but this will be an ongoing pressure in the medium-long term.</p> <p>The remaining overspend consists of: £0.8m pressure in the LAC permanency team and £0.2m in Through Care due to agency staff and professional fees, £0.2m Children's Disability Team due to an increase in support packages, and £0.2m in Supervised Contacts due to increased demand and £0.1m for children</p>	<b>6.0</b>

		looked after transport due to increased use of secure transport. There is work underway in all of these areas to identify ways to mitigate these overspends and understand ongoing pressures.	
<b>Children and Young People's Services</b>	<b>Other Variances Less than 100K</b>		<b>0.1</b>
<b>Children and Young People's Services</b>			<b>9.1</b>
Adult Social Care	Adult Social Care Director	The overspend represents an increase in provision for bad debt partially offset by the use of iBCF and other resources to manage the overall Adult Social Care financial position.	0.2
Adult Social Care	All Age Disability and Mental Health Community Purchasing	Overspend due to additional COVID related homecare and placement costs arising as a result of reduced day care services and other miscellaneous increased costs.	0.3
Adult Social Care	Strategic Commissioning (Adults)	£0.1m underspend relates to Carers budgets. Work is underway to enhance the support the offer to carers for the next 12 months. £0.25m underspend relates to transport as a result of reduced capacity in daycare opportunities.	(0.4)
Adult Social Care	All Age Disability and Mental Health Operational	There remains significant pressures in Deprivation of Liberty Assessment demand leading to additional assessment costs (£0.2m). The All Age Disability Team and Mental Health services have also seen increasing demand alongside staff turnover. Ensuring statutory need is met has been essential and has resulted in additional forecast agency cost in both areas.	0.4
Adult Social Care	Other Variances Less than 100K		0.1
<b>Adult Social Care</b>			<b>0.6</b>
Housing Services & Transformation	Housing and Homelessness	The service has seen an increase in households in temporary accommodation, however this hasn't risen as steeply as forecast. However, the increasing number of evictions and the impact of Covid 19 is likely to an increased demand during the next 2 Quarters.	(0.6)
Housing Services & Transformation	ICT & Digital	The Quarter 2 position reflects a reduction in income from our school's service. The services to school offering is currently being reviewed in line with the corporate review of traded services. There are further uncertainties with the ICT budget with regards to demand for hardware and the fluctuation caused by increased demand due to COVID. This is being compounded further by issues with regards to availability and price variances with regards to ICT equipment as a result of the global microprocessor shortage. Further work is taking place to understand this impact for Quarter 3 and budget setting.	0.5
Housing Services & Transformation	Other Variances Less than 100K		0.1
<b>Housing Services &amp; Transformation</b>			<b>0.0</b>

Legal & Governance Services	Legal Services	Variations in Legal Services (£490k) are as a result of an increased caseload volume for care proceedings. £290k of this is directly related to volumes caused by the COVID-19 pandemic. Additionally, a net pressure of almost £200k is forecast reflecting the cost of agency staff to cover vacancies. There are also COVID-19 related pressures in Coroners and Registrars (£180k) due to additional costs incurred and lost income.	0.8
<b>Legal &amp; Governance Services</b>			<b>0.8</b>
Finance & Corporate Services	Revenues and Benefits	This variation is due to 3 main factors  A net Housing Benefit subsidy pressure of £0.5m due to an increase in the volume and price of supported accommodation, for which the Council only receives partial subsidy payments if the provider is not a registered social landlord. The Council has historically had the opportunity to recover overpayments to offset this pressure, however due to customers transferring to Universal Credit and the effects of COVID, this has been greatly reduced.  In addition, a £0.8m clawback pressure has emerged relating to the 2019/20 benefit subsidy claim due to failures on testing carried out in the certification process being higher than originally identified.  The remaining net pressure of c£0.2m is due to administration costs associated with an increasing council tax base and a delay in the implementation of digital solutions to make savings.	1.4
Finance & Corporate Services	Other Variances Less than 100K		(0.1)
<b>Finance &amp; Corporate Services</b>			<b>1.3</b>
Business Investment and Culture	Sports, Culture, Destination & Bus Relationships	This pressure primarily reflects the loss of the Council's share of 'the Wave' profit caused by the facility being closed in the early part of the year due to Covid, reduced Godiva ticket sales, together with some short term operating costs in respect of Brandon Wood Golf course	0.3
<b>Business Investment and Culture</b>			<b>0.3</b>
Transportation & Highways	Parking	COVID-19 Income pressures due to a significant reduction in parking and enforcement income during the COVID-19 restriction periods and reduced collection rates. It is likely that this will continue to affect the position throughout the rest of the financial year.	1.5
Transportation & Highways	Highways	There are variances circa £150k due to delays in delivering MTFS targets and the use of agency to cover vacancies	0.1
Transportation & Highways	Transport and Innovation	This reflects additional Highways Development Management agency staff resources which have been brought in to support the with the major planning	0.5

		applications and to provide cover for vacancies due to the inability to recruit	
Transportation & Highways	Other Variances Less than 100K		0.2
<b>Transportation &amp; Highways</b>			<b>2.3</b>
Streetscene & Regulatory Services	Regulatory Services	Due to COVID it hasn't been possible to carry out the required checks which has resulted in a number of licenses being issued as 5 year rather than the predicted 1 or 2 year.	0.4
Streetscene & Regulatory Services	Streetpride & Parks	This primarily reflects COVID related pressures resulting from cancelled events in parks, additional staffing and cleaning at the crematorium and additional manned vehicles in Streetpride. A large proportion of this was however offset by vacancy savings.	0.8
Streetscene & Regulatory Services	Waste & Fleet Services	<p>£1.3m of this relates to pressures in Domestic Waste, most of which is as a result of the temporary cover arrangements required to cover sickness, isolation and accrued leave. In addition, pressures in workload has resulted in a decision to accelerate 2 additional rounds originally planned to be implemented in April 2022.</p> <p>Commercial Waste is forecasting a pressure of c£0.4m which is due to a combination of shortage of drivers, increased disposal gate fees and loss of income due to Covid.</p> <p>Waste Disposal costs are forecast to be underspent by c£136k which is primarily due to reduced CA Site Mgt costs. This is a direct result of introducing the appointment system. Fleet are also forecasting a small underspend due to reduced capital financing charges.</p>	1.7
Streetscene & Regulatory Services	SSGS Management & Support	Additional costs are being incurred on Car Park Mgt & Security due to COVID restrictions and temporary mortuary fees.	0.4
Streetscene & Regulatory Services	Environmental Services	This is largely due to pest Control income pressures of £100k, partially due to COVID, additional staff cover caused by vacancies & isolating in the ESU of £150k, and an income loss of £60k from a reduced uptake of some services including Call handling, CCTV and Alarm Monitoring.	0.3
<b>Streetscene &amp; Regulatory Services</b>			<b>3.5</b>
Project Management and Property Services	Commercial Property and Development	The underlying variance is a surplus of c£1m to reflect better performance against target. This is however being more than offset by a potential write off of rents forecast of £1.8m due to the lasting impact of the pandemic.	0.7
Project Management and Property Services	Facilities & Property Services	This is primarily a trading surplus within the Repair and Maintenance function due to increased project work, together with lower running costs for operational property due to lower usage over the lockdown periods	(0.6)
Project Management and Property Services	Other Variances Less than 100K		0.1

<b>Project Management and Property Services</b>			<b>0.2</b>
Ringfenced Funding	SEND & Specialist Services	SEN Provision is forecasting an over spend of £2.1m. The position has worsened by £0.8m compared to Q1. Following the full-time return to school, a small minority of pupils have presented with complex challenging behaviours requiring enhanced provision to secure their placement. This is supported by the LA through a panel process, that considers a time limited student specific financial allocation to enable schools to enhance staffing (1:1 support). There is an increased cost associated with post 16 provision as a result of demand growth compounded by an increase in the average placement fees because of the complexity of learners. It is evident that some of the growth (unanticipated retention) can be attributed to the impact of the pandemic, as students determine to repeat a year or extend their course length as an alternative to entering the world of work or adult social care provisions. The forecast expenditure also reflects the incremental cost of the ongoing increase in EHC Plans and includes a financial pressure against top up payments for mainstream schools. This absorbs the growth in special school post 16 retention, which was higher than originally forecast. The complexity of learners new to the system has increased the average cost with a changing proportion of Band 5 / Band 6 allocations. There is significant pressure on special school placements particularly in the area of SEMH (behaviour) which has increased the LA's dependency on external independent schools. This is likely to persist until Woodfield is able to increase local capacity. SEN Support services are forecasting an under spend of £0.5m. This mainly represents salary forecasts taking into account vacancies, the majority of these have been recruited to from September 21.	1.6
Ringfenced Funding	Schools	£2.75m relates to High Needs unallocated resource which has been earmarked to fund the SEND review. £155k is the underspend on Early Years provision for Summer Term due to a reduction in pupil hours	(3.0)
Ringfenced Funding	Education Improvement & Standards	The underspend is across staffing budgets and is a result of delays in the implementation of the Early Years Restructure. All vacant posts are either recruited to are in the process of being recruited to so the underspend is not ongoing beyond the current financial year.	(0.2)
Ringfenced Funding	Financial Strategy	Technical adjustment to remove total of ringfenced variances from corporate position	1.6
<b>Ringfenced Funding</b>			<b>0.0</b>
Corporate & Contingency		A favourable variation of £3.1m is forecast at this stage arising from a combination of lower borrowing costs and greater investment income	(3.1)

		within the Asset Management Revenue Account, greater Business Rates pooling income and lower than anticipated employer superannuation costs.	
<b>Corporate &amp; Contingency</b>			<b>(3.1)</b>
<b>Total Non-Controllable Variances</b>			<b>16.6</b>

## Appendix 2

### Capital Programme Approved / Technical Changes

SCHEME	EXPLANATION	£m
Coventry Station Masterplan	Realignment of budget to match funding	0.8
JCB Pothole	Purchase of the new JCB Pothole Pro vehicle. This is a unique 3 in 1 solution specifically designed to sort out any pothole repair or large reinstatement operations, efficiently, economically and permanently.	0.2
Highways Investment	£300k transfer to revenue to provide further support to the Highways reactive maintenance programme due to continued deterioration of the road and pavement network. This funding provides for three extra patching gangs until the end of the financial year. The £300k to be transferred from flood risk and drainage as a resource switch to fund the above additional pressures. Funding to be switched back to Drainage programme as required in future.	(0.3)
Dynamic Charging of Vehicles	Coventry City Council are accountable body and have secured £345k from Western Power Distribution's National Innovation Allowance (NIA) to carry out the feasibility study to see how the dynamic wireless charging technology will have impact on the energy grid and on the UK's road network. This will be delivered via a consortium of partners.	0.3
Funeral Directors	Affordable funeral provision	0.1
Miscellaneous		0.4
<b>TOTAL APPROVED / TECHNICAL CHANGES</b>		<b>1.6</b>

### Appendix 3

<b>DIRECTORATE</b>	<b>BASE BUDGET 21/22 plus 20/21 RESCHEDULING £m</b>	<b>TOTAL APPROVED TECHNICAL CHANGES £m</b>	<b>TOTAL OVER / UNDER SPEND £m</b>	<b>TOTAL RESCHEDULED EXPENDITURE £m</b>	<b>REVISED ESTIMATED OUTTURN QTR1 21-22 £m</b>
PEOPLE	41.2	2.7	0.0	(1.3)	42.6
PLACE	211.7	17.6	(0.2)	(18.3)	210.8
<b>TOTAL</b>	<b>252.9</b>	<b>20.3</b>	<b>(0.2)</b>	<b>(19.6)</b>	<b>253.4</b>

## Appendix 4

### Rescheduling and Accelerated Spend

<b>SCHEME</b>	<b>EXPLANATION</b>	<b>£m</b>
Friargate	The works completed by the contractor BK have been completed in advance of their original planned activity	1.5
Coombe Park new Play Facilities	Expenditure rescheduled into 22/23 due to programme delays – Visitor Centre works are being carried out in advance of the Forest Area Play which will be in 22/23 financial year.	(0.4)
Basic Need - Schools - Grant	The forecast increase in spend this financial year relates to additional project requirements as a result of project delays as a result of Covid, Brexit (resulting in material shortages), putting in mitigations such as temporary mobiles on several school sites.  In addition to this, some projects have been accelerated which has meant spend has been expedited.	3.7
Miscellaneous under £100k		(0.3)
<b>TOTAL RESCHEDULING</b>		<b>4.5</b>

## Appendix 5

### Prudential Indicators

Indicator	per Treasury Management Strategy 2021/22	As at 30th September 2021
<p><b>Ratio of Financing Costs to Net Revenue Stream (Indicator 1)</b>, This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs.</p>	14.62%	14.26%
<p><b>Gross Borrowing should not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) at 31<sup>st</sup> March 2021 plus the estimates of any additional CFR in the next 3 years (Indicator 2)</b>, illustrating that, over the medium term, net borrowing (borrowing less investments) will only be for capital purposes. The CFR is defined as the Council's underlying need to borrow, after taking account of other resources available to fund the capital programme and is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue.</p>	Estimate / limit of £529.5m	£331.8m Gross borrowing within the limit.
<p><b>Authorised Limit for External Debt (Indicator 5)</b>, This statutory limit sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council. Borrowing at this level could be afforded in the short term but is not sustainable. The Authorised limit has been set on the estimated debt with sufficient headroom over and above this to allow for unexpected cash movements.</p>	£549.5m	£331.8m is less than the authorised limit.
<p><b>Operational Boundary for External Debt (Indicator 6)</b>, This indicator refers to the means by which the Council manages its external debt to ensure it remains within the statutory Authorised Limit. It differs from the authorised limit as it is based on the most likely scenario in terms of capital spend and financing during the year. It is not a limit and actual borrowing could vary around this boundary for short times during the year.</p>	£529.5m	£331.8m is less than the operational boundary.
<p><b>Upper Limit on Fixed Rate Interest Rate Exposures (Indicator 9)</b>, These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The Upper Limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could impact negatively on the overall financial position.</p>	£481.1m	£258.5m
<p><b>Upper Limit on Variable Rate Interest Rate Exposures (Indicator 9)</b>, as above highlighting interest rate exposure risk.</p>	£96.2m	-£42.9m
<p><b>Maturity Structure Limits (Indicator 10)</b>, This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, thereby managing the effects of refinancing risks. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.</p>		

< 12 months	0% to 50%	7%
12 months – 24 months	0% to 20%	2%
24 months – 5 years	0% to 30%	19%
5 years – 10 years	0% to 30%	3%
10 years +	40% to 100%	69%
<b>Investments Longer than 364 Days (Indicator 11)</b> , This indicator sets an upper limit for the level of investment that may be fixed for a period greater than 364 days. This limit is set to contain exposure to credit and liquidity risk.		
	£30m	£0.0m



Coventry City Council

## Public report

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Audit and Procurement Committee

31<sup>st</sup> January 2022

**Name of Cabinet Member:**

Cabinet Member for Strategic Finance and Resources – Councillor R Brown

**Director approving submission of the report:**

Chief Operating Officer (Section 151 Officer)

**Ward(s) affected:**

City Wide

**Title:**

Treasury Management Update 2021/22 – Half Year Progress Report

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**Is this a key decision?**

No

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**Executive summary:**

The purpose of this report is to provide the Audit and Procurement Committee with an update on the Council's Treasury Management activity in 2021/22 to the end of September 2021.

**Recommendations:**

Audit and Procurement Committee is recommended to:

- 1) Note the update against the Treasury Management Strategy 2021-22 as at 30 September 2021.

**List of Appendices included:**

Appendix One - Short-term Borrowing and Investment Summary as at 1 October 2021

Appendix Two - UK and Foreign Counterparty Lending List as at 31 December 2021

**Background papers:**

None

**Other useful documents**

None

**Has it or will it be considered by scrutiny?**

No other scrutiny consideration other than the Audit and Procurement Committee

**Has it, or will it be considered by any other council committee, advisory panel or other body?**

No

**Will this report go to Council?**

No

**Report title:**

Treasury Management Update 2021/22 – Half Year Progress Report

**1. Context (or background)**

- 1.1 The Council adopts the Chartered Institute of Public Finance and Accountancy's "Treasury Management in the Public Services: Code of Practice (the CIPFA code). This requires the Council to approve an annual Treasury Management Strategy and a mid-year update report. Treasury Management performance is reported as part of regular budget monitoring reports to this Committee.
- 1.2 The Council's Treasury Management activity is undertaken in line with the Treasury Management and Commercial Investment Strategy and Policy for 2021/22, which was agreed by Cabinet as part of the Budget Report 2021/2022 at its meeting of 23 February 2021. There are no breaches of the strategy and policy to report.
- 1.3 The Council is supported in the Investment Strategy and Policy by its Treasury Management Advisors - Arlingclose. The advisors provide economic analysis and specialist advice. A key element of this is the provision of advice on credit risk and the supply of information on credit ratings. Regular review meetings with the advisors continue to be held.
- 1.4 Staff with involvement in treasury issues continue to attend on-line events focused on treasury management as appropriate.
- 1.5 **Appendix 1** is a detailed list of short-term borrowing and investments that the Council holds as at 1 October 2021.

**2. Options considered and recommended proposal****2.1 Borrowing Update**

The first table at Appendix 1 identifies that there is no short-term borrowing outstanding as at 30 September 2021. Current cash projections indicate that the Council may require short-term borrowing to cover cash shortfalls for the final quarter of 2021/22. All short-term borrowings outstanding at the end of the 2020/21 financial year (£54m), were fully repaid by the end of the first quarter 2021/22.

No new long-term borrowing has been undertaken since 2009, due in part to the level of investment balances available to the Council. The Council has no immediate plans to take any new long-term borrowing, however, this will be kept under review. As at 30 September 2021, the Council's long-term liabilities totalled £331.7m. This total is mainly made up of long-term borrowing sourced from the Public Works Loan Board (PWLB); Liabilities arising from the Private Finance Initiative (PFI) and Lender Option Borrower Option (LOBO's) borrowing.

In November 2020, the rules governing local authority access to PWLB changed and borrowing interest rates were reduced by 1%. The Treasury Management Strategy 2021/22 approved by Cabinet on 23 February 2021 reflected this change and agreed that the Council will not buy investment assets primarily for yield. The Budget Report 2021/22 advised to not pursue this type of activity in the medium term and no current capital projects are affected by this. This will ensure that the Council's access to the PWLB for capital funding is maintained.

## 2.2 Investments Update

The final three tables at **Appendix 1** provide a detailed list of investments held as at 1 October 2021 and identifies a total investment of £76.3m. This compares to £112.8m held a year ago. These balances are a snapshot and impacted by timing differences. The 2020 figure shows inflated cash balances to reflect receipt of Government Covid19 grant funds at that time.

The breakdown of these balances is shown below:

	2/10/2020 £m	1/10/2021 £m
Banks and Building Societies	0.0	0.0
Local Authorities	5.0	0.0
Money Market Funds	67.8	46.3
Collective Investment Funds	30.0	30.0
Corporate Bonds	0.0	0.0
Registered Providers	10.0	0.0
Total	112.8	76.3

For the twelve-month period to 30 September 2021, the Council's investments earned an average rate of interest of 1.90%. This can be split down between Collective Investment Funds at 4.36% and other investments at 0.03%. This is against a backdrop of the Bank of England base rate being maintained throughout the year at 0.1%.

**Appendix 2** shows the Council's Lending List as at 31 December 2021. This list shows those banking and government institutions that the Investment Strategy allows the Council to invest cash balances with. The list is taken using specialist advice from Arlingclose and is split between UK and foreign institutions. Arlingclose undertook a full review of their credit advice on unsecured deposits at UK banks and Building Societies in September 2021. As a result, their duration advice for those institutions was extended from 35 days to 100 days. The Council does not hold any funds with counterparties that are not on this list. Duration limits for counterparties on the Council's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.

Whilst the Council's Collective Investment Funds have continued to provide an annualised return of around 4%, their capital value (£29.8m) remains below the original sum invested (£30.0m). The capital value has recovered from a loss of £2.1m in 2020/21. The reduction in capital value is mainly due to the impact of COVID-19 on the world economy. Normally this would not be an issue unless the Council intended to disinvest from the funds (the intention is that the Council keeps these for the long term) however, there is currently a statutory override for gains and losses on pooled investment funds held outside of a pension fund being taken to revenue. This was introduced in 2018 following a change to International Financial Reporting Standards (IFRS). At the time, the government felt it was inappropriate for revaluations to "impact on the balanced budget requirement or on the quantum of funds available to support delivery of services." But this override is time-limited and is due to expire in April 2023. If the override isn't extended, then the Council will be required to offset these capital losses against the revenue budget. On the current trend there is a strong expectation that the capital losses will have been distinguished by that date.

## **2.3 National issues**

The ongoing impact to the UK from Coronavirus, together with higher inflation, the likelihood of higher interest rates and the country's trade position post-Brexit are major influences on the economy and the Council's ability to gain returns on investments.

On the 16th December 2021, the Monetary Policy Committee (MPC) agreed to raise bank interest rates from 0.10% to 0.25%. Recent rising inflation prompted the move as the MPC raised concerns about strong labour market performance and persistent increases in prices. The decision was accompanied by comments about the path for Bank Rate which may see further rate rises over the coming months despite weakening economic activity. The Council's Treasury Management Advisors, Arlingclose, expect the Bank Interest Rate to rise to 0.50% in Q1 2022, but then remain there.

For the first two quarters of 2020/21, the Council continued to be in receipt of central government funding to support small and medium businesses during the coronavirus pandemic through grant schemes. These funds have been temporarily invested in short-term liquid instruments, particularly in Money Market Funds (see paragraph 2.2 above). The upfront payment of grants has temporarily inflated the Council's cash balances.

## **3. Results of consultation undertaken**

3.1 None

## **4. Timetable for implementing this decision**

4.1 There is no implementation timetable as this is a monitoring report.

## **5. Comments from the Chief Operating Officer (Section 151 Officer) and the Director of Law and Governance**

5.1 Financial Implications

The financial implications are discussed in the body of this report.

5.2 Legal implications

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services; Code of Practice 2017 Edition* (the CIPFA code) which requires the Council to approve a treasury management strategy before the start of each financial year. The Council's treasury management activity must be carried out in accordance with the requirements of the *Local Government Act 2003* which gives legal obligation to have regard to the CIPFA Code.

## **6. Other implications**

6.1 **How will this contribute to achievement of the Council's plan?**

Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rate. The successful identification,

monitoring and control of financial risk is therefore central to the Council's prudent financial management.

## 6.2 How is risk being managed?

In terms of risk management, there are two main focuses:

- Credit Risk – This is the risk of an investment counterparty defaulting and any subsequent loss of funds or delay in making returns. The risk is mitigated through investment counterparties being subject to a minimum credit rating limit (A-) as determined by the Fitch crediting rating agency. Credit ratings are obtained and monitored by the Council's treasury advisors, who will notify changes in ratings as they occur. The Lending List at **Appendix 2** identifies the credit rating for each counterparty on 30 September 2021. The minimum credit rating and funding limits on counterparty investment levels are agreed by the Council as part of the Treasury Management Strategy.
- Liquidity Risk – This is the risk of not having access to cash when needed. Detailed forecasts on future daily cashflows are made and based on known outgoings and incomings (e.g. cost of salaries and government funding). Surplus funds are invested in counterparties (e.g. Money Market Funds as shown in **Appendix 1**) with high liquidity so there is quick access to cash to cover payments.

## 6.3 What is the impact on the organisation?

None

## 6.4 Equalities / EIA

None

## 6.5 Implications for (or impact on) Climate Change and the environment

No impact

## 6.6 Implications for partner organisations?

None

**Report author(s):**

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<b>Contributor/approver name</b>	<b>Title</b>	<b>Service</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Michelle Salmon	Governance Services Officer	Law and Governance	12/1/22	13/1/22
Paul Jennings	Finance Manager Corporate Finance	Finance	10/1/22	12/1/22
Sarah Harriott	Corporate Governance Solicitor	Legal Services	12/1/22	17/1/22
<b>Names of approvers: (officers and members)</b>				
Barry Hastie	Chief Operating Officer (Section 151 Officer)	-	12/1/22	12/1/22
Councillor R Brown	Cabinet Member for Strategic Finance and Resources	-	12/1/22	12/1/22

This report is published on the council's website: [www.coventry.gov.uk/meetings](http://www.coventry.gov.uk/meetings)

## Appendix One - Short-term Borrowing and Investment Summary as at 01 October 2021

### TEMPORARY LOANS BOOK

Balances as at the 01/10/21

<u>LOAN REF.</u>	<u>LENDER NAME</u>	<u>BROKER</u>	<u>PRINCIPAL</u>	<u>START DATE</u>	<u>MATURITY DATE</u>	<u>INITIAL INT RATE</u>	<u>DAYS</u>
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#### TEMPORARY LOAN OUT (DEPOSIT)

0.00

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0.00  
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#### MMF DEPOSITS

2400000002	ABERDEEN LIQUIDITY FUND	N/A	0.00	04/09/12		0.010001	
2400000003	HSBC STERLING LIQUIDITY	N/A	0.00	04/09/12		0.009964	
2400000004	FEDERATED PRIME RATE	N/A	7,200,000.00	17/09/12		0.010001	
2400000005	DEUTSCHE MANAGED STERLING	N/A	19,100,000.00	19/07/13		0.015002	
2400000006	MORGAN STANLEY	N/A	20,000,000.00	10/06/16		0.030003	

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46,300,000.00  
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#### COLLECTIVE INVESTMENT FUNDS

2600000006	CCLA INVESTMENT MGT LTD	N/A	12,000,000.00	28/11/13		4.260000	
2600000011	SCHRODERS UNIT TRUSTS LTD	N/A	4,500,000.00	01/08/18		5.370000	
2600000012	INVESTEC ASSET MANAGEMENT	N/A	4,500,000.00	10/08/18		4.080000	
2600000013	COLUMBIA TREADNEEDLE	N/A	1,500,000.00	16/08/18		2.330000	
2600000014	M&G INVESTMENTS	N/A	1,500,000.00	20/08/18		2.240000	
2600000015	M&G INVESTMENTS	N/A	3,000,000.00	20/08/18		2.650000	
2600000016	M&G INVESTMENTS	N/A	3,000,000.00	20/08/18		3.930000	

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30,000,000.00  
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GRAND TOTAL

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76,300,000.00  
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## Appendix Two - UK and Foreign Counterparty Lending List as at 31 December 2021

<b>USING MINIMUM ACCEPTABLE CREDIT QUALITY</b> Institution	Country	Long Term Rating			Limit £m	Term Limit
		Fitch	Moody's	S & P		
Debt Management Office	UK	AA+	Aa1	AAA		50 years
Local Authorities	UK	AA+	Aa1	AAA		2 years
<b>UK BANKS AND BUILDING SOCIETIES:</b>						
Bank of Scotland PLC	UK	A+	A1	A+	£10m	100 Days
Lloyds Bank PLC	UK	A+	A1	A+	£10m	100 Days
Barclays Bank PLC	UK	A+	A1	A	£10m	100 Days
Barclays Bank UK PLC	UK	A+	A1	A	£10m	100 Days
Handelsbanken PLC	UK	AA		AA-	£10m	100 Days
HSBC Bank PLC	UK	AA-	A1	A+	£10m	100 Days
HSBC UK Bank PLC	UK	AA-	A1	A+	£10m	100 Days
National Westminster Bank	UK	A+	A1	A	£10m	100 Days
Natwest Markets PLC	UK	A+	A2	A-	£10m	100 Days
Royal Bank of Scotland PLC/T	UK	A+	A1	A	£10m	100 Days
Santander UK PLC	UK	A+	A1	A	£10m	100 Days
Standard Chartered Bank	UK	A+	A1	A	£10m	100 Days
Nationwide Building Society	UK	A+	A1	A	£10m	35 Days
<b>NON UK INSTITUTIONS:</b>						
Australia and New Zealand Banking Group Ltd	AU	A+	Aa3	AA-	£10m	100 Days
Commonwealth Bank of Australia	AU	A+	Aa3	AA-	£10m	100 Days
National Australia Bank Ltd	AU	A+	Aa3	AA-	£10m	100 Days
Westpac Banking Corp	AU	A+	Aa3	AA-	£10m	100 Days
Bank of Montreal	CA	AA	Aa2	A+	£10m	100 Days
Bank of Nova Scotia	CA	AA	Aa2	A+	£10m	100 Days
Canadian Imperial Bank of Commerce	CA	AA	Aa2	A+	£10m	100 Days
National Bank of Canada	CA	AA-	Aa3	A	£10m	100 Days
Royal Bank of Canada	CA	AA	Aa2	AA-	£10m	100 Days
Toronto-Dominion Bank	CA	AA	Aa1	AA-	£10m	100 Days
Nordea Bank ABP	FI	AA	Aa3	AA-	£10m	100 Days
OP Corporate Bank PLC	FI		Aa3	AA-	£10m	100 Days
Bayerische Landesbank	GE	A	Aa3		£10m	100 Days
DZ Bank	GE	AA-	A2	A+	£10m	100 Days
Kreditanstalt Fuer Wiederaufbau (KfW)	GE	AAA		AAA	£10m	25 years
Landesbank Baden Wuerttember	GE	A	Aa3		£10m	100 Days
Landesbank Hessen-Thuringen	GE	A+	Aa3	A-	£10m	100 Days
Cooperative Centrale Raiffe (Rabobank)	NE	AA-	Aa2	A+	£10m	100 Days
DBS Bank Ltd	SI	AA-	Aa1	AA-	£10m	100 Days
Oversea-Chinese Banking Corp	SI	AA-	Aa1	AA-	£10m	100 Days
United Overseas Bank Ltd	SI	AA-	Aa1	AA-	£10m	100 Days
Group Limits: £20m per non UK country						
<b>MONEY MARKET FUNDS (MMF)</b>						
There are 20 Money Market Funds credit approved by Arlingclose that the Council can access. The funds identified below are those where monies have been invested in the period April to September 2021.						
Aberdeen Asset Management	LX	AAA	Aaa	AAA	£20m	
DWS	IR	AAA	Aaa	AAA	£20m	
HSBC Asset Management	IR		Aaa	AAA	£20m	
Federated Investors (UK)	UK	AAA		AAA	£20m	
Morgan Stanley Investment Management	IR	AAA	Aaa	AAA	£20m	
Money Market Funds Limits: £100m in total These are the Council's current working limits.						

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Coventry City Council

**Public report**

Cabinet Member for Policy and Leadership  
Ethics Committee  
Audit and Procurement Committee

10 November 2021  
9 December 2021  
31 January 2022

**Name of Cabinet Member:**

Cabinet Member for Policy and Leadership – Councillor G Duggins

**Director approving submission of the report:**

Chief Executive

**Ward(s) affected:**

All

**Title:**

Complaints to the Local Government and Social Care Ombudsman 2020/21

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**Is this a key decision?**

No

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**Executive summary:**

The Local Government and Social Care Ombudsman (LGSCO) is the final stage for complaints about councils, all adult social care providers (including care homes and home care agencies) and some other organisations providing local public services. It is a free service that investigate complaints in a fair and independent way; and provides a means of redress to individuals for injustice caused by unfair treatment or service failure.

Coventry City Council's complaints policy sets out how individual members of the public can complain to the Council, as well as how the Council handle compliments, comments and complaints. The Council informs individuals of their rights to contact the LGSCO if they are not happy with the Council's decision after they have exhausted the Council's own complaints process.

Every year, the LGSCO issues an annual letter to the Leader and Chief Executive of every Council, summarising the number and trends of complaints dealt with in each Council that year. The latest letter, issued 21 July 2021, covers complaints to Coventry City Council between April 2020 and March 2021 (2020/21). Mid-March 2020 saw an abrupt pause to the Ombudsman's casework in response to the exceptional operational challenges local authorities and care providers faced because of the Covid-19 pandemic.

The Ombudsman resumed some casework at the end of May and started taking new complaints again at the end of June 2020, after a three month pause.

This report sets out the number, trends and outcomes of complaints to the LGSCO relating to Coventry City Council in 2020/21. In particular, it focuses on upheld complaints, service areas with a high number of complaints, compliance with Ombudsman's recommendations, learning from complaints, and how we compare to previous years and other local authorities. Note: When comparing with previous years we must consider that the LGSCO, to allow authorities to respond to the Covid-19 pandemic, did not accept new complaints and stopped investigating existing cases between March and June 2020. This reduced the number of complaints they received and decided in the 2020-21 year.

**Recommendations:**

**The Cabinet Member for Policy and Leadership is recommended to:**

1. Consider the Council's performance in relation to complaints to the LGSCO.
2. Note the Council complaints process and guidance.
3. Request the Audit and Procurement Committee to review and be assured that the Council takes appropriate action in response to complaints investigated and where the Council is found to be at fault.

**The Ethics Committee is recommended to:**

1. Comment on the findings.
2. Consider the Council's performance in relation to complaints to the LGSCO, in particular, complaints that were upheld.
3. Note the Council complaints process and guidance

**The Audit and Procurement Committee is recommended to:**

1. Consider the Council's performance in relation to complaints to the LGSCO.
2. Note the Council complaints process and guidance.
3. Review and be assured that the Council takes appropriate actions in response to complaints investigated and where the Council is found to be at fault.

**List of appendices included:**

Appendix 1: Local Government and Social Care Ombudsman Annual Review Letter 2021  
Appendix 2: Local Government and Social Care Ombudsman Investigation Decisions in 2020/21 for Coventry City Council

**Background papers:**

None

**Other useful documents**

Local Government and Social Care Ombudsman Annual Review of Local Government Complaints 2020-21

**Has it been or will it be considered by Scrutiny?**

No

**Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?**

Yes – Ethics Committee on 9 December and Audit and Procurement Committee on 31 January 2022.

**Will this report go to Council?**

No

**Report title:**  
**Complaints to the Local Government and Social Care Ombudsman 2020/21**

**1 Context (or background)**

- 1.1 The Local Government and Social Care Ombudsman (LGSCO) is the final stage for complaints about councils, all adult social care providers (including care homes and home care agencies) and some other organisations providing local public services. It is a free service that investigate complaints in a fair and independent way; and provides a means of redress to individuals for injustice caused by unfair treatment or service failure.
- 1.2 Coventry City Council's complaints policy published on the Council's website at [www.coventry.gov.uk/complaints/](http://www.coventry.gov.uk/complaints/), sets out how individual members of the public can complain to the Council, as well as how the Council handle compliments, comments and complaints. The Council informs individuals of their rights to contact the LGSCO if they are not happy with the Council's decision after they have exhausted the Council's own complaints process.
- 1.3 Every year, the LGSCO issues an annual letter to the Leader and Chief Executive of every Council, summarising the number and trends of complaints dealt with in each Council that year. The latest letter, issued 21 July 2021, covers complaints to Coventry City Council between April 2020 and March 2021 (2020/21). The letter can be found in Appendix I.
- 1.4 This report sets out the number, trends and outcomes of complaints to the LGSCO relating to Coventry City Council in 2020/21. In particular, this report focuses on upheld complaints, service areas with a high number of complaints, learning from complaints, and how we compare to previous years and other local authorities. When comparing with previous years we must consider that the LGSCO, did not accept new complaints and stopped investigating existing cases between March and June 2020. This reduced the number of complaints they received and decided in the 2020-21 year.
- 1.5 The Council has a robust policy for handling complaints. In addition to this annual report, the Council also produces formal reports on complaints about adult social care and children's social care, to Cabinet Member Adult Services and Cabinet Member Children and Young People respectively.

**2 Options considered and recommended proposal**

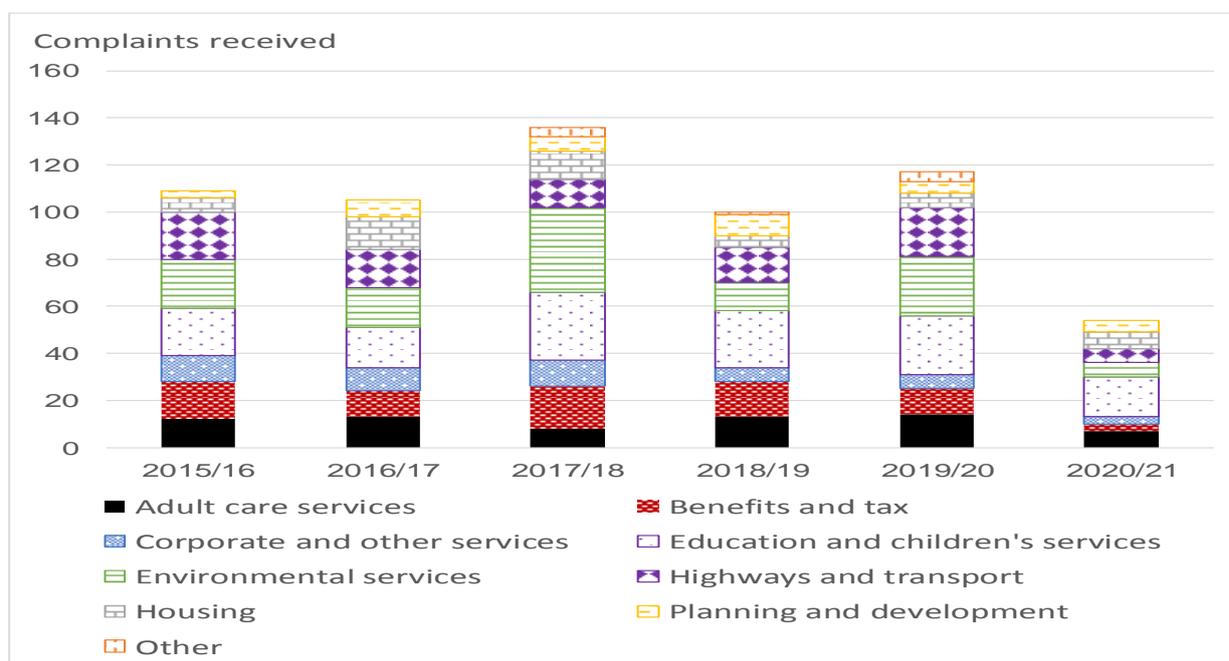
- 2.1 Across all councils, the LGSCO received 11,830 complaints and enquiries in 2020/21 down from 17,019 the previous year, however, note as detailed above the LGSCO was closed to new complaints for nearly three months in 2020/21. The areas receiving the greatest number of detailed investigations was adult social care (801), education and children's services (800), and planning and development (436).
- 2.2 For Coventry City Council, the LGSCO received 54 complaints and enquiries in 2020/21, down from 117 the previous year. A 54% reduction from 2019/20. Figure 1.

**Figure 1: Complaints and enquiries received by category**

Category (as defined by LGSCO)	Complaints in 2019/20	Complaints in 2020/21
Adult care services	14	7
Benefits and tax	11	3
Corporate & other services	6	3
Education & children's services	25	17
Environmental Services & Public Protection & Regulation	25	6
Highways & transport	21	6
Housing	6	7
Planning & development	5	5
Other	4	0
<b>Total</b>	<b>117</b>	<b>54</b>

2.3 Figure 2 sets out how the number of complaints and enquiries received by the LGSCO in last 6 years.

**Figure 2: Complaints and enquiries received in last 6 years**



2.4 In 2020/21 there was a significant decrease in complaints and enquiries. There was a significant decrease in Adult social care, Benefit and tax, Corporate and other services, Environmental services and Highways and transport enquiries and complaints. The category with the highest number of complaints and enquiries was education and children's services with 17 (down just 8 from 2019/20).

- 2.5 However, it is not possible to comment on the Council’s overall performance based solely upon the number of complaints or enquiries to the LGSCO. On one hand, a high number of complaints may indicate that a council has been effective at signposting people to the LGSCO through their complaints handling process. On the other hand, a high number of complaints may also highlight that a council needs to do more to resolve issues through its own complaints process.
- 2.6 When dealing with an enquiry, the LGSCO can choose to investigate cases where it sees merit in doing so. Following an investigation, the LGSCO can decide if a complaint is: **upheld** – where a council has been at fault and this fault may or may not have caused an injustice to the complainant; or where a council has accepted it needs to remedy the complaint before the LGSCO makes a finding on fault; or **not upheld** – where, following investigation, the LGSCO decides that a council has not acted with fault.
- 2.7 In 2020/21 the LGSCO made **66** decision down from 116 the previous year:
- **3** incomplete/invalid;
  - **2** advice given;
  - **31** referred back for local resolution;
  - **17** closed after initial enquiries; and
  - **13** complaints investigated, of which **10** were upheld and **3** were not upheld.
- 2.8 The number of complaints investigated (13 complaints) down from previous years (22 in 2019/20, and 18 in 2018/19). The LGSCO upheld a larger proportion of complaints they investigated than in previous years: 77% of complaints were upheld (10 out of 13) in 2020/21, compared to 50% (11 out of 22) in 2019/20, and 56% (10 out of 26) in 2018/19. This compares to the Chartered Institute of Public Finance and Accountancy (CIPFA) statistical neighbours upheld rate of 70% and West Midland Combined Authority (WMCA) upheld rate of 78% and a national upheld rate of 67% for 2020/21. The tables below, sets out how Coventry compares to its CIPFA statistical neighbours (Figure 3) and with the West Midlands Combined Authority (WMCA) constituent authorities (Figure 4).

**Figure 3: Complaints investigated: comparison with CIPFA statistical neighbours 2020/21**

Overall, 70% of complaints were upheld among Coventry and its 15 statistical neighbours. The authority with the highest percentage of complaints upheld in 2020/21 is Rochdale (100%) and lowest is Medway (44%). Coventry has the eleven lowest upheld rate (77%).

Local Authority	Not Upheld	Upheld	% Upheld	Total
Medway	9	7	44%	16
Bolton	6	7	54%	13
Tameside	7	9	56%	16
Peterborough	5	8	62%	13
Kirklees	8	13	62%	21

Local Authority	Not Upheld	Upheld	% Upheld	Total
Luton	4	7	64%	11
Oldham	5	10	67%	15
Sheffield	7	17	71%	24
Leicester	5	13	72%	18
Derby	3	9	75%	12
<b>Coventry</b>	<b>3</b>	<b>10</b>	<b>77%</b>	<b>13</b>
Plymouth	4	14	78%	18
Salford	1	4	80%	5
Bradford	4	19	83%	23
Bristol	4	19	83%	23
Rochdale	0	6	100%	6

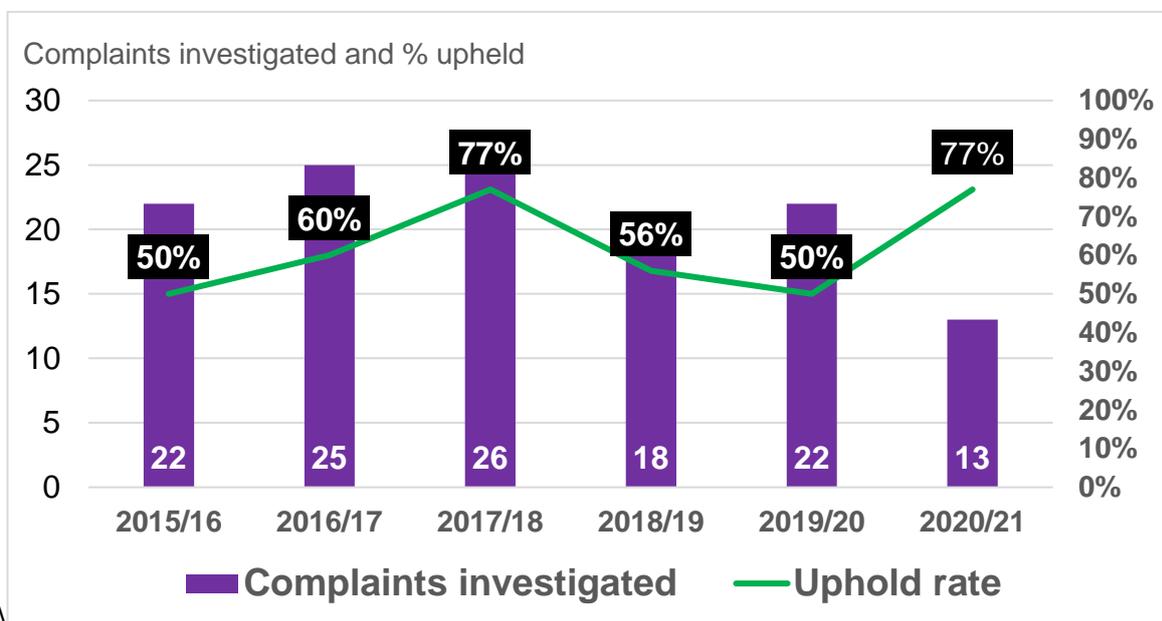
**Figure 4: Complaints investigated: comparison with WMCA constituent authorities 2018/19**

There were 218 complaints investigated across the WMCA area, of which 170 were upheld and 48 were not upheld. That means, 78% of complaints were upheld among the seven constituent authorities of the WMCA. The authority with the highest percentage of complaints upheld in 2020/21 is Birmingham (82%), lowest is Wolverhampton (55%). Coventry is the fourth lowest out of seven on (77%).

Local Authority	Not Upheld	Upheld	% Upheld	Total
Wolverhampton	5	6	55%	11
Walsall	5	9	64%	14
Dudley	7	17	71%	24
<b>Coventry</b>	<b>3</b>	<b>10</b>	<b>77%</b>	<b>13</b>
Solihull	2	8	80%	10
Sandwell	3	13	81%	16
Birmingham	23	107	82%	130

2.9 Figure 5 sets out how the number of complaints investigated and the percentage of complaints upheld by the LGSCO for the last 6 years.

**Figure 5: Complaints investigated and percentage upheld over the last 6 years**



2.10 Of the 10 upheld complaints for Coventry, 9 complaints were remedied by the LGSCO and 1 the LGSCO found that Coventry had provided a satisfactory remedy before the complaint reached them.(10%). This compares to an average of 11% in similar authorities. 5 complaints resulted in some form of financial redress or reimbursement.

2.11 Following a decision, the LGSCO will typically issue a statement setting out its findings and its decision. If the LGSCO decides there was fault or maladministration causing an injustice to the complainant, it will typically recommend that a council take some action to address it. Wherever possible the LGSCO publishes decision statements on its web pages although this would not happen where the content of the report could identify the individual complainant. In some cases, where the LGSCO upholds a complaint, the LGSCO may choose to issue a formal report of maladministration.

2.12 In 2020/21 the Ombudsman issued Coventry City Council with a formal report, the report was issued - upheld; maladministration and injustice. The report was considered at full [Council on 20 October 2020](#). The Ombudsman found our policy about free school transport did not meet statutory guidelines and we agreed to amend the way we handle appeals at the draft report stage of the investigation. Further details in Appendix 2.

2.13 The following table, Figure 6, sets out details about the complaints that the LGSCO investigated in by our service area.

**Figure 6: Complaints investigated by service area in 2020/21 compared to 2019/20**

Service area	2020/21				2019/20			
	Upheld	Not upheld	% upheld	Response time (days)	Upheld	Not upheld	% upheld	Response time (days)
Adult social care	4	1	80%	27	2	3	40%	20
Building Control					1		100%	18
Children's services	1		100%	14		2	0%	20
Council tax						1	0%	23
Greenspace		1	0%	64	1		100%	35
Highways					1	1	50%	19
Household waste assisted collections	2		100%	19				
Household waste collections	1	1	50%	23	3	1	75%	
Housing enforcement						1	0%	17
Housing services					1		100%	26
Parking Services	1		100%					
Planning						1	0%	
School Transport	1		100%		2	1	67%	28
<b>Total</b>	<b>10</b>	<b>3</b>	<b>77%</b>	<b>27</b>	<b>11</b>	<b>11</b>	<b>50%</b>	<b>23</b>

2.14 This year saw a decrease in the number of details investigations completed 13 compared to 22 in 2019/20. There was an increase in detailed investigations relating to Household waste assisted collections and Parking Services in

2020/21. There was a large increase in upheld complaints for Adult Social Care in 2020/21.

- 2.15 The LGSCO typically expects councils to respond to investigation enquiries within 20 working days. The LGSCO temporarily increased the deadline to 30 days following its reopening to all investigations and new complaints on 29 June 2020. The Greenspace complaint with 64-day turnaround included the period where all complaints were suspended.
- 2.16 Satisfactory remedy decisions these are complaints where the Ombudsman has decided, while the authority did get things wrong, the authority had offered a satisfactory way to resolve it before the complaint was referred to the Ombudsman. In 2020/21 the LGSCO found 10% of upheld cases Coventry had provided a satisfactory remedy before the complaint reached the Ombudsman. This compares to 18% in 2019/20 and 0% in 2018/19.

**Figure 7: Satisfactory remedy provided before the complaint reached the Ombudsman comparison with other WMCA constituent authorities**

170 complaints were upheld in WMCA area and on 13 complaints the Ombudsman considered that the authority provided a satisfactory remedy before the complaint reached them (8%).

Local Authority	Upheld complaints where the authority had provided a satisfactory remedy before the complaint reached the Ombudsman		Total Number of complaints upheld
	%	Number	
Solihull	25%	2	8
Dudley	12%	2	17
Walsall	11%	1	9
Coventry	10%	1	10
Birmingham	7%	7	107
Wolverhampton	0%	0	6
Sandwell	0%	0	13

- 2.17 The LGSCO Annual Review Letter includes a statistic- compliance with Ombudsman's recommendations. The [interactive data map of council performance](#) shows performance data for all councils in England. In 2020/21 the Ombudsman was satisfied we successfully implemented all of their recommendations 100%. This was based on 10 compliance outcomes. 5 adult social care, 2 household waste assisted collection, 1 children service's, school transport and 1 waste collection.

**Figure 8: Compliance with Ombudsman recommendations**

Local Authority	Complaints where compliance with the recommended remedy recorded	
	Number	% where remedy successfully implemented
Birmingham	89	100%
Coventry	10	100%
Dudley	15	100%
Sandwell	11	100%
Solihull	4	100%
Walsall	6	100%
Wolverhampton	5	100%

2.18 Following the investigations, the LGSCO recommended some changes to the Council's processes and procedures. A summary of the recommendations is set out in the learning from complaints table (Figure 9). Further details about the outcomes of each of the complaints investigated this year and the actions taken are set out in Appendix 2.

2.19 Figure 9: Learning from complaints

Service Area	Summary of actions agreed
Adult Social Care	<ul style="list-style-type: none"> <li>- Reviewed its record keeping procedures and language used in its communications to ensure clear explanations are provided in plain English.</li> <li>-Conducted a review of its working practices relating to communication with residents' families and external organisations and provided guidance to staff about these.</li> <li>-Adult Social Care agreed to review the way a safeguarding investigation was conducted to identify why errors occurred and any lessons to be learned. They found               <ul style="list-style-type: none"> <li>* Although it is often difficult to obtain written confirmation from Banks and Building Societies going forward, they will work with Banks to incorporate this into the Safeguarding process.</li> <li>*They agreed to ensure that workers clarify details from partner agencies to ensure that there is no misunderstanding and ensure these details are accurately recorded.</li> <li>*Adult Social Care agreed to ensure that workers record people's full names in their recordings to again ensure there are no misunderstandings particularly when family members have the same surnames.</li> </ul> </li> <li>-Reviewed complaints processes to ensure more robust responses and will be holding training sessions on completing investigations.</li> <li>- Adult Social Care also have plans in 2021/22 to introduce further training on the complaint handling process.</li> </ul>

Service Area	Summary of actions agreed
Children's Service	<p>-Children's Services reviewed its procedures and reminded relevant staff of the need to ensure all parties are fully involved in a section 47 investigation and fully informed of the reasons for proceeding to an initial child protection conference (ICPC).</p> <p>-Children's Services improved its complaints procedure to ensure all qualifying complaints about children's services complete the three-stage procedure in accordance with the guidance.</p>
Household Waste Collection and Assisted Waste Collection	<p>-Staff were reminded to adhere to the complaints policy and to provide a response or update to the complainant within the specified timeframe.</p> <p>-Waste Services are to implement new software to flag up missed collections, to reduce repeat problems and so a re-collection can be arranged.</p> <p>-Waste Services are also implementing a formal process to notify crews about the assisted service.</p> <p>-Waste Services reviewed what additional checks are needed for the assisted service.</p>
School Transport	<p>-Changed its school transport appeal procedure to ensure it meets the requirements of statutory guidance.</p>

### 3 Results of consultation undertaken

3.1 None identified or undertaken.

### 4 Timetable for implementing this decision

4.1 The LGSCO Link Officer function is now located as part of the Council's Customer Service Team. All communication between the local authority and the LGSCO, such as complaints, enquiries, investigations and remedies, all go via the Link Officer.

4.2 The Council's own guidance and process for dealing with LGSCO complaints is set out in Complaint Handling Guidance. Following the 2017 annual letter, this guidance was updated to ensure that investigations, particularly upheld complaints, are properly communicated to elected members. As a result:

- complaints to the LGSCO will continue to be formally reported to the Cabinet Member for Policy and Leadership and the Audit and Procurement Committee every year (this report) – and in addition, this report is also being considered by the Ethics Committee;
- complaints about adult social care and children's social care, including cases investigated by the LGSCO, will also continue to be reported through an annual report to the Cabinet Member Adult Services and Cabinet Member Children and Young People respectively;
- where an investigation has wider implications for Council policy or exposes a more significant finding of maladministration, the Monitoring Officer will consider

whether the implications of that investigation should be individually reported to relevant members; and

- should the Council decide not to comply with the LGSCO's final recommendation following an upheld investigation with a finding of maladministration or should the LGSCO issue a formal report (instead of a statement), the Monitoring Officer will report this to members under section 5(2) of the Local Government and Housing Act 1989.

## **5 Comments from the Director of Finance and the Director of Law and Governance**

### **5.1 Financial implications**

There are no direct financial implications associated with this report. Financial remedies resulting from any complaints are typically paid out of service budgets. In 2020/21 there were 5 complaints which resulted in some form of financial remedy or reimbursement. This is detailed in Appendix 3. These were paid out of budgets from the relevant service areas. The amount paid out in 2020/21 was £1300.

### **5.2 Legal implications**

The statutory functions of the LGSCO are defined in the Local Government Act 1974. These are: to investigate complaints against councils and some other authorities; to investigate complaints about adult social care providers from people who arrange or fund their own adult social care; and to provide advice and guidance on good administrative practice. The main activity under Part III of the 1974 Act is the investigation of complaints, which it states is limited to complaints from members of the public alleging they have suffered injustice as a result of maladministration and/or service failure.

The LGSCO's jurisdiction under Part III covers all local councils, police and crime bodies; school admission appeal panels and a range of other bodies providing local services; and under Part IIIA, the LGSCO also investigate complaints from people who allege they have suffered injustice as a result of action by adult social care providers.

There is a duty under section 5(2) of the Local Government and Housing Act 1989 for the Council's Monitoring Officer to prepare a formal report to the Council where it appears that the authority, or any part of it, has acted or is likely to act in such a manner as to constitute maladministration or service failure, and where the LGSCO has conducted an investigation in relation to the matter.

## **6 Other implications**

### **6.1 How will this contribute to the Council Plan ([www.coventry.gov.uk/councilplan/](http://www.coventry.gov.uk/councilplan/))**

6.2

The Council Plan the Council's vision and priorities for the city. The Council aspires for Coventry to be globally connected, by promoting the growth of a sustainable Coventry economy, and locally committed, by improving the quality of life for Coventry people; and doing so in a way that delivers priorities with fewer resources. Effective management and resolution of complaints, as well as learning from complaints, help ensure that Council services meet the needs of local residents and communities and helps build a foundation of trust in order for the Council to have

new conversations with residents, communities and partners to enable people to do more for themselves as active and empowered citizens.

### **6.3 How is risk being managed?**

It is important that the Council takes action and learns from the outcome of complaints. Appendix 2 sets out the actions Council has taken; for example, providing training, instruction and guidance to staff and improving communications between services to help to manage risk of the likelihood of the same fault happening again.

### **6.4 What is the impact on the organisation?**

The co-ordination and management of complaints to the LGSCO often involves considerable time of officers of all levels of seniority. It involves collecting a significant amount of data, preparing and writing formal responses, and chasing to meet timescales set out; and where appropriate, external input from partner organisations and commissioned services.

Therefore, it is ideal for complaints to the Council to be resolved informally at first point of contact, or resolved through the Council's own internal complaints procedures, adult social care complaints procedures, or children's social care complaints procedures, as appropriate. This would improve satisfaction for local residents and communities, as well as save Council time and resources. The Council also publishes guidance on complaints handling.

### **6.5 Equalities/EIA**

Members of the public are encouraged to speak up and tell the Council if they have anything to say about Council services; if the Council does not get it right for them; or if they think the Council has done something well. This is set out in the Council's complaint policy ([www.coventry.gov.uk/complaints/](http://www.coventry.gov.uk/complaints/)).

To ensure that everyone is able to provide feedback, the Council accepts comments, compliments and complaints via face-to-face contact, telephone calls, letters, emails, or via an online form on the Council's website; and proportionate equalities monitoring data is also collected. Members of the public are informed that they can ask somebody else to act on their behalf, for instance, a friend or relative or Citizens Advice.

Where necessary and appropriate, translation and interpretation services, correspondence in large print, audiotape, or braille, or the services of an advocate (for instance, Barnardo's) is also available. Should a complainant remain dissatisfied following the conclusion of the Council's complaints process, they are able to refer their complaint to the LGSCO. The Council's complaint policy and individual response letters detailing the findings of the Council's own complaints investigations makes it clear how members of the public can do so.

This year again, a number of upheld complaints included an equality dimension, for instance, two related to assisted household waste collections provided to people experiencing poor health, mobility issues or disability and four Adult Social Care

complaints related to care placements. In this context, meeting the public sector equality duty would mean having due regard to the need to advance equality of opportunity between people who share a protected characteristic and those who do not; in practical terms this would require the Council to remove or minimise disadvantages suffered by people due to their protected characteristics and taking steps to meet the needs of people with certain protected characteristics where these are different from the needs of other people. Therefore, ensuring improvements are made to delivery of services for customers with protected characteristics is essential to ensure that the Council meets its statutory obligations in relation to equalities.

#### **6.6 Implications for (or impact on) climate change and the environment**

None

#### **6.7 Implications for partner organisations?**

Investigations by the LGSCO may involve not only services directly provided by Coventry City Council, but also commissioned or outsourced services. In such cases, the Council liaises with partner organisations and third-party contractors to comment or provide information as part of an investigation.

**Report author(s):**  
**Name and job title:**

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 LGSCO Link Officer

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<b>Contributor/ approver name</b>	<b>Title</b>	<b>Service</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Andrew Walster</b>	Director of Streetscene and Regulatory Services	-	15/09/2021	04/10/2021
<b>Andy Williams</b>	Director of Business, Investment and Culture	-	15/09/2021	04/10/2021
<b>Colin Knight</b>	Director of Transportation and Highways	-	15/09/2021	04/10/2021
<b>Gail Quinton</b>	Deputy Chief Executive		15/09/2021	04/10/2021
<b>Rachael Sherwood</b>	Customer Service Manager- Development and Improvement	Customer and Business Services	15/09/2021	04/10/2021
<b>Jaspal Mann</b>	Policy, Equalities and Diversity Officer	Public Health and Wellbeing	15/09/2021	04/10/2021
<b>John Gregg</b>	Director of Children's Services	-	15/09/2021	15/09/2021
<b>Kirston Nelson</b>	Director of Education and Skills	-	15/09/2021	04/10/2021
<b>Liz Gaulton</b>	Director of Public Health and Wellbeing	-	15/09/2021	04/10/2021
<b>Pete Fahy</b>	Director of Adult Services	-	15/09/2021	04/10/2021
<b>Richard Moon</b>	Director of Project Services & Property Services		15/09/2021	04/10/2021
<b>Si Chun Lam</b>	Insight Development Manager	Public Health and Wellbeing	15/09/2021	20/10/2021
<b>Susanna Newing</b>	Director of Human Resources	-	15/09/2021	04/10/2021
<b>Suzanne Bennett</b>	Governance Services Co-ordinator	Law and Governance	15/09/2021	20/09/2021
<b>Names of approvers for submission:</b> (officers and members)				
<b>Barry Hastie</b>	Director of Finance	-	13/10/2021	22/10/2021
<b>Julie Newman</b>	Director of Law and Governance	-	13/10/2021	18/10/2021
<b>Martin Reeves</b>	Chief Executive		13/10/2021	25/10/2021
<b>Councillor G Duggins</b>	Cabinet Member for Policy and Leadership		13/10/2021	25/10/2021

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21 July 2021

*By email*

Mr Reeves  
Chief Executive  
Coventry City Council

Dear Mr Reeves

### **Annual Review letter 2021**

I write to you with our annual summary of statistics on the decisions made by the Local Government and Social Care Ombudsman about your authority for the year ending 31 March 2021. At the end of a challenging year, we maintain that good public administration is more important than ever and I hope this feedback provides you with both the opportunity to reflect on your Council's performance and plan for the future.

You will be aware that, at the end of March 2020 we took the unprecedented step of temporarily stopping our casework, in the wider public interest, to allow authorities to concentrate efforts on vital frontline services during the first wave of the Covid-19 outbreak. We restarted casework in late June 2020, after a three month pause.

We listened to your feedback and decided it was unnecessary to pause our casework again during further waves of the pandemic. Instead, we have encouraged authorities to talk to us on an individual basis about difficulties responding to any stage of an investigation, including implementing our recommendations. We continue this approach and urge you to maintain clear communication with us.

### **Complaint statistics**

This year, we continue to focus on the outcomes of complaints and what can be learned from them. We want to provide you with the most insightful information we can and have focused statistics on three key areas:

**Complaints upheld** - We uphold complaints when we find some form of fault in an authority's actions, including where the authority accepted fault before we investigated.

**Compliance with recommendations** - We recommend ways for authorities to put things right when faults have caused injustice and monitor their compliance with our recommendations. Failure to comply is rare and a compliance rate below 100% is a cause for concern.

**Satisfactory remedy provided by the authority** - In these cases, the authority upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit authorities that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your authority with similar types of authorities to work out an average level of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data will be uploaded to our interactive map, [Your council's performance](#), along with a copy of this letter on 28 July 2021. This useful tool places all our data and information about councils in one place. You can find the decisions we have made about your Council, public reports we have issued, and the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

I would encourage you to share the resource with colleagues and elected members; the information can provide valuable insights into service areas, early warning signs of problems and is a key source of information for governance, audit, risk and scrutiny functions.

As you would expect, data has been impacted by the pause to casework in the first quarter of the year. This should be considered when making comparisons with previous year's data.

This year we issued a public report about your Council's school transport appeals process. Our investigation found the process did not comply with statutory guidance as it failed to offer parents the opportunity to make verbal representations at the appeal panel stage, only allowing them to submit written evidence. As a result, the complainant was denied the opportunity to attend the panel hearing and was left not knowing whether being able to attend would have made a difference to the outcome of their appeal.

I was pleased the Council accepted our findings and recommendations. It has apologised to the complainant and offered a fresh appeal with a new panel, including the opportunity to attend the panel meeting and make verbal representations. The Council also showed it was committed to learning from the complaint by amending its appeal process so that, in future, all appellants will be given the opportunity to attend the panel hearing, in accordance with the statutory guidance. This will provide for an improved service for others. The Council's willingness to learn from this complaint and use our findings to good effect is encouraging.

### **Supporting complaint and service improvement**

I am increasingly concerned about the evidence I see of the erosion of effective complaint functions in local authorities. While no doubt the result of considerable and prolonged budget and demand pressures, the Covid-19 pandemic appears to have amplified the problems and my concerns. With much greater frequency, we find poor local complaint handling practices when investigating substantive service issues and see evidence of reductions in the overall capacity, status and visibility of local redress systems.

With this context in mind, we are developing a new programme of work that will utilise complaints to drive improvements in both local complaint systems and services. We want to use the rich evidence of our casework to better identify authorities that need support to improve their complaint handling and target specific support to them. We are at the start of this ambitious work and there will be opportunities for local authorities to shape it over the coming months and years.

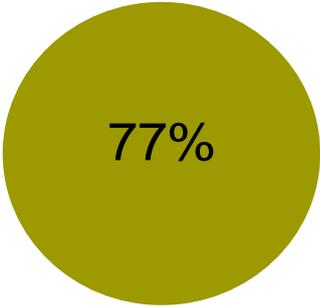
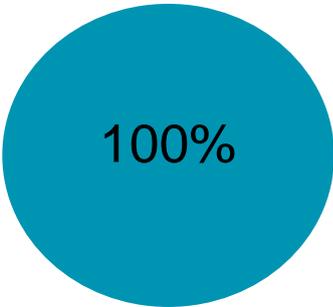
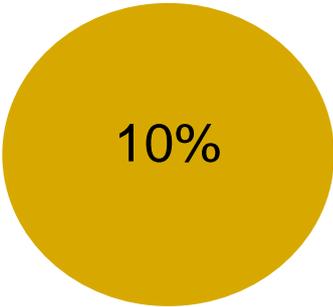
An already established tool we have for supporting improvements in local complaint handling is our successful training programme. During the year, we successfully adapted our

face-to-face courses for online delivery. We provided 79 online workshops during the year, reaching more than 1,100 people. To find out more visit [www.lgo.org.uk/training](http://www.lgo.org.uk/training).

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M King', with a horizontal line underneath.

Michael King  
Local Government and Social Care Ombudsman  
Chair, Commission for Local Administration in England

Complaints upheld		
	<p><b>77%</b> of complaints we investigated were upheld.</p> <p>This compares to an average of <b>72%</b> in similar authorities.</p>	<p><b>10</b> upheld decisions</p> <p>Statistics are based on a total of 13 detailed investigations for the period between 1 April 2020 to 31 March 2021</p>
Compliance with Ombudsman recommendations		
	<p>In <b>100%</b> of cases we were satisfied the authority had successfully implemented our recommendations.</p> <p>This compares to an average of <b>100%</b> in similar authorities.</p>	<p>Statistics are based on a total of 10 compliance outcomes for the period between 1 April 2020 to 31 March 2021</p>
<ul style="list-style-type: none"><li>• Failure to comply with our recommendations is rare. An authority with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.</li></ul>		
Satisfactory remedy provided by the authority		
	<p>In <b>10%</b> of upheld cases we found the authority had provided a satisfactory remedy before the complaint reached the Ombudsman.</p> <p>This compares to an average of <b>11%</b> in similar authorities.</p>	<p><b>1</b> satisfactory remedy decision</p> <p>Statistics are based on a total of 13 detailed investigations for the period between 1 April 2020 to 31 March 2021</p>

**NOTE:** To allow authorities to respond to the Covid-19 pandemic, we did not accept new complaints and stopped investigating existing cases between March and June 2020. This reduced the number of complaints we received and decided in the 20-21 year. Please consider this when comparing data from previous years.

**Appendix 2 Decisions in 2020/21 (detailed investigations carried out)**

Service Area	Decisions Upheld (10)	Monetary Settlement
<b>1 - Complaint Report issued: Upheld; Maladministration and injustice</b>		
School Transport 1 report	<ul style="list-style-type: none"> <li>• Mr A complained that the Council refused his application for home to school transport for his daughter.</li> <li>- The Ombudsman found the Council was at fault because its appeal process did not comply with statutory guidance and it had not provided any cogent reasons for departing from that guidance. As a result, Mr A had been denied the opportunity to attend the panel hearing and make verbal representations for the panel to consider. The Council agreed to apologise to Mr A; change the school transport appeal procedure to ensure it meets the requirements of statutory guidance; and offer Mr A a fresh appeal with a new panel, including the opportunity to attend the panel meeting and make verbal representations. At the draft report stage the Council accepted the Ombudsman’s findings and carried out the recommendations to remedy the injustice caused to Mr A. The Ombudsman welcomed this, but considered a public report should be issued to ensure any other council whose appeal process does not meet the requirements of statutory guidance is put on notice of the need to review its procedures to ensure they either: provide at least the same opportunity for parents to present their case; or cogent reasons for departing from the guidance. The Council published public notices regarding the report and considered the report at full Council.</li> </ul>	
<b>8 - Complaints Upheld: Maladministration and injustice</b>		
Adult Social Care 4 complaints upheld	<ul style="list-style-type: none"> <li>• Mrs B complained about the way the Council assessed her late mother when facilitating her discharge from hospital. Mrs B said her mother was deprived of the opportunity to remain at her extra care housing tenancy and they were wrongly encouraged to continue paying for this tenancy after the Council had decided it was no longer suitable.</li> <li>- The Ombudsman found fault by the Council but considered the agreed actions of an apology and improved record keeping and communication are enough to provide a suitable remedy.</li> <li>• Mr C complained about the Council’s decision not to carry out a further financial assessment to recalculate his mother’s (Mrs D) contributions towards the cost of her residential care when her circumstances changed. Mr C said the Council’s refusal to reassess Mrs C’s care contributions has left her estate at a financial disadvantage.</li> <li>- The Ombudsman found fault with the way the Council decided not to complete a fresh financial assessment when the administrator of a woman’s estate provided</li> </ul>	

Service Area	Decisions Upheld (10)	Monetary Settlement
	<p>information demonstrating her circumstances had changed. This left the woman's estate at a potential financial disadvantage. The Council agreed to complete a further financial assessment to recalculate the complainant's contributions to her care charges and reimburse her estate if appropriate.</p> <ul style="list-style-type: none"> <li>• Ms E complained the Council failed to involve her in a safeguarding enquiry concerning her relative Mr F.</li> <li>- The Ombudsman found fault by the Council as it did not discuss the concerns with Ms E. The Council agreed to apologise to Ms E and review the way it conducted the investigation to identify any lessons to be learned.</li> <li>• Mrs G complained the Council did not deal properly with her father, Mr H's, about his care placement.</li> <li>- The Ombudsman found fault by the Council because it delayed telling Mrs G that Mr H could not return to his residential home, its communication afterwards was poor, it didn't record a decision properly and it didn't fully respond to her complaint. The Council agreed to apologise to Mrs G and pay Mrs G £250 for the distress caused. The Council had already reviewed its working practices in relation to Mrs G's complaint and agreed to provide evidence to the Ombudsman about the outcomes of work underway to address working practices relating to communication.</li> </ul>	£250
Children Services 1 complaint upheld	<ul style="list-style-type: none"> <li>• Mr I complained about the actions of the Council in respect of child protection procedures concerning his daughter J.</li> <li>- The Ombudsman found some fault in the section 47 investigation leading to the initial child protection conference (ICPC). They also found the Council should have considered Mr I's complaint through all three stages of the statutory procedure. The Council agreed to pay Mr I £350 and took steps to improve its procedures. Council reviewed its procedures and reminded relevant staff of the need to ensure all parties fully involved in a section 47 investigation are fully informed, within the required timescales, of the reasons for proceeding to an ICPC. It agreed to improve its complaints procedure to ensure all qualifying complaints about children's services complete the three-stage procedure in accordance with the guidance.</li> </ul>	£350
Waste Services - Assisted Collection	<ul style="list-style-type: none"> <li>• Ms K complained the Council had failed to provide a consistent assisted waste collection service.</li> </ul>	



Service Area	Decisions Upheld (10)	Monetary Settlement
<b>1 Complaints Upheld: not investigated – injustice remedied during complaint processes</b>		
Parking Services 1 complaint upheld	<ul style="list-style-type: none"> <li>Ms N complained the Council sent bailiffs to her home for an unpaid penalty charge notice which she was not aware of having moved address. Ms N said the Council delayed in resolving the matter and in dealing with her complaints. She said the Council should apologise and there should be an investigation to discover what went wrong. Ms N said the Council caused her stress, time and trouble, and expense.</li> <li>The Ombudsman decided not investigate Ms N's complaint that the Council delayed in resolving a debt recovery case arising from an unpaid penalty charge notice. He was satisfied with the action taken by the Council to remedy the complaint which included an apology and £100 compensation.</li> </ul>	
<b>Total</b>		<b>£1300</b>

Service Area	Decisions Not Upheld (3)
Adult Social Care 1 Complaint	<ul style="list-style-type: none"> <li>The complainant complained about the Council's decision to prevent him from using his direct payments to employ his wife as a carer. The Council explained it was conducting a fraud investigation in respect of how the complainant had used his direct payments. It was not appropriate for the Ombudsman to investigate this matter further and so he used his general discretion to discontinue the investigation.</li> </ul>
Greenspace 1 Complaint	<ul style="list-style-type: none"> <li>Mrs O complained that the Council failed to take residents' views into account when allowing the use of a local park by a funfair. The Ombudsman has found no fault in the way the Council considered this matter.</li> </ul>
Waste Services 1 Complaint	<ul style="list-style-type: none"> <li>Mr P complained that the Council had not taken sufficient action to stop unacceptable behaviour from refuse crews which caused distress to him and his family. The Ombudsman found the Council had taken sufficient action to investigate and address unacceptable behaviour by refuse crews.</li> </ul>

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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