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Coventry City Council

Agenda

Audit and Procurement Committee

Time and Date

2.30 pm on Monday, 30th January, 2023

Place

Diamond Rooms 1 and 2 - Council House

Public Business

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of Previous Meeting** (Pages 3 - 8)
To agree the minutes of the meeting held on 26th September 2022
4. **Outstanding Issues** (Pages 9 - 14)
Report of the Director of Law and Governance
5. **Work Programme 2022/23** (Pages 15 - 16)
Report of the Director of Law and Governance
6. **2022-23 Second Quarter Financial Monitoring Report (to September 2022)** (Pages 17 - 42)
Report of the Chief Operating Officer (Section 151 Officer)
7. **Treasury Management Update 2022-23 - Half Year Progress Report** (Pages 43 - 52)
Report of the Chief Operating Officer (Section 151 Officer)
8. **Annual Governance Statement 2021/22** (Pages 53 - 78)
Report of the Chief Operating Officer (Section 151 Officer)
9. **Internal Audit Plan 2022-23 – Half Year Progress Report** (Pages 79 - 90)
Report of the Chief Operating Officer (Section 151 Officer)

10. **Internal Audit Recommendation Tracking Report** (Pages 91 - 100)
Report of the Chief Operating Officer (Section 151 Officer)
11. **Complaints to the Local Government and Social Care Ombudsman 2021/22** (Pages 101 - 124)
Report of the Chief Executive
12. **Information Governance Annual Report 2021-2022** (Pages 125 - 136)
Report of the Chief Legal Officer
13. **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

Nil

Julie Newman, Director of Law and Governance, Council House, Coventry

Friday, 20 January 2023

Note: The person to contact about the agenda and documents for this meeting is Lara Knight / Michelle Salmon, Governance Services, Email: lara.knight@coventry.gov.uk / michelle.salmon@coventry.gov.uk

Membership: Councillors S Agboola, M Ali, R Auluck, R Bailey, J Blundell, A Hopkins, R Lakha (Chair), J Lepoidevin, T Sawdon, B Singh (Deputy Chair) and R Singh

By invitation: Councillor R Brown

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Public Document Pack Agenda Item 3

Coventry City Council

Minutes of the Meeting of the Audit and Procurement Committee held at 2.30 pm on Monday, 26 September 2022

Present:

Members: Councillor R Lakha (Chair)
Councillor B Singh (Deputy Chair)
Councillor S Agboola
Councillor M Ali
Councillor R Auluck
Councillor J Blundell
Councillor T Sawdon

Other Members Present: Councillor R Brown – Cabinet Member Strategic Finance and Resources

Employees (by Service Area):

Finance P Jennings, K Tyler
Law and Governance R Amor, V Castree

Public Business

29. Declarations of Interest

There were no disclosable pecuniary interests.

30. Minutes of Previous Meetings

Minutes of the previous meetings held on 27th June, 25th July and 30th August 2022, were agreed and signed as a true record. There were no matters arising.

31. Exclusion of Press and Public

RESOLVED that the Audit and Procurement Committee agrees to exclude the press and public under Section 100(A)(4) of the Local Government Act 1972 relating to the private reports in Minute 38 below headed "Procurement and Commissioning Progress Report", on the grounds that the item involves the likely disclosure of information by virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

32. Outstanding Issues

The Audit and Procurement Committee considered a report of the Director of Law and Governance which 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 anticipate date for consideration of the Matter.

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

It was noted that the appointment of an independent person to approve the annual audit report would be reviewed when appropriate.

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

33. Work Programme 2022/23

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 2022/2023.

RESOLVED that the Audit and Procurement Committee notes the Work Programme for 2022/2023.

34. 2022/23 First Quarter Financial Monitoring Report (to June 2022)

The Audit and Procurement Committee considered a report of the Chief Operating Officer (Section 151 Officer) which outlined the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of June 2022.

The Committee noted that the report had been considered by Cabinet at its meeting on 30th August 2022.

The report indicated that headline revenue forecast for 2022/23 was for net expenditure to be £9.5m over budget. At the same point in 2021/22 there was a projected overspend (after the application of COVID-19 emergency funding) of £4.0m.

The overall financial position included the following headline items:

- Coventry was one of the 20 Councils in England who receive the lowest level of core funding.
- The Forecast indicated an overspend of £9.5m – an overspend in quarter one was common but it was unusual for it to be this high
- There were three broad reasons for this overspend
 - Systemic – pressure on the children's social care system had been an issue for a number of years. Providers were increasing costs for places and were being impacted by inflation.
 - The Waste Dispute in the City
 - Economic issues – high levels of inflation were impacting on budgets.

- The reversal of National Insurance increase would create a small saving
- Any overspend would need to be funded from reserves.

In response to questions from Members of the Committee, Officers provided the following information and assurance:

- Clarification was given on the figures in recommendation 2 for Cabinet
- The dividend from Tom White Waste would be declared in the Outturn Report.
- It was not expected that there would be any loss of capital funding grants which had been deferred to future years.

RESOLVED that the Audit and Procurement Committee note the content of the report.

35. Whistleblowing Annual Report 2021/22

The Audit and Procurement Committee considered a report of the Director of Finance, which provided a summary of the concerns raised under the Council's Whistleblowing Policy during 2021/22, along with the Council's response.

Whistleblowing is the making of a protected disclosure as found in Part IVA of the Employment Rights Act 1996 (and as amended by the Public Interest Disclosure Act 1998) and is reflected in the Council's Whistleblowing Policy 2017. This qualifies employees for legal protection against detriment or unfair dismissal if they make a disclosure in the public interest. To qualify the disclosure must also fall within one of the following grounds:

- A criminal offence
- Breach of any legal obligation
- Miscarriages of justice
- Danger to health and safety
- Damage to the environment
- The deliberate concealing of information about any of the above.

The Council's Whistleblowing Policy makes it clear that all concerns raised about actual or potential misconduct or wrongdoing in the Council are taken seriously. For matters relating to fraud and corruption, these are considered by the Chief Internal Auditor. All other concerns which fall under one of the issues listed above are considered by the Council's Monitoring Officer.

The report indicated that during 2021/22, the Council received three whistleblowing disclosures. Of these, one was made by a third party and, as such, the legal protection afforded to employees who raised concerns does not extend to these individuals. However, the Council considers that any disclosure made by members of the public should be treated in the same way as disclosures made by employees and, consequently, have made every reasonable effort to protect all individuals under the whistleblowing process. The report also set out the types of disclosures made and the response to each of the three disclosures received.

In response to questions from Members of the Committee, Officers provided the following information and assurance:

- Assurance was given regarding the robustness of the Whistleblowing procedure
- Information on disclosures could not be shared due to the data protection act and as Whistleblowing offers protection around confidentiality.
- If there was a conflict of interest, an external organisation would be invited to investigate but otherwise cases were reviewed by appropriate Coventry City Council staff.

RESOLVED that the Audit and Procurement Committee considered and note the summary of whistleblowing concerns raised during 2021/22 and confirm its satisfaction with the actions taken to respond to the issues raised.

36. Annual Fraud and Error Report 2021/22

The Audit and Procurement Committee considered a report of the Director of Finance that provided a summary of the Council's anti-fraud and error activity undertaken by the Internal Audit Service for the financial year 2021-22.

The report documents the Council's response to fraud and error during 2021-2022 and was presented to the Committee in order to discharge its responsibility, as reflected in its terms of reference 'to monitor Council policies on whistleblowing and the fraud and corruption strategy'.

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: Business Support Grants; National Fraud Initiative; Referrals and investigations considered through the Council's Fraud and Corruption Strategy; and Council Tax. A summary of the key activity that had taken place in each of these areas was set out in the report.

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. The following principles were applied when defining significant fraud:

- A financial impact in excess of £10,000.
- Frauds of under £10,000 could be included if the Chief Internal Auditor considered this justified by the nature of the fraud.
- In terms of establishing when a fraud had occurred, this was normally defined as occurring when the disciplinary process had been concluded, although in cases not involving employees, this would be linked to other management action, such as criminal prosecution.

In the period April 2021 to March 2022, there was one significant fraud identified.

From time to time the Internal Audit Team receive referrals or are asked to assist in investigations relating to employee misconduct and other fraud against the

Council involving external individuals. During 2021-22, the Council received 23 referrals, 20 of these led to full investigations. The reasons for referrals not resulting in a full investigation was set out in the report.

In relation to the work undertaken within the area of Council Tax, a rolling programme of reviews is undertaken on an annual basis to provide an appropriate response to the inherent risk of fraud / error in the area as the Council is reliant on the customer to report any changes in circumstances that would affect their entitlement to an exemption or discount. During 2021/22, this work has not been progressed during 2021-22 given the focus on other priorities and unplanned absence within the Service. As a rolling programme of work, this was not viewed as significant.

Within the International Auditing Standards, there are clear expectations around the level of oversight that the Committee should have in relation to the risk of fraud. This includes an expectation that appropriate detail is provided around significant fraud. The report set out the definitions of significant fraud and it was confirmed that in the period April 2021 to March 2021 there had been one significant fraud concluded.

In response to questions from Members of the Committee, Officers provided the following information and assurance:

- A risk based approach was taken to the identification of cases using the NFI tool
- Fraudulent grants were more difficult to recover than those paid in error
- Reasonable steps were taken to recover the money

RESOLVED that the Audit and Procurement Committee notes the anti-fraud and error activity undertaken in the financial year 2021-22.

37. 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.

38. Procurement and Commissioning Progress Report

The Committee considered a report of the Director of Law and Governance which provided an update on the procurement and commissioning undertaken by the Council since the last report to Committee on 21st March 2022. Details of the latest positions in relation to individual matters were set out in the Appendix to the report. The report contained information required to be kept private in accordance with Schedule 12A of the Local Government Act 1972 as amended. The grounds for privacy were that it contained information relating to the financial and business affairs of a particular person (including the authority holding that information). The public interest in maintaining the exemption under Schedule 12A outweighed the public interest in disclosing the information.

The report indicated that since the last Committee when the procurement report had been presented, the Procurement Panel had received 66 reports and the Procurement Board 48 reports. There had been a total of 77 exceptions. An

exception to the Contract Procedure Rules (CPRs) was a permission to let a contract without complying with one or more of the Rules. An exception to the CPRs may be granted subject to conditions, for example such as urgency, single source availability, technical nature. etc. An exception cannot be granted where a breach of any UK legislation would be incurred.

Members discussed whether Audit and Procurement Committee was best placed to consider the Procurement and Commissioning Progress Report. Following the discussion a recommendation was moved and seconded that 'Cabinet consider a more effective way to review procurement issues'. Following a vote, of 2 for and 4 against the recommendation, this recommendation was not approved.

It was agreed that the Chair of Audit and Procurement Committee would work with the Deputy Head of Procurement and Chief Internal Auditor to revise the Procurement and Commissioning Progress report.

RESOLVED that the Audit and Procurement Committee:

- 1. Notes the current position in relation to the Commissioning and Procurement Services.**
 - 2. Agrees that no recommendations are to be made to the Cabinet Member for Strategic Finance and Resources, Cabinet or Council on any of the matters reported.**
 - 3. The Chair of Audit and Procurement Committee would work with the Deputy Head of Procurement and Chief Internal Auditor to revise the Procurement and Commissioning Progress report.**
- 39. Any other items of private business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other items of private business.

(Meeting closed at 4.10 pm)



Audit and Procurement Committee

30th January 2023

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

Is this a key decision?

No

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 25th 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:

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Service:

Law and Governance

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Enquiries should be directed to the above person.

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

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Appendix 1

Further Reports Requested to Future Meetings

	Subject	Minute Reference and Date Originally Considered	Date for Further Consideration	Responsible Officer	Proposed Amendment to Date for Consideration	Reason for Request to Delay Submission of Report
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 Minute 61/21 21 st March 2022	When the formal follow-up review of the audit is undertaken, the findings be reported to Committee Following the conclusion of the review, expected week commencing 21 st March 2022, a report would be submitted to the Committee once the audit had been completed	Karen Tyler		

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

Appendix 2

Information/Action Requested Outside Meeting

Page 14	Subject/Report	Minute Reference and Date Originally Considered	Information Requested / Action Required	Responsible Officer	Date Completed
1.	Procurement and Commissioning Progress Report	67/21 21 st March 2022	The Monitoring Officer to request information from Human Resources, to be circulated to the Committee, providing assurance that the City Council is maximising the benefits of the Apprenticeship Levy	Julie Newman	25/7/2022
2.	Consideration of Approval of Severance Package	68/21 21 st March 2022	Information to be circulated to the Committee on severance payments for 2021/22, after the end of the financial year	Paul Jennings	15/9/2022

Agenda Item 5

Audit and Procurement Committee

30th January 2023

Work Programme 2022-2023

27th June 2022

Internal Audit Annual Report 2021-22
Internal Audit Plan 2022-23
2019-20 and 2020-21 Accounts Update

25th July 2022

External Auditor's Annual Report 2021-22 (Grant Thornton)
External Auditor's Value for Money Report on Coventry Council – Company Governance 2021-22 (Grant Thornton)
Audit and Procurement Committee Annual Report to Council 2021-22
2021-22 Revenue and Capital Outturn
Internal Audit Charter

26th September 2022

Quarter One Revenue and Capital Monitoring Report 2022-23
Whistleblowing Annual Report 2021-22
Annual Fraud and Error Report 2021-22
Six Monthly Procurement Progress Report (Private)

28th November 2022 - CANCELLED

30th January 2023

Annual Governance Statement 2021-22
Half year Internal Audit Progress Report 2022-23
Information Governance Annual Report 2021
Internal Audit Recommendation Tracking Report
Quarter Two Revenue and Capital Monitoring Report 2022-23
Treasury Management Update
Complaints to the Local Government and Social Care Ombudsman 2021-22

20th March 2023

External Audit Plan Year Ending March 2022 (Grant Thornton)
Audited 2020-21 Statement of Accounts
Audit Findings Report 2020-21
Quarter Three Internal Audit Progress Report 2022-23
Corporate Risk
Quarter Three Revenue and Capital Monitoring Report 2022-23
RIPA (Regulation of Investigatory Powers Act) Annual Report 2021
Six Monthly Procurement Progress Report (Private)
Half Year Fraud and Error Update 2022-23

Date to be confirmed

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



Cabinet
Audit and Procurement Committee

13th December 2022
30th January 2023

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:

2022/23 Second Quarter Financial Monitoring Report (to September 2022)

Is this a key decision?

No

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 2022. The headline revenue forecast for 2022/23 is for net expenditure to be **£11.3m** over budget. At the same point in 2021/22 there was a projected overspend of £3.1m.

The Council continues to face budget pressures due to increased volumes and higher costs of placements within Children's Services and costs incurred due to the previous refuse drivers' industrial dispute within Streetscene and Regulatory Services. A range of other smaller but still significant overspends are also being reported in several other services including Legal and Governance Services and Business, Investment and Culture.

As reported at Quarter 1, significant additional costs are also being faced due to inflationary pressures affecting the Council, with the approved local government pay award and costs affecting contracts for energy and social care amongst others. The in-year and ongoing impact of these inflationary pressures is a serious factor affecting the Council's ability to manage its budgetary position.

The Council's capital spending is projected to be £165.8m and includes major schemes progressing across the city. 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. There is limited evidence that inflationary pressures referenced above on capital projects this year and the assumption is that stand-alone projects that are already in-progress will be delivered as planned. It is more likely that future projects that have

not yet started may need to be re-evaluated to determine their deliverability within previously defined financial budgets.

The Council's services have moved to a business as usual position with activity and impacts arising from the Covid pandemic having reduced significantly. Some pockets of service activity continue to be affected but this is not resulting in a large financial cost. The Council does not expect to receive any Government support linked to Covid within the 2022/23 financial year.

The emerging inflationary risks facing the Council and the wider local government sector have renewed the imperative to maintain financial discipline and prioritise the Council's medium-term financial position. This will be a key focus of the Council's activities over the remainder of the year and several key measures are set out in section 5 to help minimise the size of any budgetary overspend.

Recommendations:

The Cabinet is requested to:

- 1) Approve the Council's revenue monitoring position.
- 2) Approve the revised forecast capital outturn position for the year of £165.8m incorporating: £0.3m net increase in spending relating to approved/technical changes, £0.6m net overspend and £0.8m of net rescheduling of expenditure into future years.
- 3) Approve the use of corporate capital receipts to fund the £0.6m Public Realm 5 overspend as referenced in section 5 and Appendix 4

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: Analysis of Rescheduling

Appendix 4 - Capital Programme Analysis of Over/Under Spend

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, 30th January 2023

Will this report go to Council?

No

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Report title:

2022/23 Second Quarter Financial Monitoring Report (to September 2022)

1. Context (or background)

- 1.1 Cabinet approved the City Council's revenue budget of £237.4m on the 22nd February 2022 and a Directorate Capital Programme of £145.1m. This is the second quarterly monitoring report for 2022/23. 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 2022/23 revenue forecast is for expenditure to be £11.3m over budget. There is no proposal to apply any Covid related funding at this stage. The reported forecast at the same point in 2021/22 after adjusting for Covid-related funding was an overspend of £3.1m. Capital spend is projected to be £165.8m.
- 1.3 It is not unusual for the revenue position to reflect a forecast overspend at this stage which then improves over the course of the year. However, this is a high figure by historical standards and represents a serious cause for concern for the Council. Section 5 of the report sets out the Council's proposed approach to managing the position although as a final backstop it should be noted that the Council maintains a strong balance sheet in-part to protect itself from circumstances such as this.

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.

Table 1 - Forecast Variations

Service Area	Revised Net Budget	Forecast Spend	Total Over/ (Under) Spend
	£m	£m	£m
Adult Services & Housing	97.3	97.8	0.5
Business Investment & Culture	5.6	7.8	2.2
Children & Young People's Services	84.8	88.8	4.0
Contingency & Central Budgets	(13.7)	(23.0)	(9.3)
Education and Inclusion	18.7	19.2	0.5
Finance & Corporate Services	6.2	6.9	0.7
Human Resources	1.3	1.8	0.5
Legal & Governance Services	4.4	5.5	1.1
People Directorate Management	1.2	1.2	0.0
Project Management & Property Services	(6.7)	(5.4)	1.2
Public Health	0.4	0.0	(0.5)
Streetscene & Regulatory Services	29.9	38.6	8.6
Transportation & Highways	7.9	9.7	1.7
Total	237.4	248.7	11.3

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

Services

Children and Young People's Services continues to report a significant overspend linked to circumstances exacerbated by the pandemic. Of the overall £4m overspend, £2.1m is caused by both the total number of placements and the sufficiency of the market to meet the needs of young people in care impacting the average unit cost of those placements. There are also significant concerns regarding staffing, accounting for a further £1.9m overspend caused by issues surrounding recruitment and retention as well as a shortage of agency social workers to fill roles needed to meet the growing demand in casework.

Within Streetscene & Regulatory Services, the vast majority of the overspend relates to the combined impact on Domestic and Commercial Refuse collection services of the HGV driver strike and strike mitigation costs. During the period of industrial action, significant additional costs of providing both waste drop sites and latterly the collection of kerbside waste through a third party provider (TWW) have been incurred. This together with lost contractual income within the commercial service has resulted in a net combined pressure of c£7.2m. The dispute has now been resolved such that strike mitigation pressures will not continue into 2023/24. However, the net contractual income lost within the commercial service will result in a more lasting financial impact as many clients have sought collection services from other providers.

Within Property, Transport and Highways, and Business Investment & Culture, there are significant inflation pressures reported for operational properties and street lighting energy totalling £2.2m, as costs are forecast to rise sharply from October 2022 reflecting national and global pressures. The energy market is currently very volatile and further increases may be seen which would also impact materially on 2023/24 and beyond. In addition, the running costs of the Collection Centre building being kept operational during the City of Culture year and until construction starts are resulting in a pressure of £1.3m, the vast majority of which relates to business rates.

Contingency and Central Budgets

An overall underspend of £9.3m incorporates favourable variances of £4.4m in the Asset Management Revenue Account (AMRA) and £4.9m across all other contingency budgets. The AMRA variation incorporates higher than budgeted interest income from loans provided by the Council plus higher than budgeted investment income which is due to a combination of larger short-term investment balances and higher interest rates. In addition to inflationary impacts reported within individual services, central budgets include the cost of the expected 2022/23 pay award which averages c6% for the Council and represents a cost c£6m above the original budget. This is offset in part by other contingency budgets. Favourable variations including a Business Rates Pool surplus (£2m) and lower than budgeted superannuation costs (£2.1m). These can be volatile and difficult to predict budgets and the quarter 2 forecasts are towards the favourable end of the reasonable range of outcomes meaning that any further flexibility later in the year within these areas will be relatively limited.

- 2.3 **Capital**

The quarter 2 2022/23 capital outturn forecast is £165.8m compared with the first quarterly outturn of £165.3m. Table 3 below updates the budget at quarter 2 to take account of a £0.3m new approved/technical changes, £0.8m of rescheduling now planned to be carried forward into future years and an overspend of £0.6m

The resources available section of Table 3 explains how the Capital Programme will be funded in 2022/23. It shows 76% of the programme is funded by external grant monies, whilst 13% is funded from borrowing. The programme also includes funding from capital receipts of £10.7m.

Table 3 – Movement in the Capital Budget

CAPITAL BUDGET 2022-23 MOVEMENT	Qtr 2 Reporting £m
Quarter One Estimate Outturn	165.6
Approved / Technical Changes (see Appendix 2)	0.3
“Net” Rescheduling into future years (See Appendix 3)	(0.8)
“Net” Overspend	0.6
Revised Estimated Outturn 2022-23	165.8

RESOURCES AVAILABLE:	Qtr 2 Reporting £m
Prudential Borrowing (Specific & Gap Funding)	21.5
Grants and Contributions	126.5
Capital Receipts	10.2
Revenue Contributions and Capital Reserve	7.6
Total Resources Available	165.8

The inflationary pressures affecting the Council’s revenue budget are also present within capital schemes although the pattern with which this takes affect can be different due to the way in which expenditure is incurred. It is likely that most stand-alone projects that are already in-progress will be delivered within existing agreed contractual sums. However, some future projects that have not yet started may need to be re-evaluated to determine their deliverability within previously defined financial budgets. In addition, where budgets have established to deliver programmes of expenditure, it is likely that these programmes may need to be reduced in size over time reflecting higher prices.

2.4 Treasury Management

Interest Rates

The Monetary Policy Committee (MPC) continues to raise interest rates in a bid to combat growing inflation. The invasion of Ukraine continues to exacerbate global inflation trends, particularly around food and energy. The rise in energy and fuel prices has been a significant factor behind the UK Consumer Price Index (CPI) rate exceeding 10%. Base Interest Rate increased to 3.00% at the MPC 3rd December 2022 meeting. The current market forecasts the base rate will continue to rise to 4.75% next year after which it should flatten out.

Long Term (Capital) Borrowing

The net long-term borrowing requirement for the 2022/23 Capital Programme is £7.1m, taking into account borrowing set out in Section 2.3 above (total £21.5m), less amounts to be set aside to repay debt, including non PFI related Minimum Revenue Provision (£14.4m). The Council has no immediate need to take any further new long-term borrowing although this will continue to be kept under review.

The Public Works Loan Board (PWLB) is the main source of loan finance for funding local authority capital investment. In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility with more details and 12 examples of permitted and prohibited use of PWLB loans. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Under the Treasury Management Strategy 2022/23 approved by Cabinet on 22 February 2022 it was agreed the Council will not purchase investment assets primarily for yield.

Interest rates for local authority borrowing from the Public Works Loans Board (PWLB) have risen in recent times as government gilt yields have increased. Between 1st April and 30 September 2022 PWLB rates have varied within the following ranges:

PWLB Loan Duration (maturity loan)	Minimum 2022/23 to Q2	Maximum 2022/23 to Q2	As at the End of Q2
5 year	2.38%	5.64%	5.31%
50 year	2.45%	5.71%	4.39%

The PWLB 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 City Council's day-to-day cash-flow, by borrowing or investing for short periods. By holding short term investments, such as money in call accounts, authorities help ensure that they have an adequate source of liquid funds. There has not been any short-term borrowing over the last twelve months.

Returns provided by the Council's short-term investments yielded an average interest rate of 1.98% 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. Returns have slowly begun to increase as interest rates rise. Dependent on daily levels of cash available this will lead to an increase in income for the Council

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: -

	As at 31st March 2022 £m	As at 30 th June 2022 £m	As at 30 th Sept 2022 £m
Banks and Building Societies	0.0	0.0	1.5
Local Authorities	0.0	15.0	0.0
Money Market Funds	18.3	41.85	35.6
Corporate Bonds	0.0	0.0	0.0

HM Treasury	19.0	0.0	16.8
Total	37.3	56.85	53.9

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 Deposit, 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 4.15% over the last 12 months. As at 30th September 2022 the funds were valued at £28.7m (£30.4m at 30 June 2022), against an original investment of £30m. Of the seven pooled funds, only the CCLA Property Fund is in surplus (£1.4m), which leaves six funds currently showing a deficit in value (ranging from £0.3m to £0.7m). Financial markets are very volatile at the moment so capital values are particularly variable. These investments continue to provide a good rate of return but capital values will be monitored closely. There remains an expectation that the full value for each pooled fund will be recovered over the medium term - the period over which this type of investment should always be managed. Current accounting rules allow any 'losses' to be held on the Council's balance sheet and not counted as a revenue loss although this is due to be reviewed in April 2023.

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 September 2022 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 2022/23. 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 30 September 2022 the value is -£78.2m (minus) compared to +£94.9m 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 30 September 2022 the value is £236.2m compared to £474.4m within the Treasury Management Strategy, reflecting that a significant proportion of the Council's investment balance is at a fixed interest rate.

2.5 Commercial Investment Strategy – Loans and Shares

The Council's Commercial Investment strategy is designed to ensure there are strong risk management arrangements and that the level of commercial investments held in the form of shares, commercial property and loans to external organisations, is proportionate to the size of the Council. In doing this the strategy includes specific limits for the total cumulative investment through loans and shares. The total combined limit was revised by Council on 18th October 2022 in the light of the approval of the Tom White Waste Materials Recycling Facility. The limit for 2022/23 is £146m, against which there are forecast commitments of £139.3m: -

	Limit	Actual 31st March 2022	2022/23 Committed and Planned	Total	Headroom
	£m	£m	£m	£m	£m
Shares	55.0	52.0	0.0	52.0	(3.0)
Loans	91.0	41.9	45.4	87.4	(3.6)
	146.0	93.9	45.4	139.3	(6.7)

The committed or planned total of £45.4m includes some loan facilities to lend c£9.6m, which may not necessarily be taken up, although the Council is committed to provide the funds if requested.

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 Chief Operating Officer (Section 151 Officer) and the Chief Legal Officer

5.1 Financial implications

Revenue

The Quarter 2 position reflects a serious position for the Council which has worsened from the £9.5m revenue overspend forecast at Quarter 1. External factors, in particular inflationary pressures, represent a large part of the position presented and will have an impact on the Council beyond the current financial year. There are other intractable on-going issues including those relating to children's social care which are common to many councils across the country whilst the Council is also managing local time-limited pressures in the current year. There is now a strong possibility that the Council will not be able to balance its revenue position by year-end.

The timing of the surge in inflation meant that it was not anticipated in the Council's 2022/23 Budget process. Although the Council budgets prudently for inflationary costs the acceleration in rising prices and pay award assumptions which together represent a cost of c£16m, exceed the budgetary provision available by c£8m. The pay assumptions reflect the recently agreed pay offer. The rise in energy prices can be observed in terms of the cost to the Council's property estate and costs within the city's street lighting energy bills. These problems will

continue into 2023/24 and could represent a worsening threat depending on the future trajectory of inflation.

Despite further increases to Children's Services' budgets for 2022/23, the demand and overall cases in Childrens Services continues to rise in the city leading to continued high agency social worker levels and high external placement costs. The refuse drivers' dispute has led to costs being incurred well into the second quarter of the year although the ending of the dispute should ensure that no further budgetary overspends are incurred on this issue. However, a wide range of other challenges continue to be reported in Appendix 1 which, together with the issues reported above, provide a difficult financial picture despite the flexibility identified with corporate and central budgets.

The position reported does not highlight specific costs or income loss attributable to Covid. Any such residual impacts such as higher levels of looked after children, subdued car park income and lower dividend levels, are now being treated as reflecting a new normal rather than extra-ordinary Covid impacts. As a result, no funding has been assumed from the relevant reserves at this stage.

Although this is the most difficult in-year position that it has faced for some years, the Council is well placed to manage the short term impact and has taken appropriate action to minimise any in-year budgetary variation: controls have been put in place to limit recruitment to vacant posts based on specific criteria (for instance, where posts are needed to meet statutory requirements, provide direct care or are social work related, meet health and safety requirements or where posts are funded from external monies or specific income or revenue streams); services have been instructed to avoid/delay expenditure decisions and to alleviate budgetary pressures or deliver positive variances through management of controllable expenditure.

If the Council's budgetary position reflects usual trends there should be some natural improvement to the overall bottom over the second half of the year. It remains possible that further limited flexibility may become available within Corporate budgets including forecasts of inflationary impact where it is difficult to know whether they will materialise as set-out. The Council has maintained some flexibility in the form of previous grant funding and reserve balances which it can consider using to manage within specific service areas. In overall terms the Council has taken steps to ensure that it has a strong balance sheet position, including robust reserve balances, which as a measure of last resort provides protection against unexpected adverse budget variations.

The action outlined above and the further provision in place gives sufficient assurance that the Council can manage the financial position outlined. However, the underlying position for 2023/24 will be very challenging and any one-off resources required to balance 2022/23 will weaken the Council's flexibility ahead of the forthcoming Budget process. On this basis it remains a strong imperative to move towards a balanced 2022/23 position to maximise the flexibility available to the Council to be able to manage its medium term financial position which is likely to come under severe pressure without further support from Government.

In December 2020, Cabinet endorsed an approach of providing appropriate support to local citizens by passing on specific ring-fenced funding to manage the social and economic impacts of Covid. In September 2022, the Council received a £3.2m extension to the nationally distributed Household Support Fund (HSF), a legacy scheme from the previous Covid Winter Grant and the Local Support Grant. The HSF is intended to provide support over October 2022 to March 2023 to Coventry households who are most in need of support with the significantly rising cost of living. This fund is being distributed in-line with the key aims of the previous HSF schemes, with priority being given to supporting vulnerable households with the costs of food, energy and other related essentials. The demand for this type of

support has continued to grow through 2022 as Coventry citizens have been affected by the increase in the cost of living. Despite the extension to the scheme, it is clear that it will not be possible to meet 100% of demand and it will be necessary to prioritise its distribution to focus on the most vulnerable citizens and the greatest needs.

Capital

The Council's Capital Programme continues to include a range of strategically important schemes across the city. 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, the Air Quality programme, the Housing Infrastructure Fund works, City Centre South and support to the Friargate Hotel development.

Appendix 4 references the projected final outturn position on one of the Council's strategically important and high profile projects. The Public Realm 5 project has now been completed with final contract costs having been settled it is reporting an overspend of £0.6m against programme funding of c£44m. The project has been complex and was delivered in the face of adverse conditions, not least the pandemic period. Notwithstanding that, the costs require additional funding which is proposed will be met from corporate capital receipts

Legal implications

None

6. Other implications

6.1 How will this contribute to the Council Plan (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. A recent reassessment indicates that the Council now faces an increased level of risk in this area. Good financial discipline through budgetary monitoring continues to be paramount in managing this risk and this report is a key part of the process. It is vital that Council officers and members are aware of the current financial challenge and the measures planned for the second half of the year to address this. This in turn will dictate the extent to which the bottom line can move closer towards a balanced position.

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.

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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www.coventry.gov.uk/councilmeetings

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
Adult Services & Housing	97.3	97.8	-1.4	1.9	0.5
Business Investment & Culture	5.6	7.8	0.4	1.8	2.2
Children & Young People's Services	84.8	88.8	-1.0	5.0	4.0
Contingency & Central Budgets	-13.7	-23.0	0.0	-9.3	-9.3
Education and Inclusion	18.7	19.2	-0.7	1.2	0.5
Finance & Corporate Services	6.2	6.9	-0.3	1.0	0.7
Human Resources	1.3	1.8	0.3	0.2	0.5
Legal & Governance Services	4.4	5.5	-0.4	1.5	1.1
People Directorate Management	1.2	1.2	-0.1	0.2	0.0
Project Management & Property Services	-6.7	-5.4	0.3	0.9	1.2
Public Health	0.4	-0.0	-0.0	-0.5	-0.5
Streetscene & Regulatory Services	29.9	38.6	-0.1	8.7	8.6
Transportation & Highways	7.9	9.7	-0.4	2.1	1.7
Total	237.4	248.7	-3.4	14.7	11.3

Budget Holder Forecasts

Service Area	Reporting Area	Explanation	£m
Education and Skills	SEND & Specialist Services	There is continued pressure on SEN transport due to increased demand from post 16/19 students, inflationary pressures and additional out of city taxi's resulting from in city special schools being full. There are also a number of taxis operating across the city which are being used due to in-house routes being full. There continues to be pressure on staffing due to driver and escort sickness resulting in having to find alternative means for pupils to get to school when routes are closed. E Auction is still being used but this is not producing the savings that had been predicted. Work continues to validate the forecast and review options to reduce costs.	0.4
Education and Skills	Education Entitlement	The underspend is largely a result of a reduced cost on school bus passes. The number of pupils eligible for bus passes is based on statutory criteria and policy. A new online system introduced by the bus companies now means that where passes are not used charges are not incurred.	(0.2)
Education and Skills	Education Improvement & Standards	The forecast includes a £250k pressure relating to dedicated school transport, which is a result of fall out of a DfE grant that was funding a number of dedicated school transport routes. Work has already taken place to reduce this pressure in 22/23 and will continue for the 23/24 financial year. An underspend on historic pension liability is partly offset against an overspend on school trade union facility time.	0.2
Education and Skills	Employment & Adult Education	Employment are forecasting a reduction in expenditure of £0.5m against centralised salaries. They are also forecasting a corresponding reduction in related income of £0.2m plus an increase in non-salary related expenditure of £0.2m giving a budget holder variance of £0.4m. At service level this leaves a small net underspend.	0.6
Education and Inclusion	Other Variances Less than 100K		0.2
Education and Skills			1.2
Children and Young People's Services	Children's Services Management Team	There is a budgetary pressure in the Social Worker Academy linked to staffing a second team to increase the amount of Newly Qualified Social Workers we can recruit into the service. This cost is being offset by a planned underspend on financial strategy.	(0.6)
Children and Young People's Services	Commissioning, QA and Performance	Safeguarding training income is £79k below the budgeted target, also the Professional Support Service saving target of £53k has not been met. Agency spend on Independent Reviewing Officer's and Child Protection Chairs is £203k overspent due to pressures caused by vacancies and increasing caseloads	0.4
Children and Young People's Services	Help & Protection	There is a budgetary pressure of £1.8m in the Area Teams linked to staff costs, with high levels of cases across the service and the need to use agency staff, including a specialised project team.	2.3

		<p>There is a further budgetary pressure of £0.3m in LAC legal costs linked to high levels of demand. These are currently being offset by additional Youth Offending Service Grants, which will support new activity once the plan is signed off.</p>	
Children and Young People's Services	LAC & Care Leavers	<p>There is a forecast overspend on looked after children's (LAC) placements of £1.9m. This is being caused by both the total number of placements and the sufficiency of the market to meet the needs of young people in care impacting the average unit cost of those placements.</p> <p>There is a further budget pressure of £0.6 million due to the staffing challenges within LAC permanency service and the need for a task force to ensure that care proceedings continue to be progressed.</p> <p>LAC transport has a forecast overspend of £0.25 million and this is as a result of placement arrangements where transport needs to be provided for children to continue in current education provision. Work is on-going to improve sufficiency of local placements which will start to address this pressure.</p> <p>There is a further budgetary pressure of £0.25m within the Children's disability service. This overspend relates to one child where a large package of support was put into their family home in the absence of a suitable residential home.</p> <p>These overspends are offset by an increase in income from central government for unaccompanied asylum seeking children, as well as current forecast underspends on Supported Accommodation.</p>	2.9
Children and Young People's Services			5.0
Adult Social Care	Strategic Commissioning (Adults)	£0.2m underspend relates to transport as a result of continued reduced demand for day opportunities. £0.6m underspend relates to New Homes for Old PFI due to additional client fee income.	(0.8)
Adult Social Care	Adult Social Care Director	The underspend represents an increase in the amount of iBCF and other resources that are drawn down to contribute to the overall budget position. This does mean there is less flexibility and therefore increased risk of overspends in subsequent years. This has been offset by forecast increases in bad debt provision (£0.5m).	(1.8)
Adult Social Care	Partnerships and Social Care Operational	Overspends relating to additional agency costs which have partly been offset by centralised underspends due to staff vacancies.	0.3
Adult Social Care	Localities and Social Care Operational	Overspends relating to additional agency costs have been offset by centralised underspends due to staff vacancies.	0.3
Adult Social Care	Community Purchasing Mental Health	Spend continues to increase for Mental Health and there has been increasing numbers of people placed in more expensive bed based packages. This is further impacted by a reduction in Hospital Discharge grant of £1.2m at a time when discharge capacity is still impacted by COVID.	1.8

Adult Social Care	Community Purchasing Other	see above - Community purchasing spend is managed at an overall level and the explanation above covers both Community Purchasing Mental Health and Community Purchasing Other	1.7
Adult Social Care	Mental Health Operational	There remains significant pressures in Deprivation of Liberty Assessment demand leading to additional assessment costs (£0.3m).	0.3
Adult Social Care	Other Variances Less than 100K		0.1
Adult Social Care			1.9
Legal & Governance Services	Legal Services	There is a significant pressure within legal services due to the cost of agency and external staff. The pressure relates to both recruitment and retention difficulties, and extra workload primarily in children's social care as an ongoing impact of COVID-19. There is an action plan in place to address these issues but the full benefit will not materialise immediately.	1.2
Legal & Governance Services	Coroner & Register Office	There is an underlying pressure within the coroner's service as a result of cost increases over a number of years. This has been exacerbated by COVID-19 which is continuing to increase the costs of particular external services e.g. pathology	0.2
Legal & Governance Services	Democratic Services	Additional resource required to manage subject access requests whilst a permanent solution is investigated to manage and process the significant number of complex and large cases.	0.1
Legal & Governance Services			1.5
Finance & Corporate Services	Revenues and Benefits	There is a gross £0.5m pressure within the discretionary hardship payments (DHP) scheme due to a 30% reduction in grant funding combined with an increase in demand for services. There is also a net Housing Benefit subsidy pressure of £0.4m caused by 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. These are offset by a contribution from reserves of £0.2m. In addition there are increased temporary staffing costs (circa £0.3m) as the service deals with the residual work from the Test and Trace payment scheme, the resultant build-up of work in the back office and the ongoing administration of the energy rebate scheme.	1.0
Finance & Corporate Services			1.0
Human Resources	HR and Workforce Development Management	The Budget Holder variance relates to delays in achievement of a savings target which had increased by a further £150K this year. Work to address the remainder of the savings target continues.	0.1
Human Resources	Other Variances Less than 100K		0.1
Human Resources			0.2
Business Investment and Culture	Sports, Culture, Destination & Bus Relationships	Business rate and running cost pressures of c£1.4m as a result of maintaining the collection centre operational on an interim basis as part of the corporate project to develop the building into a cultural	1.6

		hub. Additionally, £280k energy inflation relating to The Wave leisure centre and £100k trading deficit expected for St. Mary's NOMH contract whilst it establishes itself as a venue.	
Business Investment and Culture	Economic Development service (EDS)	Unfunded committed support to businesses by payment to partners of £130k to the growth hub for business support and £89k to the Chamber of Commerce for start-up support	0.2
Business Investment and Culture			1.8
Transportation & Highways	Highways	An under recovery of income for highways operational staff (DLO) of £0.3m due to sickness and strike action, together with the delayed achievement of some MTFS savings targets of £0.3m	0.6
Transportation & Highways	Traffic	The pressure relates primarily to an anticipated significant increase in street lighting energy costs from October 2022, resulting in unfunded contract costs of £0.8m. In addition there is a pressure relating to the increased volume and cost of highway asset repairs of £0.2m, which is largely due to unrecoverable costs of traffic accidents	1.2
Transportation & Highways	TH Management & Support	Variance is largely due to unachieved historic MTFS targets	0.1
Transportation & Highways	Transport and Innovation	This reflects the recruitment of additional Highways Development Management agency staff resources, brought in to support major planning applications and to provide cover for vacancies due to the inability to recruit.	0.2
Transportation & Highways			2.1
Streetscene & Regulatory Services	Planning Services	As a result of the downturn in the economy, income is expected to be reduced by c£482k. This reflects a national trend in reduced number of major planning applications	0.5
Streetscene & Regulatory Services	Streetpride & Parks	This primarily reflects several income targets not being achieved. The Coventry Funeral Director Service has not yet commenced (£160k), WMP and Coombe Park Car Parking income underachievement (£190k), and WMP activities (£92k). In addition, there are cost pressures relating to traveller incursion prevention of £127k and service Fleet Pressures of £173k.	0.8
Streetscene & Regulatory Services	Waste & Fleet Services	<p>This pressure is predominantly the combined impact of the HGV driver industrial action, and mitigations put in place to ensure continuity of service.</p> <p>Domestic Waste is forecasting a pressure of c£5.9m. Strike mitigations during the dispute, net of salary savings represent c£3.8m of this. Additionally, net costs related to maintaining the collection service post-strike and ER/VR are estimated at £803k, and fleet pressures of £804k related to hire of vehicles and fuel, c£697k related to Temporary staff, Agency & sickness.</p> <p>Commercial Waste is forecasting a shortfall in surplus of £1.2m. This is as a direct result of contracts lost during the period of industrial action. Work has now</p>	7.0

		commenced to identify how best to manage this in the medium term.	
Streetscene & Regulatory Services	Environmental Services	Pest Control is forecasting a shortfall in income of c50k, There are also overspends on overtime and other pay in ESU and Street Enforcement of c£256k whilst vacancies are being recruited to	0.3
Streetscene & Regulatory Services	Other Variances Less than 100K		0.1
Streetscene & Regulatory Services			8.7
Project Management and Property Services	Facilities & Property Services	This relates primarily to a projected £1.1m energy price increase pressure from October 22, together with a c£0.3m Fairfax Street (former Leisure Centre) running costs pressure. These are offset partially by £0.30m reflecting trading performance surplus in R&M and compliance services, and a reduction in corporate building cleaning costs	1.1
Project Management and Property Services	PMPS Management & Support	Corporate Property savings target overachievement	(0.2)
Project Management and Property Services			0.9
Public Health	Public Health - Migration	This underspend relates to the holding of migration grant income centrally which is funding costs of other services across the Council.	(0.4)
Public Health	Public Health - Health Protection	Utilisation of additional grant resources to manage cost pressures	(0.1)
Public Health			0.5
Ringfenced Funding	SEND & Specialist Services	Demand for both Education, Health and Care (EHC) Plans and special school placements proved significantly higher than anticipated, during the course of the Summer and Autumn terms 2022. Costs have been further impacted by an increase in the average unit cost of an EHC Plan, reflecting a rise in the complexity of presenting needs. As a consequence, additional placements in both local and external special schools have had to be commissioned.	0.4
Ringfenced Funding	Schools	£0.2m underspend relating to the cash adjustment for the 21/22 Early years allocation where the Council's allocation has increased. £2.6m underspend relates to the High Needs holding pot.	(2.8)
Ringfenced Funding	Education Entitlement	The underspend is a result of staffing vacancies, which are being recruited to. There is also a further head of service vacancy that is subject to review as part of the wider budget setting process.	(0.1)
Ringfenced Funding	Financial Strategy	Technical adjustment to remove total of ringfenced variances from corporate position	2.5

Ringfenced Funding	Other Variances Less than 100K		(0.4)
Ringfenced Funding			0.0
Corporate & Contingency	Corporate Finance	<p>This incorporates favourable variances of £4.4m in the Asset Management Revenue Account (AMRA) and £4.9m across all other contingency budgets.</p> <p>The AMRA variation incorporates higher than budgeted interest income from loans provided by the Council plus higher than budgeted investment income which is due to a combination of larger short-term investment balances and higher interest rates.</p> <p>The cost of the 2022/23 pay award averages c6% for the Council and represents a cost c£6m above the original budget, offset in part by other non-pay contingency budgets and a contribution from reserves established to manage inflation volatility. Favourable variations including a Business Rates Pool surplus (£2m) and lower than budgeted superannuation costs (£2.1m).</p>	(9.3)
Corporate & Contingency			(9.3)
Total Non-Controllable Variances			11.3

Appendix 2

Capital Programme Approved / Technical Changes

SCHEME	EXPLANATION	£m
Active Travel Neighbourhoods	Award of £1m grant for the delivery of active travel neighbourhoods in Earlsdon and Lower Coundon. The grant award is from Active Travel Fund 3 (ATF3) and will be claimed from the West Midlands Combined Authority. A City Region Sustainable Transport Settlement report was taken to Council on 6th September 2022 to approve this funding.	1.0
Highways Maintenance & Investment	A 2022/23 Transportation and Highways Maintenance Capital Programme Supplementary report will be taken to Cabinet on the 30th November to formally approve the agreed additional £0.3m from the Management of Capital Reserve for pot hole patching works.	0.3
Woodlands - Main Build -Basic Need	Cabinet on 12th October 2021 approved the appointment of the design team to enable the delivery of the capital refurbishment works required on the Woodlands site	0.4
Public Realm - Coventry Cross	Since the initial programme of works and budget estimation for Coventry Cross we have seen materials and prices rise at the fastest and highest rates in the last 40 years, this has impacted the costs of items such as steel, an integral part of the Coventry Cross structure. Additionally archaeological finds onsite have caused some delay cost impacts. This additional funding allows us to absorb these costs and provide a small buffer of contingency.	0.1
Green Homes Grant LAD2	Underspend on the grant funded programme, due to higher dropout rate, technical feasibility and the impact of new regulation PAS2035, and other grant conditions has meant were unable to fully spend the grant within its timescales. There is a LAD3 programme which will capture some of the scheme's slippage	(0.9)
Miscellaneous under £100k		(0.5)
TOTAL APPROVED / TECHNICAL CHANGES		0.3

Appendix 3

Capital Programme Rescheduling and Accelerated Spend

SCHEME	EXPLANATION	£m
City Centre South	There has been higher than anticipated costs for commercial and legal advice as a result of changes required to the Development Agreement and the change control request to WMCA	0.4
Housing Venture	Problems with obtaining Planning Permission have stopped the majority of the projects being carried out this year	(0.8)
Vehicles	Vehicles that were due to be bought last year have now been purchased in 2022/23 so increasing the spend	1.0
Higher Needs	The work on Woodlands School will not be taking place in 2022/23 so has been rescheduled to 2023/24	(1.0)
Coombe Loan	Rescheduling the balance of the loan facility approved in 2019/20	(0.4)
TOTAL RESCHEDULING		(0.8)

Appendix 4

Capital Programme Analysis of Overspend

SCHEME	EXPLANATION	£M
Public Realm Phase 5 - City of Culture	The PR5 programme was a transformative £44m WMCA funded project with the objective to ready the city for UK City of Culture 2021. This wide ranging programme was delivered during the Covid 19 pandemic and during a time where the construction industry suffered extensive resource shortages, material delays and price increases. As a result, the PR5 programme overspent by £621k. The majority of these costs can be attributed to increased scope of works, Covid 19 delay costs and associated resource prolongation costs as a result.	0.6
TOTAL OVERSPEND		0.6

Appendix 5

Prudential Indicators

Indicator	per Treasury Management Strategy 2022/23	As at 30 September 2022
Ratio of Financing Costs to Net Revenue Stream (Indicator 1) , 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.	15.09%	14.74%
Gross Borrowing should not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) at 31st March 2022 plus the estimates of any additional CFR in the next 3 years (Indicator 2) , 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.	Estimate / limit of £518.0m	£321.8m Gross borrowing within the limit.
Authorised Limit for External Debt (Indicator 5) , 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.	£538.0m	£321.8m is less than the authorised limit.
Operational Boundary for External Debt (Indicator 6) , 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.	£518.0m	£321.8m is less than the operational boundary.
Upper Limit on Fixed Rate Interest Rate Exposures (Indicator 9) , 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.	£474.4m	£236.2m
Upper Limit on Variable Rate Interest Rate Exposures (Indicator 9) , as above highlighting interest rate exposure risk.	£94.9m	-£78.2m
Maturity Structure Limits (Indicator 10) , 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.		
< 12 months	0% to 50%	6%
12 months – 24 months	0% to 20%	1%
24 months – 5 years	0% to 30%	19%
5 years – 10 years	0% to 30%	5%
10 years +	40% to 100%	69%
<i>Investments Longer than 364 Days (Indicator 11)</i> , 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

Report to

Audit and Procurement Committee

30th January 2023

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 2022-23 – Half Year Progress Report

Is this a key decision?

No

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 2022/23 to the end of September 2022.

Recommendations:

Audit and Procurement Committee is recommended to:

1. Note the update against the Treasury Management Strategy 2022-23 as at 30 September 2022

List of Appendices included:

Appendix One - Short-term Borrowing and Investment Summary as at 1 October 2022

Appendix Two - UK and Foreign Counterparty Lending List as at 31 December 2022

Background papers:

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 2022-23 – 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 2022/23, which was agreed by Cabinet as part of the Budget Report 2022/23 at its meeting of 22 February 2022. 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 2022.

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 2022. Current cash projections indicate that the Council may require short-term borrowing to cover cash shortfalls for the final quarter of 2022/23.

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 2022, the Council's long-term liabilities totalled £327.1m. 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 2022/23 approved by Cabinet on 22 February 2022 reflected this change and agreed that the Council will not buy investment assets primarily for yield. The Budget Report 2022/23 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 2022 and identifies a total investment of £82.5m. This compares to £76.3m one year prior to this. These balances are a snapshot and impacted by timing differences.

The breakdown of these balances is shown below:

	1/10/2021 £m	1/10/2022 £m
Banks and Building Societies	0.0	0.0
Local Authorities	0.0	0.0
Debt Management Office	0.0	16.8
Money Market Funds	46.3	35.7
Collective Investment Funds	30.0	30.0
Corporate Bonds	0.0	0.0
Registered Providers	0.0	0.0
Total	76.3	82.5

For the twelve-month period to 30 September 2022, the Council's investments earned an average rate of interest of 2.76%. This can be split down between Collective Investment Funds at 4.17% and other investments at 1.98%. This is against a backdrop of the Bank of England base rate rising from 0.1% in October 2021 to 2.25% in September 2022.

Whilst the Council's Collective Investment Funds have continued to provide an annualised return of around 4%, their capital value (£28.7m) 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 fell initially due to the impact of COVID-19 on the world economy and has remained subdued due to ongoing economic conditions and financial turbulence around the world. 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." This override was time-limited and was due to expire in April 2023 however, the Government have further extended this to March 2025 pending the outcome of a formal consultation process.

Appendix 2 shows the Council's Lending List as at 31 December 2022. 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. 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.

2.3 National issues

The ongoing impact of financial uncertainty in the UK together with the impact of the war in Ukraine, higher inflation and the current rising interest rate environment are major influences on the economy and the Council's ability to gain returns on investments.

Through 2022, the Bank of England Monetary Policy Committee (MPC) has raised bank interest rates on 8 occasions with the rate rising from 0.25% at the start of the year to 3.50% in December. Rising inflation through the year has prompted this trend as the MPC raised concerns about strong labour market performance and persistent increases in prices. There may be further rises in the early part of 2023 although the rate is expected to stabilise in the middle part of the year. The latest forecast from the Council's Treasury Management Advisors, Arlingclose, is for the Bank Interest Rate to rise to 4.25% in 2023, but then remain there.

For the early part of 2021/22, the Council continued to be in receipt of central government funding to support small and medium businesses linked to the coronavirus pandemic through grant schemes and to payments to households relating to the energy rebate. The upfront payment of these grants which temporarily inflated the Council's cash balances has now worked its way through and is no longer a factor.

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. Comment from the Chief Operating Officer (Section 151 Officer) and the Chief Legal Officer

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 31st December 2022. 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):

Name and job title:

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Service:

Finance

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Enquiries should be directed to the above person.

Contributor/approver name	Title	Service	Date doc sent out	Date response received or approved
Contributors:				
Lara Knight	Governance Services Coordinator	Law and Governance	11/01/23	17/1/23
Mike Revis	Lead Accountant Control and Treasury Management	Finance	05/01/23	10/01/23
Michael Rennie	Lead Accountant Business Partner	Finance	05/01/23	10/01/23
Names of approvers: (officers and members)				
Barry Hastie	Chief Operating Officer	-	11/01/23	17/1/23
Councillor R Brown	Cabinet Member for Strategic Finance and Resources	-	11/01/23	

This report is published on the council's website:

www.coventry.gov.uk/meetings

Appendix One - Short-term Borrowing and Investment Summary as at 01 October 2022

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>	<u>INT DUE</u>
<u>TEMPORARY LOAN OUT (DEPOSIT)</u>								
200004225	DEBT MANAGEMENT OFFICE	NA	6,800,000.00	08/08/22	10/10/22	1.720000	63	20,187.62
200004228	DEBT MANAGEMENT OFFICE	NA	10,000,000.00	15/08/22	17/10/22	1.740000	63	30,032.88

16,800,000.00								
=====								
50,220.50								
=====								
<u>MMF DEPOSITS</u>								
2400000002	ABERDEEN LIQUIDITY FUND	N/A	18,550,000.00	04/09/12		2.096852		
2400000003	HSBC STERLING LIQUIDITY	N/A	0.00	04/09/12		2.051811		
2400000004	FEDERATED PRIME RATE	N/A	11,550,000.00	17/09/12		2.085318		
2400000005	DEUTSCHE MANAGED STERLING	N/A	0.00	19/07/13		1.950085		
2400000006	MORGAN STANLEY	N/A	5,550,000.00	10/06/16		2.121526		

35,650,000.00								
=====								
<u>COLLECTIVE INVESTMENT FUNDS</u>								
2600000006	CCLA INVESTMENT MGT LTD	N/A	12,000,000.00	28/11/13		4.390000		
2600000011	SCHRODERS UNIT TRUSTS LTD	N/A	4,500,000.00	01/08/18		5.220000		
2600000012	INVESTEC ASSET MANAGEMENT	N/A	4,500,000.00	10/08/18		3.710000		
2600000013	COLUMBIA TREADNEEDLE	N/A	1,500,000.00	16/08/18		2.860000		
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		3.920000		
2600000016	M&G INVESTMENTS	N/A	3,000,000.00	20/08/18		2.670000		

30,000,000.00								
=====								
<u>GRAND TOTAL</u>								

82,450,000.00								
=====								

Appendix 2 - Counterparty Lending List as at 31st December 2022

Counterparty	Country of Domicile	Maximum Duration	Fitch Long-term	Moody's Long-term	S&P Long-term	Banking Group	Limit £
Debt Management Office	UK	50 years					
Local Authorities	UK	2 Years					
UNITED KINGDOM: BANKS							
BANK OF SCOTLAND PLC	GB	6 months	A+	A1	A+	Lloyds Banking Group	£10m
LLOYDS BANK PLC	GB	6 months	A+	A1	A+		£10m
BARCLAYS BANK PLC	GB	100 days	A+	A1	A	Barclays Group	£10m
BARCLAYS BANK UK PLC	GB	100 days	A+	A1	A		£10m
HANDELSBANKEN PLC	GB	100 days	AA		AA-	Svenska HB	£10m
HSBC BANK PLC	GB	6 months	AA-	A1	A+	HSBC Group	£10m
HSBC UK BANK PLC	GB	6 months	AA-	A1	A+		£10m
NATIONAL WESTMINSTER BANK	GB	100 days	A+	A1	A	NatWest Group	£10m
NATWEST MARKETS PLC	GB	100 days	A+	A1	A-		£10m
ROYAL BANK OF SCOTLAND PLC/T	GB	100 days	A+	A1	A		£10m
SANTANDER UK PLC	GB	100 days	A+	A1	A	Santander	£10m
STANDARD CHARTERED BANK	GB	6 months	A+	A1	A+		£10m
UK: BUILDING SOCIETIES							
NATIONWIDE BUILDING SOCIETY	GB	100 days	A+	A1	A+		£10m
AUSTRALIA	AU		AAAu	Aaa	AAAu		
AUST AND NZ BANKING GROUP	AU	100 days	A+	Aa3	AA-		£10m
COMMONWEALTH BANK OF AUSTRALIA	AU	100 days	A+	Aa3	AA-		£10m
NATIONAL AUSTRALIA BANK LTD	AU	100 days	A+	Aa3	AA-		£10m
WESTPAC BANKING CORP	AU	100 days	A+	Aa3	AA-		£10m
AUSTRIA	AS		AA+u	Aa1	AA+		
OESTERREICHISCHE KONTROLLBAN	AS	10 years		Aa1	AA+		£10m
CANADA	CA		AA+u	Aaa	AAA		
BANK OF MONTREAL	CA	100 days	AA	Aa2	A+		£10m
BANK OF NOVA SCOTIA	CA	6 months	AA	Aa2	A+		£10m
CAN IMPERIAL BK OF COMMERCE	CA	6 months	AA	Aa2	A+		£10m
EXPORT DEVELOPMENT CANADA	CA	10 years		Aaa	AAA		£10m
NATIONAL BANK OF CANADA	CA	100 days	AA-	Aa3	A		£10m
ROYAL BANK OF CANADA	CA	6 months	AA	Aa1	AA-		£10m
TORONTO-DOMINION BANK	CA	6 months	AAu	Aa1	AA-		£10m
DENMARK	DE		AAA	Aaa	AAAu		
KOMMUNEKREDIT	DE	10 years		Aaa	AAA		£10m
FINLAND	FI		AA+	Aa1	AA+		
MUNICIPALITY FINANCE PLC	FI	10 years		Aa1	AA+		£10m
NORDEA BANK ABP	FI	100 days	AA	Aa3	AA-		£10m
OP CORPORATE BANK PLC	FI	100 days		Aa3	AA-		£10m
GERMANY	GE		AAAu	Aaa	AAAu		
BAYERISCHE LANDES BANK	GE	6 months	A	Aa3	NR		£10m
DZ BANK AG DEUTSCHE ZENTRAL-	GE	6 months	AA	Aa2	A+		£10m
FMS WERTMANAGEMENT	GE	25 years		Aaa	AAA		£10m
KREDITANSTALT FUER WIEDERAUFBAU (KFW)	GE	25 years	AAAu		AAA		£10m
LANDESBANK BADEN-WUERTEMBERG	GE	6 months	A	Aa3	NR		£10m
LANDESBANK HESSEN-THURINGEN	GE	6 months	AA-	Aa3	NR		£10m
LANDESKRED BADEN-WUERTT FOER	GE	25 years	AAAu	Aaa	AA+		£10m
LANDWIRTSCHAFTLICHE RENTENBA	GE	25 years	AAA	Aaa	AAA		£10m
NETHERLANDS	NE		AAAu	Aaa	AAAu		
BNG BANK NV	NE	5 years	AAA	Aaa	AAA		£10m
COOPERATIEVE RABOBANK UA	NE	100 days	AA-	Aa2	A+		£10m
NEDERLANDSE WATERSCHAPSBANK	NE	5 years		Aaa	AAA		£10m
NORWAY	NO		AAAu	Aaa	AAA		

KOMMUNALBANKEN AS	NO	5 years	Aaa	AAA		£10m
SINGAPORE	SI		AAu	Aaa	AAu	
DBS BANK LTD	SI	100 days	AA-	Aa1	AA-	£10m
OVERSEA-CHINESE BANKING CORP	SI	100 days	AA-	Aa1	AA-	£10m
UNITED OVERSEAS BANK LTD	SI	100 days	AA-	Aa1	AA-	£10m
SWEDEN	SW		AAu	Aaa	AAu	
SVENSKA HANDELSBANKEN-A SHS	SW	100 days	AA+	Aa2	AA-	Svenska HB
SVENSK EXPORTKREDIT AB	SW	5 years		Aa1	AA+	£10m
SUPRANATIONAL						
COUNCIL OF EUROPE DEVELOPMENT BANK (CEDB)	FR	15 years	AA+	Aa1 +	AAA	£10m
EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT (EBRD)	GB	25 years	AAA	Aaa	AAA	£10m
EUROPEAN INVESTMENT BANK (EIB)	LX	25 years	AAA	Aaa	AAA	£10m
INTER-AMERICAN DEVELOPMENT BANK (IADB)	US	25 years	AAu	Aaa	AAA	£10m
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (THE WORLD BANK)	US	25 years	AAu	Aaa	AAA	World Bank Group
INTERNATIONAL FINANCE CORP	US	25 years	(P)Aaa	Aaa	AAA	
NORDIC INVESTMENT BANK (NIB)	FI	25 years		Aaa	AAA	£10m

MONEY MARKET FUNDS						
ABERDEEN ASSET MANAGEMENT	LX	Overnight	AAAmmf	Aaa-mf	AAAm	£20m
AVIVA INVESTORS	IR	Overnight	-	Aaa-mf	AAAm	£20m
BLACKROCK	IR	Overnight	AAAmmf	Aaa-mf	AAAm	£20m
BNP PARIBAS ASSET MANAGEMENT	LX	Overnight	-	Aaa-mf	AAAm	£20m
CCLA - PSDF	GB	Overnight	AAAmmf	Aaa-mf	-	£20m
DWS	IR	Overnight	AAAmmf	Aaa-mf	AAAm	£20m
FEDERATED INVESTORS (UK)	GB	Overnight	AAAmmf	Aaa-mf	AAAm	£20m
GOLDMAN SACHS ASSET MANAGEMENT	IR	Overnight	AAAmmf	Aaa-mf	AAAm	£20m
HSBC ASSET MANAGEMENT	IR	Overnight	-	Aaa-mf	AAAm	£20m
INSIGHT INVESTMENTS	IR	Overnight	AAAmmf	Aaa-mf	AAAm	£20m
INVESCO AIM	IR	Overnight	AAAmmf	Aaa-mf	AAAm	£20m
J.P.MORGAN ASSET MANAGEMENT	LX	Overnight	AAAmmf	Aaa-mf	AAAm	£20m
LEGAL & GENERAL INVESTMENT MANAGEMENT	IR	Overnight	AAAmmf	Aaa-mf	AAAm	£20m
MORGAN STANLEY INVESTMENT MANAGEMENT	IR	Overnight	AAAmmf	Aaa-mf	AAAm	£20m
NORTHERN TRUST ASSET MANAGEMENT	IR	Overnight	-	Aaa-mf	AAAm	£20m
STATE STREET GLOBAL ADVISORS ASSET MANAGEMENT	IR	Overnight	AAAmmf	Aaa-mf	AAAm	£20m
UBS ASSET MANAGEMENT	IR	Overnight	-	Aaa-mf	AAAm	£20m
AVIVA INVESTORS GOV	IR	Overnight	-	Aaa-mf	AAAm	£20m
BLACKROCK GOV	IR	Overnight	-	Aaa-mf	AAAm	£20m
GOLDMAN SACHS ASSET MANAGEMENT GOV	IR	Overnight	AAAmmf	Aaa-mf	AAAm	£20m



Coventry City Council

Public report

Report to

Audit and Procurement Committee

30th January 2023

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:

Annual Governance Statement 2021-22

Is this a key decision?

No

Executive summary:

The purpose of this report is to provide details of the results of the annual review of effectiveness of the Council's governance arrangements and seek approval for the Annual Governance Statement, which forms part of the Statement of Accounts for 2021-22.

Recommendations:

Audit and Procurement Committee is recommended to:

- 1) Consider the findings of the review of effectiveness of the Council's governance arrangements and confirm its satisfaction with the level of assurance provided that arrangements are fit for purpose.
- 2) Consider and approve the Annual Governance Statement (attached at Appendix One), which will accompany the 2021-22 Statement of Accounts.

List of Appendices included:

Appendix One – Annual Governance Statement 2021-22

Background papers:

None

Other useful documents:

Annual Governance Statement 2020-21

<https://edemocracy.coventry.gov.uk/ieListDocuments.aspx?CId=553&MId=12572&Ver=4>

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:

Annual Governance Statement 2021-22

1. Context (or background)

- 1.1 Coventry City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this responsibility, the City Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.2 To demonstrate such arrangements, the City Council has adopted a Code of Corporate Governance, which is consistent with the principles reflected in the CIPFA / SOLACE framework and guidance 'Delivering Good Governance in Local Government' (2016).
- 1.3 The Annual Governance Statement ('AGS') explains how Coventry City Council has complied with the Code and in doing so, reflects the requirements of the Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendment) Regulations 2022, which requires all relevant bodies to conduct a review of the effectiveness of its system of governance and prepare an Annual Governance Statement. The AGS also details key governance / control issues that the Council faces in the coming year.
- 1.4 The AGS is normally presented to Audit Committee in June / July each year to meet the deadline for publication specified in the Accounts and Audit Regulations. However, as there are delays in the completion of the audit of the 2019-20 accounts (due to technical and balance sheet valuation issues), the draft accounts for 2021-22 have not yet been published. The Council has worked closely with its auditors, Grant Thornton to resolve the outstanding matters and it is anticipated that a decision will be reached on these in the imminent future. Whilst there is a delay in the finalisation of the 2019-20 accounts, it is felt appropriate to present the AGS for 2021-22 at this time to facilitate the AGS annual review for 2022-23.

2. Options considered and recommended proposal

- 2.1 Whilst processes are in place to assess key elements of the governance framework through-out the year, for example through the work of Internal Audit, the Corporate Governance Steering Board and the Council's Audit and Procurement Committee, an annual review is also undertaken as part of the production of the AGS for the year. The purpose of the review is to provide assurance that arrangements continue to be fit for purpose and identify key governance issues for the forthcoming year. This annual review incorporates a number of processes with the outcomes reviewed and agreed by the Corporate Governance Steering Board and Strategic Leadership Team. For 2021-22, this has included:

- The outputs from the Internal Audit Service, reflected in an annual report that identifies those issues, which in the opinion of the Chief Internal Auditor, should be considered when producing the Annual Governance Statement.
- Levels of complaints and whistleblowing disclosures made.
- Reports from external bodies during the year, including those from the Council's external auditors and other inspection agencies.

- Consideration of the Council's Corporate Risk Register and Covid-19 Risk Register.
 - An annual assessment by each Director of the adequacy of governance arrangements / internal controls in relation to their service areas.
 - An assessment of the Council's compliance with the principles and standards of the CIPFA Financial Management Code, which supports good practice in financial management and demonstrating financial sustainability.
 - Assessment of the role of the S151 Officer against the requirements stated in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016.)
 - An annual review against the principles and best practice set out in the Code of Corporate Governance.
- 2.2 Based on the outcomes of the review, the overall opinion that has been reached is that reasonable assurance can be provided that the Council's governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The basis of this opinion includes the following key findings from the review:
- The Chief Internal Auditor's opinion that moderate assurance can be provided that there is generally an effective and adequate framework of governance, risk management and internal control in place designed to meet the Council's objectives.
 - A self-assessment of the Council's compliance with the Financial Management Code which has concluded that the Council is in a relatively strong position with regards to having good and sustainable financial management.
 - The 2020/21 Annual report from the Council's external auditors which concluded that overall, the Council's financial position is robust and has appropriate arrangements in place to ensure it manages risks to its financial sustainability. No significant weaknesses were found in the Council's governance arrangements or value for money arrangements for responding to the Covid-19 pandemic.
 - The number of complaints to the Local Government / Social Care Ombudsman is comparable to similar local authorities / West Midlands Combined Authority.
 - Assurance obtained from Directors that there are no significant concerns in relation to governance within their service areas.
 - The conclusion that the role of the S151 Officer within the Council meets the principles of the CIPFA statement on the Role of the Chief Financial Officer in Local Government.
- 2.3 The AGS also details the key governance issues that the Council faces in the coming year. Section 5.3 of Statement, attached at Appendix One, provides details of these areas. Whilst the process of identifying the issues is co-ordinated by the Chief Internal Auditor, it incorporates the views and opinions of senior officers, the Council's Governance Steering Board and Strategic Leadership Team. The key issues come from the following processes:
- A review of progress against the actions planned to address significant issues highlighted in the Annual Governance Statement for 2020-21.
 - New issues identified as part of the review of effectiveness outlined in section 2.1.

The outcomes from these processes are expanded upon below.

2.4 Update on issues raised in the Annual Governance Statement 2020-21 – An update on the progress against planned actions in relation to the issues raised in the 2020-21 AGS is provided in section 5.1 of the Statement attached at Appendix One. A review of the 19 issues highlighted in the AGS for 2020-21 has found that these fall into two categories, namely:

2.4.1 Issues which have now been addressed – Five issues have been closed as they are no longer viewed as a significant governance issue facing the Council and will not be carried forward to the 2022-23 action plan:

- Governance over relationships with partners and outside bodies: The One Coventry Partnership was formally relaunched in January 2022 with refreshed membership to reflect its focus on driving a One Coventry approach for the city, providing leadership on key strategic issues / developments, and enabling a joined-up public sector approach to the development and delivery of strategic city-wide priorities. The Coventry and Warwickshire Anchor Alliance is fully established and is in the process of refreshing its six existing commitments and the Coventry and Warwickshire Integrated Care Partnership was set up in 2022 in response to the Health and Care Act 2022. These partnerships work closely together to ensure a system wide approach to improving the lives of local people and a Chief Partnerships Officer is in place to lead this area of work in line with One Coventry Plan priorities.
- Review and update of the Social Value and Sustainability Policy: The updated policy was approved by Cabinet in August 2021. Social value and sustainability is embedded as part of the procurement and planning consultation processes and the Council works closely with partners and key anchor institutions within the City to deliver long terms sustainable solutions. The revised Social Value and Sustainability policy outcomes are supported by the vision, values and priorities contained in the One Coventry Plan.
- Implementation of the Local Government Ethical Standards best practice from the Committee on Standards in Public Life: Coventry Municipal Holdings was set up as a Holding company for most of the wholly owned companies by the City Council. This took account of the Nolan principle of openness and publication of agendas and minutes have been taken into account and form part of the Shareholder Committee meeting which occurs twice a year. This is engrained in the Group Governance Agreement which is a legally binding document.
- Compliance with the Financial Management Code: The Council's compliance with the code was reviewed in 2021-22 and the results were reported to Scrutiny Board 1 in January 2022. The report considered by Scrutiny Board concluded that the Council was compliant with the code in most respects. In line with the Scrutiny Board recommendations the outstanding areas will be subject to further updates in 2022-23 both as part of the Scrutiny 1 work programme and in respect of value for money, as part of the External Auditor's planned activity.
- Ensuring robust governance over group activities / investments: In November 2021 the Council incorporated Coventry Municipal Holdings Limited (CMH) to manage its wholly owned companies and strengthen the governance arrangements for these investments, taking into account lessons learnt from issues encountered by other local authorities and the recommendations made in Public Interest Reports issued by Grant Thornton on such matters. A Group Governance Agreement is in place which sets out the governance

structure and training has been provided by the Council's legal advisors to those officers appointed as directors.

2.4.2 Carry forward to the 2022-23 Action Plan - A number of governance issues remain in the Annual Governance Statement. These are detailed in section 5.3 of the Statement attached at Appendix One, along with the actions the Council plans to take (or has taken) in 2022-23 in relation to these issues. In summary, the issues that have been carried forward to the 2022-23 Action Plan are as follows:

- Sustainable improvement in Children's Services.
- Ensuring delivery of the Council's vision and corporate objectives, in line with the Medium-Term Financial Strategy.
- Raising educational standards.
- Implementation of the Information Management Strategy.
- Management of increasing demand in relation to homelessness and the associated costs of housing families in temporary accommodation.
- Development of a corporate data access standard.
- Governance over the programme of capital projects.
- City of Culture legacy.
- Strengthening arrangements linked to the programme of health and safety audits undertaken.
- Further development of the Council's IT Disaster recovery plans and processes.
- Implementation of the Redmond Review into the oversight of local audit and the transparency of local authority financial reporting.
- To further strengthen the Council's arrangements and internal control environment around IT / Cyber Security.
- Embedding new methods of consultation and engagement.
- Refresh of the One Coventry Plan.

2.5 New Governance Issues – Five new issues have been identified for the Annual Governance Statement. These are also detailed in section 5.3 of the Statement attached at Appendix One, along with the actions the Council plans to take (or has taken) in 2022-23 in relation to these issues. These issues were identified as part of the review undertaken to support the production of the AGS as detailed in 2.1 and are summarised below:

- Updating the Local Code of Governance to provide a more comprehensive description of the Council's governance arrangements.
- Mandatory training for Waste Services employees returning to work.

- Raising awareness and promoting the Employees Code of Conduct.
- Approval of the Council's draft Sustainability and Climate Change Strategy.
- Improving the process for raising concerns under the Council's Whistle Blowing Policy.

3. Results of consultation undertaken

3.1 None

4. Timetable for implementing this decision

4.1 Timescales for specific actions which are being taken to address significant governance issues are included in the Annual Governance Statement. The action plan will be subject to quarterly monitoring by the Corporate Governance Group to ensure that issues are addressed in the timescales outlined.

5. Comments from the Chief Operating Officer (Section 151 Officer) and the Chief Legal Officer

5.1 Financial Implications

There are no specific financial implications associated with this report. Internal control / governance has clear and direct effects on finance within the Council. Since these vary widely, it is not useful to attempt to summarise them here, beyond noting that all systems and controls are designed to help improve value for money obtained, the probity and propriety of financial administration, and / or the management of operational risks.

5.2 Legal implications

The City Council is required by the Accounts and Audit Regulations 2015 to approve, and subsequently publish, the Annual Governance Statement alongside the Statement of Accounts.

6. Other implications

6.1 How will this contribute to achievement of the One Coventry Plan?

The governance framework comprises the systems and processes (i.e. the internal control environment), and culture and values, by which the authority is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

6.2 How is risk being managed?

The key risk that exists is that planned actions are not implemented. This risk is managed through the Council's governance framework which includes arrangements to provide oversight of planned actions through reporting to senior management and designated committees / boards. Defined processes also exist to gain assurance that agreed actions arising from the work of Internal Audit, External Audit or another external agency have been implemented on a timely basis.

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

None

6.6 Implications for partner organisations?

None

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This report is published on the council's website:

Appendix One – Annual Governance Statement 2021-22

1. Scope of responsibility

- 1.1 Coventry City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. Coventry City Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.
- 1.2 In discharging this overall responsibility, Coventry City Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 Coventry City Council has an approved Code of Corporate Governance, which is consistent with the principles reflected in the CIPFA / SOLACE framework and guidance *Delivering Good Governance in Local Government* (2016). A copy of the Code is available on our website at:
http://www.coventry.gov.uk/downloads/file/3639/code_of_corporate_governance_2017
or can be obtained from Governance Services.
- 1.4 The Annual Governance Statement explains how Coventry City Council has complied with the Code and also meets the requirements of Regulation 6(1) (b) of The Accounts and Audit Regulations 2015 which requires all relevant bodies to prepare an Annual Governance Statement and the Accounts and Audit (Amendment) Regulations 2022.

2. The purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, culture, and values by which the Authority is directed and controlled and its activities through which it accounts to, engages with, and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Coventry City Council policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively, and economically.
- 2.3 The governance framework has been in place at Coventry City Council for the year ended 31st March 2022 and up to the date of approval of the Statement of Accounts.

3. The governance framework

The key principles, approach and review processes that comprise the authority's governance arrangements are set out in the City Council's Code of Corporate Governance. Key elements include the following:

- 3.1 There is a governance / internal control environment that supports the Council in establishing, implementing, and monitoring its policies and objectives. The Council's overarching objectives are contained in published policy documents including the One Coventry Plan. These high-level plans are supported by a range of thematic policies, strategies and delivery plans, service plans, and detailed work programmes.
- 3.2 The existing Council Plan which sets out the Council's long-term vision and priorities for the city is being refreshed and is now called the One Coventry Plan. The plan takes into account lessons learnt from COVID-19 pandemic and the impact this has had on our communities and the way we work. To deliver the Council's long-term vision of working together to improve the city and the lives of those who live, work and study in Coventry, the One Coventry Plan sets out the priorities of increasing the economic prosperity of the city and region, improving outcomes, and tackling inequalities within our communities and tackling the causes and consequences of climate change, through continued financial sustainability and the Council's role as a partner, enabler, and leader. The delivery of the One Coventry Plan is supported by a range of policies and strategies and a performance management framework. A copy of the draft One Coventry Plan is available on our website at:
www.coventry.gov.uk/strategies-plans-policies/draft-one-coventry-plan/9
and the performance management framework is at:
http://www.coventry.gov.uk/downloads/download/5245/performance_management_framework
- 3.3 Throughout this process, clear channels of communication exist with all sections of the community and other stakeholders, to ensure the Council considers local needs and communicates both expected and actual outcomes for citizens and service users. This is evidenced through the Council's formal decision-making and performance management processes.
- 3.4 In October 2015, Coventry City Council agreed to join the proposed West Midlands Combined Authority, which is a model of governance for local authorities to act together to drive economic prosperity for the area. A Combined Authority is a statutory body in its own right supported by a devolution agreement with the Government and a constitution which sets out the terms of their funding and powers.
- 3.5 In December 2017, it was announced that Coventry had been named the UK City of Culture for 2021. The aim of this programme was to encourage the use of culture and creativity as a catalyst for change, to promote the development of new partnerships and to encourage ambition, innovation, and inspiration in cultural and creative activity. This activity will make significant contributions to the delivery of the One Coventry Plan and corporate priorities. Coventry City of Culture Trust was set up to organise and deliver this activity and was formally incorporated and received charitable status. Financial responsibility for the Trust's activities lies with the Chair and Trustees, with an independent Audit Committee providing scrutiny and oversight. As accountable body and guarantor for delivery of the UK City of Culture 2021 programme, Coventry City Council is a principal partner in supporting the work of the Trust and ensuring that there is good governance around the Trust meeting the City of Culture programme delivery and legacy ambitions.

- 3.6 The control environment to ensure delivery of the Council's objectives is laid down in the Council's Constitution and performance management framework. The Constitution sets out how the Council operates, including:
- Roles and responsibilities of both Councillors and officers, including the Head of Paid Services, Monitoring Officer, and Chief Financial Officer.
 - How decisions are made and the procedures in place to ensure that these are efficient, transparent, and accountable to local citizens. The Constitution includes the Council's senior management structure and a scheme of delegation which sets out the principles for decision making and responsibility for functions. The Council facilitates policy and decision making via a Cabinet structure with Cabinet Member portfolios. There are scrutiny boards covering all portfolios and an overarching Scrutiny Co-ordination Committee. The Member decision making, advisory and scrutiny bodies are shown at <http://www.coventry.gov.uk/howthecouncilworks>
- 3.7 Coventry City Council has developed a comprehensive set of policies and procedures, including those relating to the standards expected of Members and officers. These are subject to regular review to ensure the Council continues to enhance and strengthen its internal control environment. Systems exist to ensure compliance with policies and procedures, including statute and regulations. Internal Audit, through its annual risk-based plan assesses compliance with key procedures and policies.
- 3.8 The Council has an Equality, Diversity and Inclusion Commitment which is available on our website at: [equality, diversity and inclusion commitment](#). This sets out the Council's commitment to meeting all areas of the public sector equality duty and to ensure equality of opportunity, both as a provider and commissioner of services and as a large employer. The commitment is implemented through setting equality objectives linked to the One Coventry Plan. In 2022, a new set of equality objectives were approved and are available on our website at: [Equality Objectives | Equality and Diversity | Coventry City Council](#). Progress is monitored and reported to the Cabinet Member (Policing & Equalities) and an annual report of completed Equality Impact Assessments is available at: [Equality and diversity – Coventry City Council](#)
- 3.9 The Council's Risk Management Policy and Strategy defines processes for identifying, assessing, managing, and monitoring financial and operational risks. The Strategy recognises the need for risk registers at service, directorate and corporate level which are updated and reviewed regularly. The Corporate Risk Register is reviewed quarterly by the Strategic Leadership Team and is reported to the Audit and Procurement Committee.
- 3.10 The Council, through its Whistleblowing and Complaints Procedures, has documented processes in place to deal with concerns raised by both employees and members of the public. These policies have been widely communicated and are subject to regular review to ensure they are working effectively. In addition, the Council's Fraud and Corruption Strategy reinforces the Council's commitment to creating an anti-fraud culture, whilst having effective arrangements in place in responding to allegations of fraud and corruption.
- 3.11 An Audit and Procurement Committee provides independent assurance to the Council on various issues, including risk management and control and the effectiveness of the arrangements the Council has for these matters. The Committee's terms of reference were developed in conjunction with CIPFA guidance, and the Committee carries out a

periodic self-assessment to measure its effectiveness, based on recommended CIPFA practice.

3.12 For the financial year 2021-22, the Chief Operating Officer was the nominated Section 151 Officer, with the delegated responsibility for ensuring there are arrangements in place for proper administration of financial affairs. The Council last carried out an assessment of the role of the Section 151 Officer against the requirements stated in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) in August 2022. This assessment concluded that the Authority meets the five principles laid out in the CIPFA statement, namely:

- The Chief Financial Officer (CFO) in a local authority is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest.
- The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority's overall financial strategy.
- The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.
- The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose.
- The CFO in a local authority must be professionally qualified and suitably experienced.

The Chief Operating Officer (Section 151 Officer) is a key member of the Council's Strategic Leadership Team with a critical role in strategic planning for the organisation. The Team also includes the Chief Executive and Monitoring Officer, who, along with the Chief Operating Officer, collectively have leadership responsibility for good governance as principal statutory officers. The Chief Operating Officer is also part of the Council's One Coventry Leadership Team which consists of all of the Directors of the Council.

3.13 The Annual Governance Statement also includes a review of the effectiveness of the system of internal control within group activities, where the Council is in a relationship with another entity to undertake significant activities. The following describes the group activities for the year ended 31st March 2022:

- In November 2021 the Council incorporated Coventry Municipal Holdings Limited (CMH) to manage most of its wholly owned companies and strengthen the governance arrangements for these investments. In setting up these arrangements, the Council took account of lessons learnt from issues encountered by other local authorities and the recommendations made in Public Interest Reports issued by Grant Thornton on such matters. A Group Governance Agreement is in place which sets out the governance structure and training has been provided by the Council's legal advisors to those officers appointed as directors. The CMH group comprises of the following subsidiaries:

- Tom White Waste Limited (and its subsidiaries A & M Metals Limited and Tom White Waste (LACO) Limited)
- Coombe Abbey Park Limited (and its subsidiaries No Ordinary Hospitality Management Limited and Coombe Abbey Park (LACO) Limited)
- No Ordinary Hotels Limited (dormant)
- Coventry Technical Resources Limited
- Coventry Regeneration Limited

In accordance with the Group Governance Agreement, the subsidiaries are required to produce annual business plans and in addition, CMH produce an annual performance report covering all of group's performance. A Shareholder Committee is in place which oversees the group's performance.

- The Coventry and Solihull Waste Disposal Company Limited was incorporated on 24th February 1992 is owned jointly by Coventry City Council, Solihull Metropolitan Borough Council, Warwickshire County Council and Leicestershire County Council.
- The UK Battery Industrialisation Centre Limited was incorporated on 27th February 2018 and the Council is currently the sole shareholder with 1 share which has a nominal value of £1. The purpose of the company is to run the proposed National Battery Development Facility.
- The Friargate Joint Venture Project limited Ltd was incorporated on 17th December 2018. This is a 50/50 joint venture with Friargate Holdings 2 Limited, established to develop new buildings within the Friargate district of the city.
- Sherbourne Recycling Limited (SRL) was incorporated on the 25th February 2021 and Coventry City Council along with seven other local authorities acquired shares in the company on the 1st April 2021. The purpose of the company is to manage the construction of a material recycling facility (MRF) and then operate the facility, which will sort the dry mixed recyclable waste received from the eight local authorities and other commercial customers. Sherbourne Recycling Trading Limited is a trading subsidiary of Sherbourne Recycling Limited who own 100% of the shares in this entity. All commercial contracts will be secured through this entity with the waste being processed by SRL on an arm's length transaction.

4. Review of effectiveness

- 4.1 Processes are in place to assess key elements of the governance framework throughout the year, for example, through the work of Internal Audit and the Council's Audit and Procurement Committee. A review of the effectiveness of the governance framework is also undertaken annually as part of the production of the Annual Governance Statement. This is informed by the work of senior managers within the authority, who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's opinion on the overall adequacy and effectiveness of Coventry City Council's risk management, internal control, and governance arrangements, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2 Arrangements to assess the effectiveness of the governance framework include:

- Regular and detailed monitoring of the Council's performance, by both Strategic Leadership Team and Members against targets and objectives set out in the One Coventry Plan.
- Regular meetings of the Council's Governance Steering Board to consider on-going and emerging governance issues and co-ordinate actions required. Updates on this work are provided to Strategic Leadership Team.
- Consideration of ethical governance matters by the Ethics Committee, including reflecting on national governance failings to identify if there are any lessons learnt for the Council to take forward.
- On-going reviews of the Council's Constitution, overseen by the Constitution Advisory Panel and subject to approval by Full Council. These reviews include areas such as standing orders, financial procedures, and the scheme of delegation.
- Regular reviews of the Council's strategies and procedures to ensure they continue to reflect the needs of the Council.

4.3 The review of effectiveness has also been informed by:

- Reports from the external auditors and other inspection agencies.
- The Council's Corporate Risk Register and Covid-19 Risk Register.
- Directors' Statements of Assurance. An annual assessment of the adequacy of governance arrangements / internal controls in relation to their service areas by each Director.
- An assessment of the Council's compliance with the principles and standards of the CIPFA Financial Management Code, which supports good practice in financial management and demonstrating financial sustainability. Whilst 2021-22 is the first full year of compliance, CIPFA have recognised the additional burdens placed on local authorities as a result of the pandemic and have allowed for further flexibility in progressing plans for implementation during 2021-22. Overall, the Council has satisfied CIPFA's requirement to demonstrate a direction of travel towards full compliance with the Code in 2021-22.
- The work of the Internal Audit Service during 2021-22. The Service works to a risk-based audit plan, which is approved annually by the Council's Audit and Procurement Committee. An annual report is also produced and presented to the Committee. The report identifies those issues, which in the opinion of the Chief Internal Auditor, should be considered when producing the Annual Governance Statement.

4.4 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Procurement Committee and can provide reasonable assurance that the Council's governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework and that a plan to address weaknesses and ensure continuous improvement of the system is in place.

5. Significant governance issues

- 5.1 Table one below provides an update on the governance issues that were raised in the 2020-21 Annual Governance Statement.

Table one

No	Governance issues identified in 2020-21	2021-22 update
1	Sustainable improvement in Children's Services	<p>Quality Assurance visits and service performance reviews were completed. Feedback from the frontline was received but not in the form of an innovation and improvement forum. This is still to be developed.</p> <p>The Continuous Improvement plan for 2021-22 was delivered.</p> <p>The Workforce Plan for 2021-22 was delivered.</p> <p>An Ofsted inspection undertaken in June 2022 rated Children's Services as "Good".</p>
2	Ensuring delivery of the Council's vision and corporate objectives, in line with the Medium-Term Financial Strategy	<p>The Council's 2021-22 budgetary control position has been balanced at year-end with the estimated unbudgeted impacts of Covid managed through the use of various Covid grants provided by Government.</p> <p>A balanced budget has been set for 2022-23 without the need for further service cuts to be identified. At this stage, One Coventry Plan transformation programmes have not been progressed to the point that they have informed the Council's financial position for this period.</p>
3	Raising educational standards	<p>The co-created Education Partnership and School Improvement annual actions and key principles for the 2021-22 academic year were:</p> <ul style="list-style-type: none"> • Further develop the Coventry Education Partnership to enable successful and effective: <ul style="list-style-type: none"> ➢ induction and support for new headteachers ➢ succession planning ➢ school-to-school support that impacts positively on school improvement • Using a range of attendance strategies ensure all pupils are motivated to achieve high levels of school attendance so that educational inequalities are reduced. • Ensure that early years' practitioners working with children and professionals supporting families are resilient well trained, knowledgeable, and confident to deliver high quality services. • Develop children and young people's mental and physical health and wellbeing so that they develop confidence, resilience, and independence.

		<ul style="list-style-type: none"> • Develop and embed a broad, equitable and well-planned curriculum that enables pupils to take advantage of opportunities, responsibilities, and experiences of later life. • Ensure that curriculum planning: <ul style="list-style-type: none"> ➢ accounts for delays and gaps in learning as a result of Covid-19 ➢ is sequenced so that new knowledge and skills build on what has been taught before and towards its clearly defined end points ➢ allows reading to be prioritised so that pupils are able to access the full curriculum offer • Be ambitious for children and young people with SEND and effective in the provision that we make for them so that their educational outcomes improve across all key stages, including in the early years. • Develop an environment in which pupils feel safe, and in which bullying, discrimination, sexual harassment, sexual abuse, and sexual violence – online or offline – are not accepted and are dealt with quickly, consistently, and effectively whenever they occur. <p>Schools have continued to focus on education recovery following the COVID pandemic and responding to the return of OFSTED graded inspections.</p>
4	Implementation of the Information Management Strategy	<p>Review of online Data Protection training was delayed due to a wider review of corporate and mandatory training. A new online option is being reviewed and review of the training strategy is scheduled on the Information Management Strategy Group work programme for 2022-23</p> <p>An approach has been agreed for progressing the outcomes of the risk management audit which has just started in Law and Governance but needs progressing. This is a standing item on the Information Management Strategy Group agenda.</p>
5	Management of increasing demand in relation to homelessness and the associated costs of housing families in temporary accommodation	<p>The Service secured a £2million underspend during 2021-22. A number of mitigations were put in place over the previous 3 years that have resulted in this improved position and will continue to have a positive impact moving forward.</p> <p>As a demand led service, we anticipated a significant increase in homeless households approaching the council in 2021-22. Although we have seen an increase in customers the financial impact was managed. The following actions were completed in 2021-22:</p> <ul style="list-style-type: none"> • HMO accommodation purchased and project closed. • Let's Rent Coventry and other initiatives resulted in more families permanently accommodated in the private sector. • 1149 homeless preventions and reliefs. • A new supported housing project for single people leaving Temporary Accommodation opened by Spring Housing.

		<ul style="list-style-type: none"> Rent accounting system due to go live in July 2022. 90% occupancy achieved on all family temporary accommodation. Cabinet approval secured to purchase up to 50 family temporary accommodation houses.
6	Development of a corporate data access standard	This has been delayed to due to vacancies in the Team and other pressures.
7	Governance over relationships with partners and outside bodies	<p>The One Coventry Partnership was relaunched formally in January 2022 with refreshed membership to reflect its focus on driving a One Coventry approach for the city, providing leadership on key strategic issues/developments, and enabling a joined-up public sector approach to the development and delivery of strategic city-wide priorities.</p> <p>The Partnership is committed to working together to develop a One Coventry culture for how the public sector behaves and relates to communities and the voluntary and community sectors.</p> <p>The Coventry and Warwickshire Anchor Alliance is fully established and currently in the process of refreshing and reframing its six existing commitments, with current priorities relating to Coventry and Warwickshire Pound and Employment Opportunities.</p> <p>The Coventry and Warwickshire Integrated Care Partnership was set up in response to the Health and Care Act 2022 through a series of Integrated Care Systems (ICSs) to cover England. The ICSs for each relevant area include an Integrated Care Board (ICB), with commissioning responsibilities currently undertaken by clinical commissioning groups (CCGs). In addition, an Integrated Care Partnership (ICP) has been established; a committee of the ICB, giving a voice to the wider health and care community and with a focus on health, public health, and social care. The Integrated Care Board (ICB) and local authority are statutory members of the ICP so are directly involved in developing the integrated care strategy. This work is at its early stages following formal establishment of the ICB July 2022.</p> <p>The ICS, Anchor Alliance, and One Coventry Partnership work closely together to ensure a system wide approach to improving the lives of local people.</p> <p>A Chief Partnerships Officer is in place to lead this area of work in line with One Coventry Plan priorities. Partnerships established and governance arrangements in place where required, focus agreed in line with risks previously identified. As a result, this issue will not be carried forward to the 2022-23 action plan.</p>
8	Governance over the programme of capital	Governance arrangements continue to be in place and embedded, including the City of Culture Readiness Board and

	projects	the Council's Programme Delivery Board which meet regularly.
9	City of Culture legacy	<p>The £44m public realm programme secured on the back of the City of Culture title successfully concluded, transforming key parts of the city centre through close collaboration with artists.</p> <p>The £50m Cultural Capital programme saw the completion of key projects supporting City of Culture delivery and legacy, across production spaces, performance venues and heritage assets (e.g., Coventry Cathedral, Drapers Hall, Herbert Art Gallery & Museum and St. Mary's Guildhall.)</p> <p>As the City of Culture year entered its final months, the City of Culture Trust confirmed its Principles, Strategic Objectives and Green Futures Theory of Change for the Legacy period to March 2024.</p> <p>Destination Coventry, a two-year proof-of-concept collaboration between Coventry City Council and Coventry & Warwickshire Chamber of Commerce, launched as the city's new pilot Destination Management Organisation. Destination Coventry's membership programme set out a range of membership benefits, alongside a suite of marketing and advertising opportunities to suit different stakeholder needs and budgets.</p> <p>Culture Change Coventry commenced work to refresh the City's Cultural Strategy, working in close consultation with the Coventry City of Culture Trust and a wide range of stakeholders through both a workshop day and online consultation.</p>
10	Strengthening arrangements linked to the programme of health and safety audits undertaken	<p>The Audit Inspection and Monitoring (AIM) Programme was updated for 2022-2023 and shared at Health and Safety Strategy Group and the Joint Health and Safety Forum. The AIM Programme is risk and resource based. Resource analysis has ensured the programme targets can be met in the time scales given.</p> <p>The team have been allocated their audit monitoring and assessment programmes for the year and this is being monitored at one to ones and team meetings.</p>
11	Further development of the Council's IT disaster recovery plans and processes	<p>Significant improvements have been made to the technical components of our ICT & Digital disaster recovery position. This includes completing a wholesale move to a new secondary data centre facility, which through the process of doing so, allowed us to reconfigure and test how some of our infrastructure is connected and architected. We have changed how we manage our internet connections, building in more resilience and we have also implemented a new storage area network (SAN) for how files and data are stored. All of this improves our disaster recovery position from a technical point of view.</p> <p>Alongside this, work has been continuing, led by the Coventry, Solihull, and Warwickshire Resilience Team in working with services regarding their business continuity plans, especially in light of the new ways of working. This work is on-going, and we will continue to work with colleagues throughout 2022/23 to support with this wider business continuity plan activity.</p>
12	Review and update of the Social Value and Sustainability	The Social Value and Sustainability Policy was approved by Cabinet in August 2021.

	Policy	<p>The new policy document is available publicly on our website and the council is performing well in terms of addressing the contents.</p> <p>Social value and sustainability is embedded as part of the procurement and planning consultation processes and the Council works closely with partners and key anchor institutions within the City to deliver long terms sustainable solutions. The revised Social Value and Sustainability policy outcomes are supported by the vision, values and priorities contained in the One Coventry Plan. Outcomes are being delivered and monitored as detailed below:</p> <ul style="list-style-type: none"> • Procurement – social value and sustainability commitments are being included in our tenders where relevant and proportionate. • Planning – all major development sites in Coventry are completing a social value action plan as part of their construction activity in the city. This is monitored and measured during the lifespan of the project to ensure targets set by developers are being achieved. • Council partners – the Council will work with Partners within the City on specific initiatives that align with both the Council's and the Partner's individual Social Value and Sustainability outcomes. <p>As a result, this issue will not be carried forward to the 2022-23 action plan.</p>
13	Implementation of the Local Government Ethical Standards Best Practice from the Committee on Standards in Public Life	Coventry Municipal Holdings was set up as a Holding company for most of the wholly owned companies by the City Council. This took account of the Nolan principle of openness and publication of agendas and minutes have been taken into account and form part of the Shareholder Committee meeting which occur twice a year. This is engrained in the Group Governance Agreement which is a legally binding document. As a result, this issue will not be carried forward to the 2022-23 action plan.
14	Implementation of the Redmond Review into the oversight of local audit and the transparency of local authority financial reporting	The Council has signed up to the national procurement arrangements for appointing the next round of external auditors for councils via the body, Public Sector Auditor Appointments (PSAA). Legislation or further instruction is awaited on the need to have at least one independent member on audit committees, the need for external auditors to take an annual report to Full Council and the format of a simplified statement of service information and costs to be compiled alongside the Statement of Accounts.
15	To further strengthen the Council's arrangements and internal control environment around IT / Cyber Security	A business case for investment to increase the organisations ICT assurance position was made during 2021-22. This was approved and included in budget setting for financial year 2022-23. Having received the budget in April 2022 implementation activity has started on several components including technical solutions and staffing. Cyber Security forms a fundamental part of the ICT & Digital Service plan for 2022-23 with significant progress being planned.

16	Compliance with the Financial Management Code	<p>The Council's compliance with the code was reviewed in 2021-22 and the results were reported to Scrutiny Board 1 in January 2022.</p> <p>The report considered by Scrutiny Board concluded that the Council was compliant with the code in most respects.</p> <p>In line with the Scrutiny Board recommendations the outstanding areas will be subject to further updates in 2022-23 both as part of the Scrutiny 1 work programme and in respect of value for money, as part of the External Auditor's planned activity.</p> <p>As a result, this issue will not be carried forward to the 2022-23 action plan.</p>
17	Ensuring robust governance over group activities / investments	<p>In November 2021 the Council incorporated Coventry Municipal Holdings Limited (CMH) to manage most of its wholly owned companies and strengthen the governance arrangements for these investments. A Group Governance Agreement is in place which sets out the governance structure. This includes:</p> <ul style="list-style-type: none"> • Financial information will be obtained and reviewed by officers on a quarterly basis with any issues reported onwards to Shareholder Committee on an exception basis. • There are two representatives from CMH on each subsidiary Board so collectively CMH has visibility of the subsidiary companies' performance on a monthly basis at each Board meeting. • Financial reporting will form part of the agenda for Shareholder Committee, the meetings for which are already established in the municipal calendar. • It is proposed that Audit and Procurement Committee will receive a consolidated financial performance report following the Shareholder Committee September meeting. • It is proposed that Scrutiny Board includes on its work programme an item to consider a review of company business plans following consideration by Shareholder Committee in March each year. <p>In addition, officers appointed as directors have received training from the Council's legal advisors.</p> <p>Therefore, robust overarching governance is now in place with the introduction of Coventry Municipal Holdings. As a result, this issue will not be carried forward to the 2022-23 action plan.</p>
18	Embedding new methods of consultation and engagement	<p>The Let's Talk Coventry platform has been active for over three years and has been used to support a range of consultation and engagement activity. We are currently evaluating the platform with respect to effectiveness and also looking at how Let's Talk can be used in conjunction with Gov Delivery and Firmstep to improve reach and response. This work is part of the wider Coventry Connects Programme to improve two-way</p>

		<p>engagement with residents.</p> <p>Community messenger's group was established in July 2020. This is a group of over 300 voluntary and community sector representatives who have supported the COVID response by helping to develop and share messages to support isolation, testing, vaccination etc, particularly with residents who found it most difficult to comply with guidance. As part of our COVID legacy, the group are keen to work on other issues around access to health and care and support the better understanding and improved access to services.</p>
19	Refresh of the One Coventry Plan	<p>Work to refresh the Council Plan commenced in 2021.</p> <p>Considerable engagement was undertaken with Elected Members throughout 2021-22 to develop the proposed strategic priorities and Performance Indicators for the refreshed One Coventry Plan.</p> <p>Extensive work was also undertaken to prepare for the engagement period. Workforce engagement commenced in February 2022.</p>

5.2 The Council is seeking to continuously enhance its management arrangements to improve service delivery, efficiency, and value for money, whilst achieving its objectives. The review of effectiveness has informed identification of the following key challenges for 2022-23 (table two), along with the actions planned to address these matters to further enhance our governance arrangements.

Table Two

Ref	Governance issue	Planned actions 2022-23	Responsible officer	Timescale
1	Sustainable improvement in Children's Services	<p>The following actions are planned in 2022-23:</p> <ul style="list-style-type: none"> • Develop a confident and competent, experienced, and stable workforce. • Deliver this year's workforce plan. • Strengthen further feedback from the front line in the form of an innovation and improvement forum. • Develop and implement the response to the Ofsted 2022 inspection. 	Director of Children's Services	March 2022
2	Ensuring delivery of the Council's vision and corporate objectives, in line with the	The 2022-23 budgetary control position will be closely monitored to ensure that the key financial pressures being experienced by the Council can be mitigated and/or managed.	Chief Operating Officer	July 2022 to January 2023

	Medium-Term Financial Strategy	<p>Work has begun to assess the range of financial scenarios facing the Council for the period from 2023-24. This will continue to be undertaken with little information about the future local government funding.</p> <p>The Council's One Coventry Plan will be refreshed and approved during the year and there will be a need to make sure that the Council's financial plans are aligned to the revised objectives of the new Plan. These proposals will be formalised through the 2023-24 Pre-Budget Report.</p>		
3	Raising educational standards	<p>We will refresh the school improvement principles for the 2022-23 academic year and agree with the Coventry Education Partnership. The majority of the principles will remain, but there will be an enhanced focus on continued education recovery, addressing behavioural and attendance issues.</p> <p>We will also need to consider the impact and response to the Schools' Bill changes, and Coventry position as an Education Investment Area.</p>	Head of Education Improvement & Standards	2022-23 academic year
4	Implementation of the Information Management Strategy	<p>A review of Data Protection training and delivery will take place to provide up to date, user friendly Data Protection training and delivery to suit various roles. Following this the new training strategy will be finalised and approved.</p> <p>Action will be taken to drive the embedding of information risk management across the organisation, including implementing the agreed actions from the Internal Audit review and implementing an appropriate information asset management solution</p>	Head of Information Governance / Information Management Strategy Group / Senior Information Risk Owner	March 2023
5	Management of increasing demand in relation to homelessness and the associated costs of housing families in	<p>The homelessness service is demand led and it is anticipated that there will be a significant increase in demand during 2022-23. The mitigations that have been put in place ensures that the service is in a good position to deal with any increase however this will be dependent on wider Covid-19</p>	Director of Adult Social Care & Housing Head of Housing & Homelessness	March 2023

	temporary accommodation	<p>impacts. The following actions are planned for 2022-23:</p> <ul style="list-style-type: none"> • Continue to purchase 3-bed and larger temporary accommodation for families. • Seek to increase the number of homeless households accommodated by Let's Rent Coventry. • Embed new homeless prevention team (9 officers) and increase the number of homeless prevention and reliefs. • Embed additional officers within the temporary accommodation team to deliver increased move-ons and income recovery. • Undertake a Private Sector Leasing procurement to commence in the 3rd Quarter of 2022-23. • Continue to seek reductions in Temporary Accommodation costs. • Embed the rent accounting IT system to ensure maximisation of income. • Continue to minimise voids in Temporary Accommodation and meet target of 90% occupancy. 		
6	Development of a corporate data access standard	Development and implementation of a corporate access standard and protocol for all systems that hold personal data.	Members & Elections Team Manager	March 2023
7	Governance over the programme of capital projects	Following the end of City of Culture, the governance arrangements previously in place and embedded, namely the Council's Programme Delivery Board will be the primary forum for ensuring compliance. This Board, which meets regularly, is chaired by the Chief Executive and is attended by all directors responsible for capital project delivery.	Chief Executive	On-going
8	City of culture legacy	St. Mary's Guildhall will open to the public in Summer 2022, with a new visitor offer and new destination café/restaurant in the Undercroft. Work on Charterhouse will complete, providing a new heritage destination,	Strategic Lead / Acting Head of Service Sports, Culture,	2022-2024

		<p>complementing completed work on the Heritage Park at London Road Cemetery.</p> <p>Legacy capital projects are further planned to progress in 2022-23 - at the Albany Theatre (due to enter into the construction stage) and at the former IKEA building (through RIBA Design Stages).</p> <p>The City of Culture Trust will focus on three strands of legacy delivery – the Assembly Festival Garden (Summer 2022), Reel Store (Digital Gallery) and a new, commissioned Green Futures programme.</p> <p>A refreshed Cultural Strategy with three-year Action Plan will be launched, supported by new governance arrangements for the city's Cultural Compact.</p> <p>The two-year Destination Coventry proof-of-concept pilot will be reviewed and evaluated, leading to decisions on future sustainable Destination Management arrangements for the city.</p>	Destination	
9	Strengthening arrangements linked to the programme of health and safety audits undertaken.	Internal Audit will carry out a formal follow up review of recommendations made in their review of health and safety audit arrangements.	Chief Internal Auditor / Occupational Health, Safety & Wellbeing Services Manager / Health & Safety Team Leader	September 2022
10	Further development of the Council's IT disaster recovery plans and processes	Support the work of the business continuity planning across the organisation, ensuring that ICT disaster recovery processes are enhanced, with supporting documents formalised and testing arrangements agreed.	Head of ICT & Digital	March 2023
11	Implementation of the Redmond Review into the oversight of local audit and the transparency of local authority financial	The Council will implement the required measures set out in the Redmond Review once these have been legislated for and defined.	Director of Law and Governance	March 2023

	reporting			
12	To further strengthen the Council's arrangements and internal control environment around IT / Cyber Security	<p>Implementation of the cyber security activities listed in the ICT & Digital Service Plan.</p> <p>The activity that will be most visible for all users is the implementation of Multi-Factor Authentication for all users – this will take place during 2022-23.</p> <p>Progression towards Cyber Essentials Accreditation.</p>	Head of ICT and Digital.	March 2023
13	Embedding new methods of consultation and engagement	<p>The following actions are planned in 2022-23:</p> <ul style="list-style-type: none"> • Evaluation of Let's Talk Platform and integration of engagement tools and routes through Coventry Connects Programme. • Work with emerging Integrated Care Strategy to support the mandated requirement to engage better with communities and ensure alignment between council and NHS work in this area. • Joint Strategic Needs Assessment (JSNA) is due to be updated in 22/23 and 23/24. Our previous JSNA included engagement data and we are currently reviewing the success of this approach and how we can link insight coming from across the council and partners to populate JSNA going forward. 	Consultant - Public Health (Insight)	2022-2024
14	Refresh of the One Coventry Plan	<p>We are now in a period of extensive workforce and public engagement. The findings from this engagement will be used to further inform the development of the One Coventry Plan.</p> <p>The updated draft Plan will then be presented for political approval. This is expected to take place by the end of 2022/23.</p>	Chief Executive	March 2023
15	Update of the Local Code of Governance	The Local Code of Governance will be updated during 2022-23 to provide a more comprehensive description of the Council's governance arrangements and strengthen arrangements for the annual review of effectiveness.	Director of Law and Governance	March 2023

16	Mandatory training for Waste Services employees returning to work	Employees in Waste Services who have taken industrial action will receive full mandatory training prior to their return to work to ensure that their knowledge is up to date. This will include training on the Employee Code of Conduct and other areas relevant to the principles of good governance.	Director of Streetscene and Regulatory Services	October 2022
17	Employees Code of Conduct	To raise awareness and promote the Employees Code of Conduct.	Director of Law and Governance / Director of HR	March 2023
18	Sustainability and Climate Change Strategy	To finalise the Council's draft Sustainability and Climate Change Strategy (a green future for Coventry.)	Director of Business, Investment and Culture / Head of Climate Change and Sustainability	Report to Cabinet December 2022 Out to public consultation January to March 2023 Final approval from Cabinet 2023
19	Whistleblowing procedure	To standardise and improve the process for raising concerns under the Council's Whistle Blowing Policy.	Director of Law and Governance / Chief Internal Auditor	March 2023

- 5.3 We are satisfied that these steps will address the need for improvements that were identified in our review, and we will monitor their implementation and operation, as part of our next annual review.

Cllr George Duggins
Leader of Coventry City Council

Martin Reeves
Chief Executive of Coventry City Council



Coventry City Council

Public report

Report to

Audit and Procurement Committee

30th January 2023

Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Councillor G Duggins

Director approving submission of the report:

Chief Operating Officer (S151 Officer)

Ward(s) affected:

City Wide

Title:

Internal Audit Plan 2022-23 – Half Year Progress Report

Is this a key decision?

No – this is a monitoring report

Executive summary:

The purpose of this report is to provide the Audit and Procurement Committee with an update on the internal audit activity for the period April to September 2022, against the Internal Audit Plan for 2022-23.

Recommendations:

Audit and Procurement Committee is recommended to:

1. Note the performance as at quarter two against the Internal Audit Plan for 2022-23.
2. Consider the summary findings of the key audit reviews (attached at Appendix Two).

List of Appendices included:

Appendix One - Audit Reviews Completed between April and September 2022

Appendix Two - Summary Findings from Key Audit Reports

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:

Internal Audit Plan 2022-23 – Half Year Progress Report

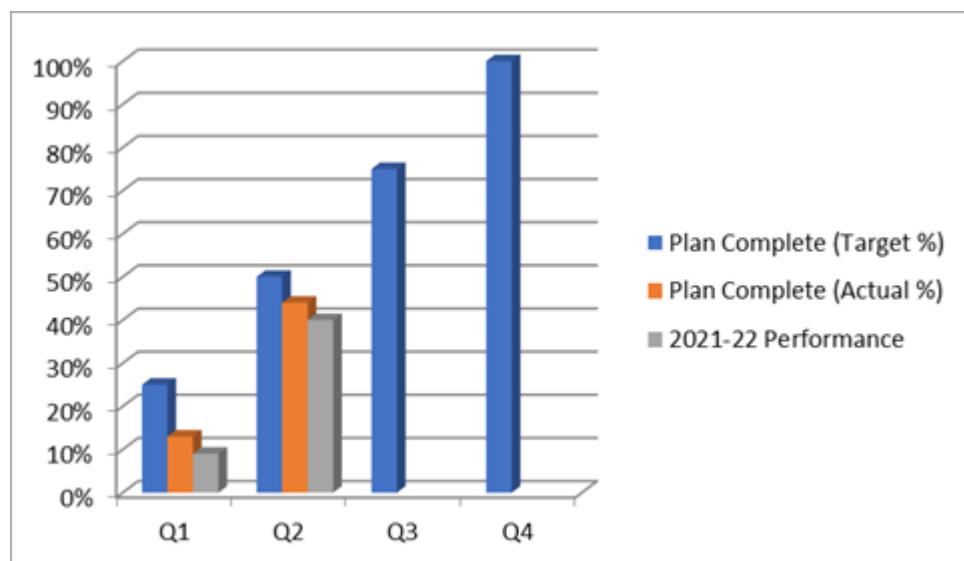
1. Context (or background)

- 1.1 This report is the first monitoring report for 2022-23, which is 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'.

2. Options considered and recommended proposal**2.1 Delivering the Audit Plan**

The key target facing the Internal Audit Service is to complete 90% of its work plan by the 31st March 2023. The chart below provides analysis of progress against planned work for the period April to September 2022.

Chart One: Progress against delivery of Internal Audit Plan 2022-23



As at the end of September 2022, the Service has completed 44% of the Audit Plan against a benchmark of 50% (which reflects delivery of 100% of the Plan) and is on track to meet its key target by the end of 2022-23. This also represents an improvement in performance from 2021-22.

It should be noted that whilst the Annual Audit Plan is agreed at the start of the financial year, this may be subject to change as a result of emerging risks, requests from service areas to reschedule work, and any exceptions such as unplanned absence within the Service. It is important that the Internal Audit Service retains a flexible approach in order to ensure it can respond to issues on a timely basis and add value. Any significant changes to the Plan will be reported to the Audit and Procurement Committee.

2.2 Other Key Performance Indicators (KPIs)

In addition to the delivery of the Audit Plan, the Internal Audit Service has a number of other KPI's which underpin its delivery. The table below shows a summary of the performance for 2022-23 to date against these five KPIs, with comparative figures for the

financial year 2021-22. Three of the KPI's have been refined for 2022-23 to provide a more realistically attainable set of measures. This reflects that (a) it is important to balance quantitative performance measures against the quality of the work undertaken and (b) to recognise that there are factors outside of the auditor's control which can affect performance statistics. There is one indicator (i.e. draft report to deadline) where the Service's current performance is noticeably below expectations. This reflects the fact that draft reports are not issued in all cases, e.g. grant certification work, and as such, the performance to date is only based on a small number of audits where draft reports have been issued. Consequently, performance is expected to improve over the course of the year. Ongoing monitoring of internal audit work and identifying opportunities for improvement remains a key focus for management, in line with the Public Sector Internal Audit Standards.

Table One: Internal Audit Key Performance Indicators 2022-23

Performance Measure	Target	Performance Q2 2022-23	Performance 2021-22
Planned Days Delivered	100%	50%	93%
% of work time spent on audit work	90%	89%	91%
Draft Report to Deadline (Draft issued within two weeks of deadline)	80%	56%	47%
Final Report to Deadline (Final issued within two weeks of deadline)	80%	90%	88%
Audit Delivered within Budget Days (Where budget days have not been exceeded by more than 50%)	80%	85%	64%

2.3 Audits Completed to Date

Attached at Appendix One is a list of the audits finalised between April and September 2022, along with the level of assurance provided.

As at the 30th September 2022, the following audits were in progress:

- **Audits at Draft Report Stage** – Software Asset Management
- **Audits On-going** – CareDirector 21-22, Templars Primary School, Formal follow up Asset Management and Patching, Climate Change risk assessment, ICT Physical Security Controls, Pre-employment Checks, Formal follow up Information Governance

risk management, Pot Hole Pro Health Check, Motion helpdesk, CWRT Loan Book Health Check.

Details of a selection of key reviews completed in this period are provided at Appendix Two. In all cases, the relevant managers have agreed to address the issues raised in line with the timescales stated. These reviews will be followed up in due course and the outcomes reported to the Audit and Procurement Committee.

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 Chief Legal Officer

5.1 Financial Implications

There are no specific financial implications associated with this report. Internal audit work has clear and direct effects, through the recommendations made, to help improve value for money obtained, the probity and propriety of financial administration, and / or the management of operational risks.

5.2 Legal implications

Reporting on progress in regards to the delivery of the Annual Audit Plan ensures that the Council meets its statutory obligations in respect of maintaining an internal audit function and represents good governance.

6. Other implications

6.1 How will this contribute to achievement of the One Coventry Plan?

Internal Auditing is defined in the Public Sector Internal Audit Standards as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes". As such the work of Internal Audit is directly linked to the Council's key objectives / priorities with specific focus agreed on an annual basis and reflected in the annual Internal Audit Plan.

6.2 How is risk being managed?

In terms of risk management, there are two focuses:

- Internal Audit perspective - The main risks facing the Service are that the planned programme of audits is not completed, and that the quality of audit reviews fails to meet customer expectations. Both these risks are managed through defined processes (i.e. planning and quality assurance) within the Service, with the outcomes included in reports to the Audit and Procurement Committee. Delays in the delivery of individual audits could occur at the request of the customer, which could impact on the delivery of

the plan. This risk is managed through on-going communication with customers to agree timing and identify issues at any early stage to allow for remedial action to be taken.

- Wider Council perspective - The key risk is that actions agreed in audit reports to improve the control environment and assist the Council in achieving its objectives are not implemented. To mitigate this risk, a defined process exists within the Service to gain assurance that all actions agreed have been implemented on a timely basis. Such assurance is reflected in reports to the Audit and Procurement Committee. Where progress has not been made, further action is agreed and overseen by the Audit and Procurement Committee to ensure action is taken.

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):

Name and job title:

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Service:

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Enquiries should be directed to the above person.

Contributor/approver name	Title	Service	Date doc sent out	Date response received or approved
Contributors:				
Lara Knight	Governance Services Co-ordinator	Law and Governance	12/1/2023	17/1/2023
Paul Jennings	Finance Manager Corporate Finance	Finance	12/1/2023	20/1/2023
Names of approvers: (officers and members)				
Barry Hastie	Director of Finance	-	12/1/2023	19/1/2023
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	12/1/2023	18/1/2023

This report is published on the council's website:

www.coventry.gov.uk/meetings

Appendix One – Audit Reviews Completed between April and September 2022

Audit Area	Audit Title	Assurance
2021-22 B/Fwd	Budgetary Control	Significant
	Monitoring, Logging and Event Management (ICT)	Moderate
	Plas Dol-y-Moch Recruitment	Fact Finding
	Formal Follow Up – IT Disaster Recovery and Business Continuity	Moderate
Corporate Risk	EDI in Recruitment	Moderate
Council / Audit Priorities	IR35 Compliance	Moderate
Financial Systems	Payroll 21-22	Significant
	Business Rates 21-22	Limited
Regularity	Baginton Fields School	Moderate
	Arts Council grant	Verification
	John Shelton Community Primary School	Moderate
	PSDS grant core	Verification
	PSDS grant schools	Verification
	Homelessness Top Up grant	Verification
	Protect and Vaccinate Grant	Verification
	Growth Hub core grant	Verification
	Growth hub peer to peer grant	Verification
	Disabled facility grant	Verification
	Teachers Pension Statements	Verification
	Bus subsidy grant	Verification
	Highways grants	Verification
	Adult Weight Management grant	Verification
	Contain Outbreak Management Fund grant	Verification
	Sherbourne Fields Teaching School grant	Verification
	Allesley Primary School related party transactions	Fact Finding
	Test and Trace grant	Verification
	Innovate UK Savor grant	Verification
	Innovate UK Urban Air Port grant	Verification
	Drug Treatment Crime and Harm Reduction activity grant	Verification
	Test and Trace Support Payments grant	Verification
Directorate issues	Transfer of Coventry Communications Centre to Whitley Depot	Significant
	Cash controls Homes for Ukraine	Fact Finding
Formal Follow ups	Health and Safety Audit Programme	Moderate

Appendix Two – Summary Findings from Key Audit Reports Completed between April and September 2022

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
Business Rates March 2023 Council Tax and Business Rates Manager / Commercial Property Manager	<p>Overall Objective: To ensure that the Council identifies, calculates and collects all income due to the Council through business rates.</p> <p>Key controls assessed:</p> <ul style="list-style-type: none"> - An accurate register is maintained of all properties subject to business rates. - Liability for business rates is correctly calculated, including the application of any exemptions and reliefs. - Appropriate mechanisms are in place to collect monies due for business rates. - A risk-based quality assurance programme is in place to provide assurance in respect of accuracy of input and consistency of decisions made around liability. <p>Opinion: Limited Assurance</p> <p>It is acknowledged that the Business Rates Team have had to continue to re-purpose its activities throughout 2021/2022 in order to administer Covid-19 grants to businesses. As a result, there has again been a significant impact on the Service's ability to maintain normal systems of control. Whilst this is not due to management failings, it does affect the level of assurance that we are able to provide in relation to the objective. From our perspective, it is now imperative that systems of control are robustly re-set and consistently complied with in 2022-23. The assurance level also reflects that the review has highlighted errors in the application of specific discounts / reliefs. Whilst these do not have a significant financial impact, it does indicate the need to strengthen arrangements around testing of parameters prior to implementation.</p> <p>Agreed Actions - risk level high (H) or medium (M):</p> <ul style="list-style-type: none"> • Ensure that established controls which underpin the identification, calculation, and collection of business rates and which have lapsed due to the impact of Covid 19 are re-set and are complied with on a timely basis. (H) • Ensure that full audit trails are retained in Academy and Enterprise to support the processing / issue of reliefs and refunds. (M) • Undertake a full review of all accounts which have received the Expanded Retail Discount / Nurseries Discount in 2021-22 where the customer was / is also in receipt of Supporting Small Business Rates Relief and take appropriate action to correct these accounts. This should include ensuring that the charges for 2022-

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
	<p>23 are correctly calculated. (H)</p> <ul style="list-style-type: none">• Ensure that there are appropriate test plans in place for all annual parameters. Where officers undertake testing, ensure this is subject to an independent check / approval to confirm accuracy and all evidence relating to testing / approval is retained in a central repository. (H)• Ensure that outturn data to government for 2021-22 is corrected (via the NNDR3 form) and payment returned as appropriate. (H)• Agree a process to be implemented between the Corporate Property Team and the Business Rates Team to ensure that changes in corporate property are notified to Business Rates in a timely manner. (H)

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
EDI in Recruitment March 2023 Resourcing Leads / Head of People & Culture / Workforce Diversity & Inclusion Lead	<p>Overall Objective: To ensure that there is an appropriate control framework in place within the Council's attraction, recruitment and selection process to support the equality, diversity and inclusion (EDI) aims of the Council.</p> <p>Opinion: Moderate Assurance</p> <p>The review highlighted that there are some elements of the recruitment process which clearly support EDI aims, including training, use of anonymised applications and targeted routes to attract candidates from diverse backgrounds /under-represented groups. However, from our perspective, and given the importance of equality and diversity within the Council, a more proactive approach is required in some areas if sustained, tangible improvements are to be achieved.</p> <p>Agreed Actions:</p> <ul style="list-style-type: none"> • Update the Recruitment Guide on the Intranet to ensure it is consistent with the Recruitment Policy in relation to the make-up of interview panels. (M) • Define the role of the Resourcing Team in relation to the actions they should take as part of the recruitment process to ensure that the Council's responsibilities around EDI are met. (M) • Take appropriate steps to promote the Council's use of the Diversity Jobs Group with recruiting managers. (M) • Provide guidance to candidates on the recruitment portal which requests them not to include distinguishing information within their personal statement. (M) • Ensure that for all recruitment exercises, the Resourcing Team enforce compliance with the requirement that interview records are uploaded to the TribePad System. (M) • Take appropriate steps to ensure that the Workforce Diversity and Inclusion action plan for attraction, recruitment and selection is progressed. (M)

Audit Review / Actions Due / Responsible Officer(s)	Key Findings								
<p>Formal Follow Up – IT Disaster and Business Continuity</p> <p>March 2023</p> <p>Operational Delivery Manager / Principal Emergency Planning Officer</p> <p>A summary of progress made against the agreed actions is shown below:</p> <table border="1" data-bbox="130 806 534 981"> <tr> <td>Number of Actions</td> <td>9</td> </tr> <tr> <td>Implemented</td> <td>1</td> </tr> <tr> <td>No Progress</td> <td>2</td> </tr> <tr> <td>On-going</td> <td>6</td> </tr> </table>	Number of Actions	9	Implemented	1	No Progress	2	On-going	6	<p>Overall Objective: To provide assurance that agreed actions have been implemented as planned to ensure that the Council has effective and robust systems in place for IT disaster recovery and business continuity.</p> <p>Opinion: Moderate assurance</p> <p>Whilst a number of actions are continuing to be progressed, there is a clear desire to continue to develop arrangements to the benefit of both parties, including refining the business continuity plans to reflect a co-ordinated, organisation-wide approach to, for example, recovery prioritisation, and the development and collation of the key recovery data required into a single document. It is also acknowledged that there have been noticeable improvements in the relationship between ICT and the Resilience Team with more collaborative and closer working.</p> <p>Agreed Actions:</p> <ul style="list-style-type: none"> • Give consideration to formalising the relationship between ICT and the Resilience Team with (suggested) bi-annual discussions to ensure that business continuity plans and documentation are fit for purpose and up to date. (H) • Continue the work already started to build understanding of recovery capability by having cross-business discussions about actual prioritisation where there are choices to be made. (H) • Continue the work already started and progress to the point where all service area plans are fully-populated and service areas have provided (and continue to provide) relevant information to the Resilience Team which may impact on an organisation wide recovery. (L) • Continue and complete the recovery schedule. (M) • The owners and users of the business systems that there are not on out of office support should be made aware of this and the associated risk to their services determined. (M) • Formal and regular disaster recovery testing arrangements should be introduced. (M)
Number of Actions	9								
Implemented	1								
No Progress	2								
On-going	6								



Coventry City Council

Public report

Report to

Audit and Procurement Committee

30th January 2023

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:

Internal Audit Recommendation Tracking Report

Is this a key decision?

No

Executive summary:

The purpose of this report is to provide the Audit and Procurement Committee with an update on the progress made in implementing internal audit recommendations since October 2021.

Recommendations:

The Audit and Procurement Committee is recommended to note the progress made in implementing audit recommendations and confirm its satisfaction with this and the proposed action by the Chief Internal Auditor for audits where actions remain outstanding.

List of Appendices included:

Appendix One – Results of Formal Follow up Exercise

Appendix Two – Results of Self-Assessment Follow up Exercise

Background papers:

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:

Internal Audit Recommendation Tracking Report

1. Context (or background)

- 1.1 The Public Sector Internal Audit Standards requires that “the Chief Audit Executive (i.e. Chief Internal Auditor) must establish a follow up process to monitor and ensure that management actions have been effectively implemented or that senior management have accepted the risk of not taking action”.
- 1.2 As reflected within its terms of reference, the Audit and Procurement Committee is required to receive reports on Internal Audit’s follow up process. This report provides an update as to progress in respect of the agreed management actions which have been followed up during the period October 2021 to November 2022.
- 1.3 Due to the impact of Covid-19, a decision was taken to suspend self-assessment follow ups from March 2020. These arrangements have been re-set for follow ups due from October 2021 onwards. It is therefore recognised that for those audits which were due to be followed up by the self-assessment method during the period March 2020 to October 2021, no follow up has been undertaken. This does not mean that the recommendations were not implemented, but rather that assurance has not been obtained. Any future audits of these areas will encompass a follow up of previous recommendations.

2. Options considered and recommended proposal

- 2.1 **Follow Up Procedure** - Given the number of audits that the Internal Audit Service completes every year, it is critical that it has a robust procedure in place for ensuring that it obtains appropriate assurance that audit recommendations have been implemented but does so in an efficient and proportionate way. Where appropriate, Internal Audit defines within its audit reports the follow up process to those responsible for the system / area under review and a date is agreed of when this will take place.

Currently, there are three key considerations that will determine the follow up procedure adopted, namely:

- 1) Whether the area audited is of such significance that it is subject to an annual review.
- 2) The level of assurance provided in the audit report.
- 3) A self-assessment process for those reviews where neither of the points above apply, but a follow up review is necessary.

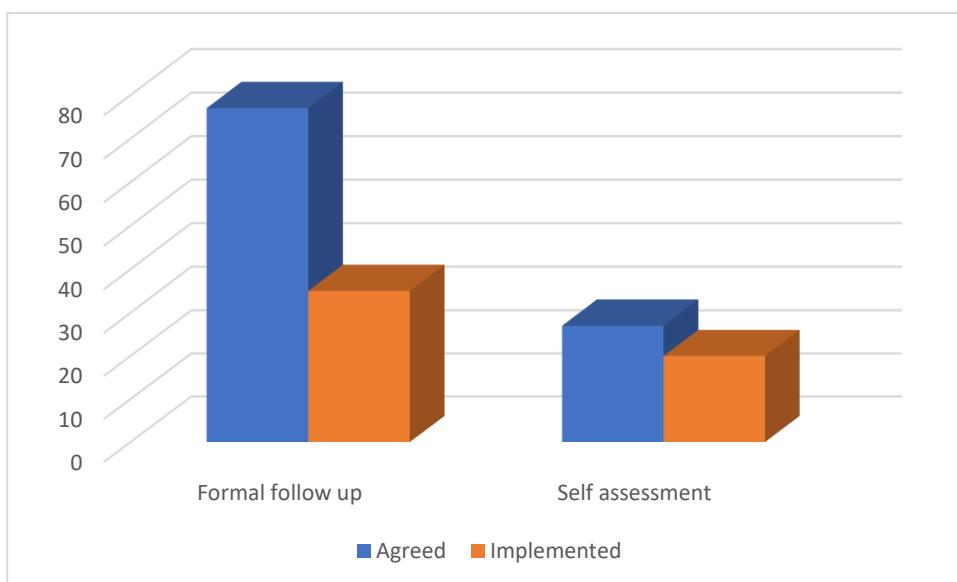
- 2.2 These considerations are expanded upon below:

- **Annual Audits:** These audits are generally included in the Audit Plan on an annual basis because of the nature of the systems, and the fact they are corporate wide and have been identified as key in delivering the Council's objectives (e.g. financial systems, risk management).
- **Level of Assurance:** Any audit which receives 'no' or '*limited*' assurance is subject to a follow up review to assess improvements based on a timing agreed between Internal Audit and relevant management. In either of these circumstances, a formal follow up review will take place which involves Internal Audit assessing progress through audit

testing to ensure that agreed actions have been implemented and are working effectively.

- **Self-Assessment Process:** For all other audits, a process exists which is based on a self-assessment by relevant managers. This involves Internal Audit asking managers for an update on the action taken to implement audit recommendations.

- 2.3 Overall, it is believed that the procedure achieves the right balance between ensuring action is taken in response to risks identified by Internal Audit and allowing the Service to focus on identification of new risks.
- 2.4 **Results –** The results of the latest follow up exercise are attached at Appendix One and Two and are summarised in the graph below.



Of the 104 actions followed up, 53% have been implemented based on both the formal and self-assessment follow up method. When this is analysed by follow up method the results are:

- Formal follow up method – 45% implementation rate.
- Self-assessment follow up method – 74% implementation rate.

Given the lower number of actions which have been followed up during the period, it is difficult to make meaningful comparisons with the previous exercise (when the overall implementation rate was 62%). However, specifically in relation to the formal follow up method, it does appear that implementation rates have reduced. In saying this, it is viewed that the reasons behind this are reasonable taking into account the specific circumstances where progress has been limited, and do not reflect any systematic failings on the part of management. Where appropriate, the Service have underlined the importance of implementing agreed actions and further action will be considered if progress is not made as expected, in accordance with 2.6 below.

- 2.6 **Proposed Way Forward for Dealing with Outstanding Actions** - After the follow up has been completed, the results are collated within Internal Audit. If progress is not consistent with expectations, audit management will determine the next course of action.

Based on the reasons for the lack of progress, the following courses of action are available:

- Revised implementation dates are agreed for outstanding actions.
- Concerns raised through the management structure to ensure senior managers are aware of both the lack of progress made and the risks still facing a service.
- As a last resort, to ask the Audit and Procurement Committee to intervene and seek prompt action from the relevant manager.

Our proposed actions for the audits where recommendations remain outstanding are highlighted within Appendices One and Two.

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 Chief Legal Officer

5.1 Financial Implications

There are no specific financial implications associated with this report. Internal audit work has clear and direct effects, through the recommendations made, to help improve value for money obtained, the probity and propriety of financial administration, and / or the management of operational risks.

5.2 Legal implications

Reporting on progress in implementing audit recommendations ensures that the Council meets its statutory obligations in respect of maintaining an effective internal audit function and represents good governance.

6. Other implications

6.1 How will this contribute to achievement of the One Coventry Plan?

Internal Auditing is defined in the Public Sector Internal Audit Standards as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes". As such the work of Internal Audit is directly linked to the Council's key objectives / priorities with specific focus agreed on an annual basis and reflected in the annual Internal Audit Plan.

6.2 How is risk being managed?

In terms of risk management, there are two focuses:

- Internal Audit Service perspective - The main risks facing the Service are that the planned programme of audits is not completed, and that the quality of audit reviews fails to meet customer expectations. Both these risks are managed through defined processes (i.e. planning and quality assurance) within the Service, with the outcomes included in reports to the Audit and Procurement Committee.
- Wider Council perspective - The key risk is that actions agreed in audit reports to improve the control environment and assist the Council in achieving its objectives are not implemented. To mitigate this risk, a defined process exists within the Service to gain assurance that all actions agreed have been implemented on a timely basis. Such assurance is reflected in reports to the Audit and Procurement Committee. Where progress has not been made, further action is agreed and overseen by the Audit and Procurement Committee to ensure action is taken.

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):

Name and job title:

Karen Tyler

Chief Internal Auditor

Directorate:

Place

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Enquiries should be directed to the above person.

Contributor/approver name	Title	Directorate or organisation	Date doc sent out	Date response received or approved
Contributors:				
Lara Knight	Governance Services Co-ordinator	Law and Governance	12/1/2023	17/1/2023
Paul Jennings	Finance Manager Corporate Finance	Finance	12/1/2023	20/1/2023

Names of approvers: (officers and members)				
Barry Hastie	Chief Operating Officer (Section 151 Officer)		12/1/2023	19/1/2023
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	12/1/2023	18/1/2023

This report is published on the council's website:

www.coventry.gov.uk/meetings

Appendix One – Results of Formal Follow Up Exercise

Audit Review	High Risk Actions Agreed	High Risk Actions Implemented	Medium Risk Actions Agreed	Medium Risk Actions Implemented	Comments
Accounts Payable			3	1	
Accounts Receivable			3	2	
Payroll			1	1	
Council Tax			5	3	
Business Rates	3	0	4	1	Progress has been delayed due to the Service's continued need to re-purpose its activities in order to administer Covid-19 grants to businesses. Revised implementation dates have been agreed.
Housing Benefits			3	1	
CareDirector	1	1	12	2	Progress has been delayed due to issues arising from the upgrade of CareDirector and a number of staffing changes / resource issues. Revised implementation dates have been agreed.
St Osburgs Primary School	1	1	5	2	
Sports and Arts grants process	3	2	1	1	
Access to Council Buildings	3	3			
Health and Safety Audit Programme	6	5	4	1	
IT Disaster Recovery and Business Continuity	2	0	7	1	The follow up review acknowledged that progress has made across the majority of the agreed actions, but further work is required to complete. Revised implementation dates have been agreed.
Asset Management, Patching and Secure Configuration	1	1	9	6	

Revised implementation dates have been agreed for all outstanding actions and these will be followed through the self-assessment process / next annual review

Appendix Two – Results of Self-Assessment Follow up Exercise

Audit Review	High Risk Actions Agreed	High Risk Actions Implemented	Medium Risk Actions Agreed	Medium Risk Actions Implemented	Comments
St Osburgs Primary School			3	3	
Purchasing cards			4	4	
Storage Area Network			4	3	
Potters Green Primary School	4	3	3	2	
Wyken Croft Primary School	3	3	2	2	
Compliance with Working Together Standards	2	0	2	0	Progress has been made across all of the agreed actions, but further work required to complete. All actions to be addressed by June 2023.

Revised implementation dates have been agreed for all outstanding actions and these will be followed through a further self-assessment.

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Coventry City Council

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

15 December 2022
18 January, 2023
30 January 2023

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 2021/22

Is this a key decision?

No

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 20 July 2022, covers complaints to Coventry City Council between April 2021 and March 2022 (2021/22).

This report sets out the number, trends and outcomes of complaints to the LGSCO relating to Coventry City Council in 2021/22. 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.

Recommendations:

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 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 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 2022
Appendix 2: Local Government and Social Care Ombudsman Investigation Decisions in 2021/22 for Coventry City Council

Background papers:

None

Other useful documents

Local Government and Social Care Ombudsman Annual Review of Local Government Complaints 2021-22

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 15 December 2022 and Audit and Procurement Committee on 30 January 2023.

Will this report go to Council?

No

Report title:

Complaints to the Local Government and Social Care Ombudsman 2021/22

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/, 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 20 July 2022, covers complaints to Coventry City Council between April 2021 and March 2022 (2021/22). 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 2021/22. 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.
- 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 15,826 complaints and enquiries in 2021/22 up from 11,830 the previous year. The areas receiving the greatest number of detailed investigations was Children's Services (1069), Adult Services (990), and Housing (397).
- 2.2 For Coventry City Council, the LGSCO received 93 complaints and enquiries in 2021/22, up from a total of 54 the previous year.

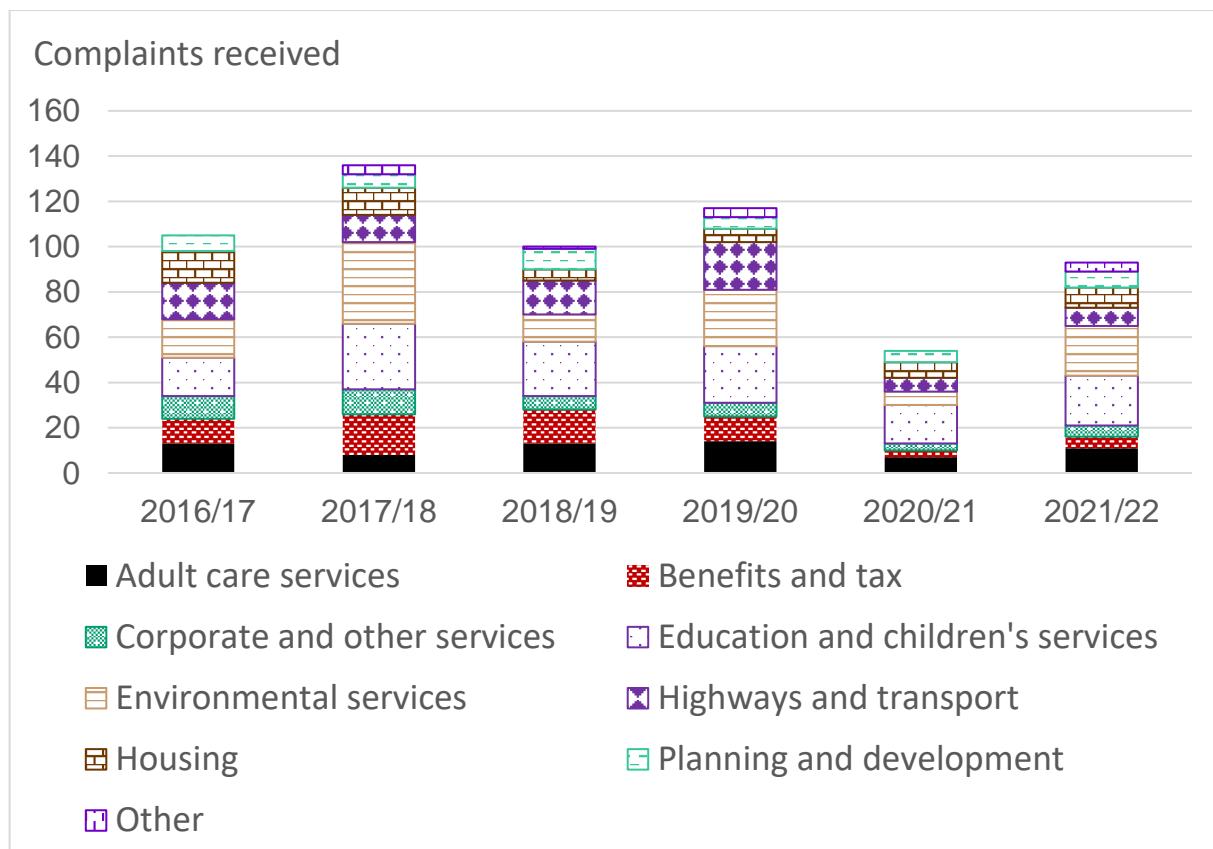
2.3 Figure 1.

Figure 1: Complaints and enquiries received by category

Category (as defined by LGSCO)	Complaints in 2020/21	Complaints in 2021/22
Adult care services	7	11
Benefits and tax	3	5
Corporate & other services	3	5
Education & children's services	17	22
Environmental Services & Public Protection & Regulation	6	22
Highways & transport	6	8
Housing	7	9
Planning & development	5	7
Other	0	4
Total	54	93

2.4 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



- 2.5 In 2021/22 there was a slight increase in complaints and enquiries. There was a significant increase in Environmental services enquiries and complaints. The category with the highest number of complaints and enquiries was education and children's services with 22 (up 17 from 2020/21) and Environmental services also with 22 (up from 6 in 2020/21).
- 2.6 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.
- 2.7 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.
- 2.8 In 2021/22 the LGSCO made **87** decisions up from 66 the previous year:
- **2** incomplete/invalid;
 - **3** advice given;
 - **28** referred back for local resolution.
 - **40** closed after initial enquiries; and
 - **14** complaints investigated, of which **10** were upheld and **4** were not upheld.
- 2.9 The number of complaints investigated (14 complaints) down from previous years (13 in 2020/21, and 22 in 2019/20). The LGSCO upheld a smaller proportion of complaints they investigated than in previous years: 71% of complaints were upheld (10 out of 14) in 2021/22, compared to 77% (10 out of 13) in 2021/20, and 50% (11 out of 22) in 2020/19. This compares to the Chartered Institute of Public Finance and Accountancy (CIPFA) statistical neighbours upheld rate of 62% and West Midland Combined Authority (WMCA) upheld rate of 73% and a national upheld rate of 66% for 2021/22. 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, 62% of complaints were upheld among Coventry and its 15 statistical neighbours. The authority with the highest percentage of complaints upheld in 2021/22 is Solihull (80%) and lowest is Kirklees (47%). Coventry has the eleven lowest upheld rate (71%).

Local Authority	Not Upheld	Upheld	% Upheld	Total
Kirklees	23	20	47%	43
Salford	10	11	48%	21
Medway	6	7	54%	13
Blackburn and Darwin	1	1	50%	2
Leicester	8	12	60%	20
Wolverhampton	5	8	62%	13
Bolton	8	14	64%	22
Bristol	12	22	65%	34
Bradford	16	30	65%	46
Sandwell	10	20	67%	30
Coventry	4	10	71%	14
Rochdale	5	13	72%	18
Sheffield	5	15	75%	20
Oldham	4	13	76%	17
Derby	1	4	80%	5

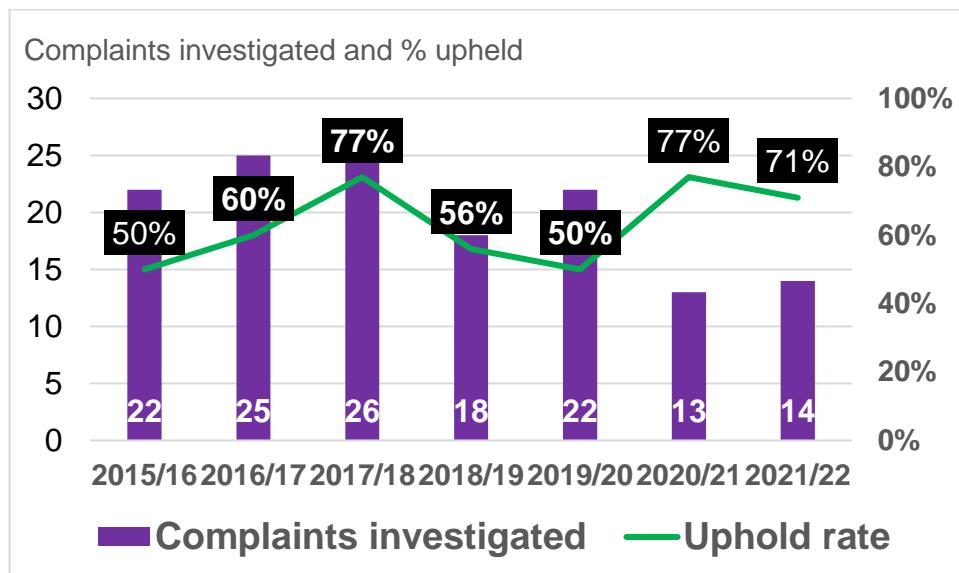
Figure 4: Complaints investigated: comparison with WMCA constituent authorities 2021/21

There were 230 complaints investigated across the WMCA area, of which 170 were upheld and 61 were not upheld. That means, 73% 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 Solihull (80%), lowest is Wolverhampton (62%). Coventry is the fourth lowest out of seven on (71%).

Local Authority	Not Upheld	Upheld	% Upheld	Total
Solihull	4	11	80%	15
Birmingham	28	100	78%	128
Coventry	4	10	71%	14
Dudley	7	14	67%	21
Sandwell	10	20	67%	30
Walsall	3	6	67%	9
Wolverhampton	5	8	62%	13

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 7% 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 2021/22 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 the 21 June 2022. The minutes have not yet been approved for this meeting. The Ombudsman found our policy regarding issuing a Community Trigger to be unacceptable. The remedy to satisfy the Ombudsman is due be finalised by September 2022. 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 2021/22 compared to 2020/21

Service area	2021/22				2020/21			
	Upheld	Not upheld	% upheld	Response time (days)	Upheld	Not upheld	% upheld	Response time (days)
Adult social care	3	1	80%	18	4	1	80%	27
Building Control								
Children's services	3		100%	20	1		100%	14
Council tax	1		100%	15				
Greenspace						1	0%	64
Highways		1	0%	15				
Household waste assisted collections	1		100%	0	2		100%	19
Household waste collections					1	1	50%	23
Housing services	1		100%					
Housing Benefit	1		100%	5				
Parking Services		1	100%	15	1		100%	
Planning	1		100%	0				
School Transport					1		100%	
Total	10	4	71%	15	10	3	77%	23

2.14 This year saw a slight increase in the number of details investigations completed 14 compared to 13 in 2020/21. There was an increase in detailed investigations relating to Children's Services & Education, and Household waste collections in 2021/22.

2.15 The LGSCO typically expects councils to respond to investigation enquiries within 20 working days. This target was reached in 2021/22.

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 2021/22 the LGSCO found 10% of upheld cases Coventry had provided a satisfactory remedy before the complaint reached the Ombudsman. This compares to 10% in 2020/21 and 18% in 2019/20.

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

169 complaints were upheld in WMCA area and on 12 complaints the Ombudsman considered that the authority provided a satisfactory remedy before the complaint reached them (7%).

Local Authority	Upheld cases where the authority had provided a satisfactory remedy before the complaint reached the Ombudsman		Total Number of complaints upheld
	%	Number	
Solihull	18%	2	11
Coventry	10%	1	10
Sandwell	10%	2	20
Birmingham	7%	7	100
Dudley	0%	0	14
Wolverhampton	0%	0	8
Walsall	0%	0	6

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 2021/22 the Ombudsman was satisfied we successfully implemented all of their recommendations 100%. This was based on 10 compliance outcomes. 3 Adult Services, 3 Education & Children's services, 2 Benefits & Tax, 1 Planning & Development, 1 Environmental Services & Public Protection & Regulation.

Figure 8: Compliance with Ombudsman recommendations

Local Authority	Complaints where compliance with the recommended remedy recorded	
	Number	% where remedy successfully implemented
Birmingham	7	100%
Coventry	8	100%
Solihull	8	100%
Walsall	8	100%
Wolverhampton	8	100%
Dudley	16	100%
Sandwell	19	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">- Reviewed its record keeping procedures and language used in its communications to ensure clear explanations are provided in plain English.-Conducted a review of its working practices relating to communication with residents' families and external organisations and provided guidance to staff about these.-Reviewed complaints processes to ensure more robust responses and will be holding training sessions on completing investigations.- Adult Social Care complaints training has been carried out to managers throughout the service area to ensure complaints are being handled correctly and effectively.
Children's Services	<ul style="list-style-type: none">-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).-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.-To ensure all complaints are acknowledged and dealt with within the Statutory timescales.
Household Waste Collection and Assisted Waste Collection	<ul style="list-style-type: none">-The Council agreed to review its policies and procedures for assisted refuse collections to ensure refuse workers are properly alerted to new assisted collections; and arrangements remain clear to refuse workers throughout the duration of the assisted collection-The Council agreed to review its policies and procedures for complaints about refuse and recycling to ensure complainants receive considered responses and are told how to escalate their complaint, both within the Council's complaints procedure and to the Ombudsman. Complaints are monitored for repeated issues and promised actions are followed up on.

Regulatory Services-Community Triggers	<p>-The Council are seeking to review the Community Trigger Policy and procedures with its partners, to ensure that it reflects a proactive approach in constructive consultation with partner agencies, looking at what more might be done by any of the partners to tackle the problem.</p> <p>- The Council are to ensure that the relevant officers and Members receive training on how to effectively complete a Community Trigger review so that this fault does not recur.</p>
Planning	<p>-The Council are to review its procedures, so it is clear how to proceed when an application is deferred and then heard afresh.</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 Chief Operating Officer (Section 151 Officer) and the Chief Legal Officer

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 2021/22 there were 4 complaints which resulted in some form of financial remedy or reimbursement. This is detailed in Appendix 2. These were paid out of budgets from the relevant service areas. The amount paid out in 2021/22 was £1400.

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/)

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.

6.2 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.

6.3 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.

6.4 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/).

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.

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

None.

6.6 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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<mailto:Ombudsman@coventry.gov.uk>

Enquiries should be directed to the above person.

Contributor/approver name	Title	Service	Date doc sent out	Date response received or approved
Andrew Walster	Director of Streetscene & Regulatory Services	Streetscene & Regulatory Services	13/09/2022	26/10/2022
Andy Williams	Director of Business, Investment & Culture	Business, Investment & Culture	13/09/2022	13/09/2022
Colin Knight	Director of Transportation & Highways	Transportation & Highways	13/09/2022	26/10/2022
Rachael Sherwood/ Ilius Ahmed	Customer Service Manager- Development and Improvement/ Complaints Officer	Customer & Business Services	13/09/2022	26/10/2022
Jaspal Mann	Policy, Equalities & Diversity Officer	Public Health	13/09/2022	26/10/2022
John Gregg	Director of Children's Services	Children's Services	13/09/2022	26/10/2022
Kirston Nelson	Chief Partnership Officer	Education & Skills	13/09/2022	26/10/2022
Alison Duggal	Director of Public Health and Wellbeing	Public Health	13/09/2022	26/10/2022
Pete Fahy	Director of Adult Services and Housing	Adult Services and Housing	13/09/2022	26/10/2022
Richard Moon	Director of Property Services and Development	Property Services and Development	13/09/2022	26/10/2022
Si Chun Lam	Insight Manager- Intelligence	Public Health	13/09/2022	13/09/2022
Susanna Newing	Chief People Officer	Human Resources	13/09/2022	26/10/2022
Suzanne Bennett	Governance Services Co-ordinator	Law and Governance	29/11/22	29/11/22
Names of approvers for submission: (officers and members)				
Barry Hastie	Chief Operating Office (Section 151 Officer)	Finance	13/09/2022	26/10/2022
Julie Newman	Chief Legal Officer	Law and Governance	13/09/2022	20/09/2022
Martin Reeves	Chief Executive		13/09/2022	26/10/2022
Councillor G Duggins	Cabinet Member for Policy and Leadership		13/09/2022	30/11/2022

This report is published on the Council's website: www.coventry.gov.uk/councilmeetings/

Local Government & Social Care **OMBUDSMAN**

20 July 2022

By email

Mr Reeves
Chief Executive
Coventry City Council

Dear Mr Reeves

Annual Review letter 2022

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2022. The information offers valuable insight about your organisation's approach to complaints. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to encourage effective ownership and oversight of complaint outcomes, which offer such valuable opportunities to learn and improve.

Complaint statistics

Our statistics focus on three key areas that help to assess your organisation's commitment to putting things right when they go wrong:

Complaints upheld - We uphold complaints when we find fault in an organisation's actions, including where the organisation accepted fault before we investigated. We include the total number of investigations completed to provide important context for the statistic.

Compliance with recommendations - We recommend ways for organisations 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 organisation upheld the complaint and we agreed with how it offered to put things right. We encourage the early resolution of complaints and credit organisations that accept fault and find appropriate ways to put things right.

Finally, we compare the three key annual statistics for your organisation with similar authorities to provide an average marker of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 27 July 2022. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

Supporting complaint and service improvement

I know your organisation, like ours, will have been through a period of adaptation as the restrictions imposed by the pandemic lifted. While some pre-pandemic practices returned, many new ways of working are here to stay. It is my continued view that complaint functions have been under-resourced in recent years, a trend only exacerbated by the challenges of the pandemic. Through the lens of this recent upheaval and adjustment, I urge you to consider how your organisation prioritises complaints, particularly in terms of capacity and visibility. Properly resourced complaint functions that are well-connected and valued by service areas, management teams and elected members are capable of providing valuable insight about an organisation's performance, detecting early warning signs of problems and offering opportunities to improve service delivery.

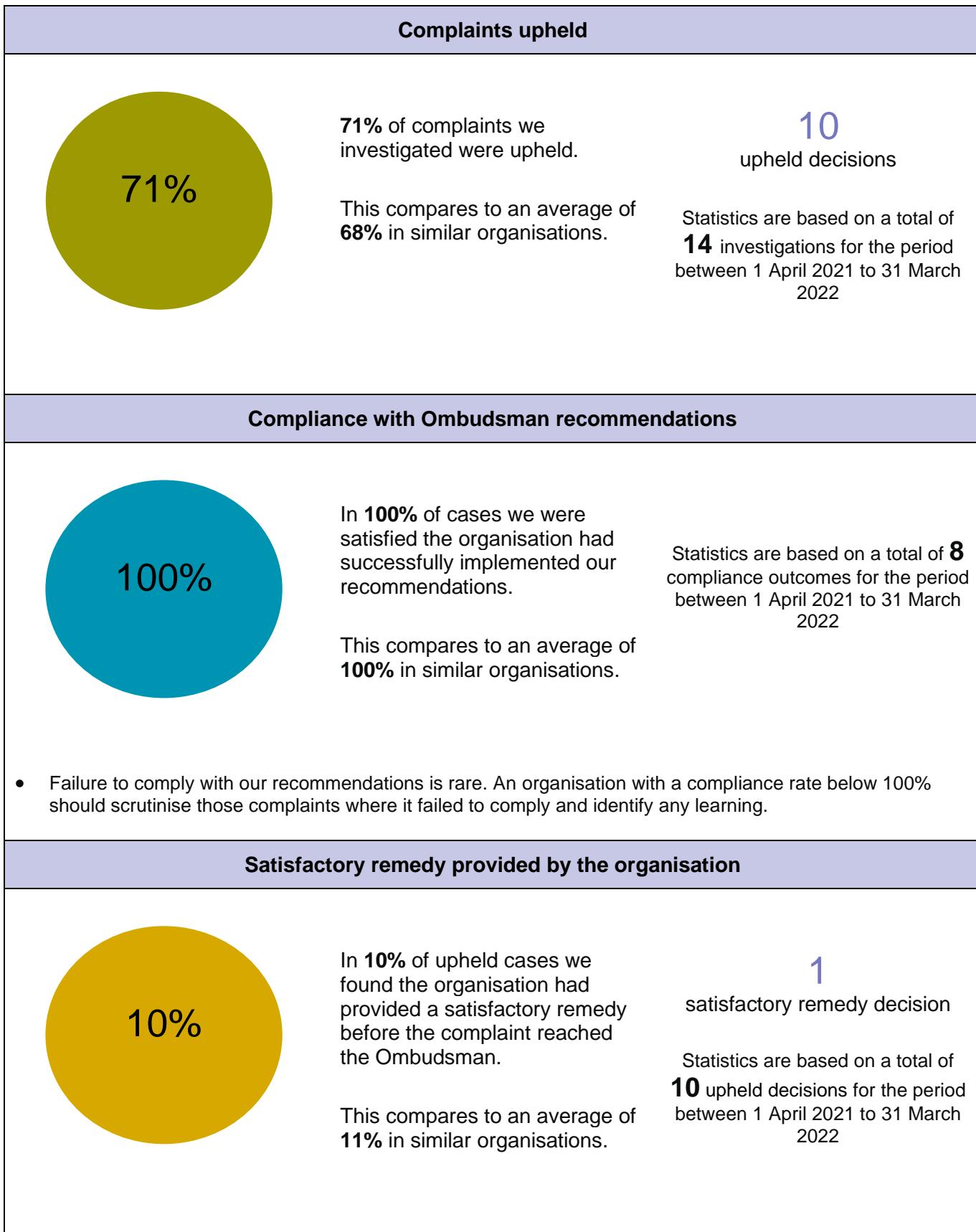
I want to support your organisation to harness the value of complaints and we continue to develop our programme of support. Significantly, we are working in partnership with the Housing Ombudsman Service to develop a joint complaint handling code. We are aiming to consolidate our approaches and therefore simplify guidance to enable organisations to provide an effective, quality response to each and every complaint. We will keep you informed as this work develops, and expect that, once launched, we will assess your compliance with the code during our investigations and report your performance via this letter.

An already established tool we have for supporting improvements in local complaint handling is our successful training programme. We adapted our courses during the Covid-19 pandemic to an online format and successfully delivered 122 online workshops during the year, reaching more than 1,600 people. To find out more visit www.lgo.org.uk/training.

Yours sincerely,



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



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Appendix 2 Decisions in 2021/22 (detailed investigations carried out)

Service Area	Decisions Upheld (10)	Monetary Settlement
1 - Complaint Report issued: Upheld; Maladministration and injustice		
Regulatory Services 1 Report	<p>Mr D complained about how the Council dealt with his Community Trigger request. He says it conspired with his landlord and failed to take account of all the information or include him in the review. Mr D also complained that the Council changed the date on an email so that it appeared he sent it later, and it failed to respond to his complaint.</p> <p>Mr D says the Council's shortcomings have caused him upset and distress and he feels discriminated against. He says he has had to move home because the Council failed to take any action to tackle the ASB behaviour he was experiencing</p> <p>The Council reviewed the actions taken to date, alongside its partners. However, it did not consider if there was anything it could do to tackle the ASB under its powers, either individually or working with other agencies.</p> <p>Overall, there is fault by the Council. It did not consider the aim of the Community Trigger review and the opportunity it presents to proactively consider what action it could take; it did not consider whether it should invite Mr D to the Panel meeting; and the Council's records of Mr D's email are not accurate</p> <p>To remedy the injustice identified in this report, the Council has agreed to:</p> <ul style="list-style-type: none"> • apologise to Mr D for the frustration and uncertainty it has caused him; • seek to review the Community Trigger Policy and procedures with its partners, to ensure that it reflects a pro-active approach in constructive consultation with partner agencies, looking at what more might be done by any of the partners to tackle the problem; and • ensure that the relevant officers and Members receive training on how to effectively complete a Community Trigger review so that this fault does not recur. <p>The Council published public notices regarding the report and considered the report at full Council. The remedy actions for this case are still underway and are due to be sent to the Ombudsman by the end of September.</p>	
8 - Complaints Upheld: Maladministration and injustice		
Adult Social Care 3 complaints upheld	1. X complained about the way the Council managed their relative, Y's, care. There was no fault in the way the Council assessed Y's capacity or prepared Y for a move to supported living. The Council was at fault as Y received poor care at his Council-commissioned residential placement which caused Y and X distress. The Council investigated and upheld there was poor care but has not	£700

Service Area	Decisions Upheld (10)	Monetary Settlement
	<p>offered an appropriate remedy. The Council has agreed to apologise to X and Y and make a financial remedy to acknowledge the poor care and distress caused</p> <ul style="list-style-type: none"> • Agreed action: Write to X and Y to apologise to them for the poor care Y received at care home B; 67. Within two months of the final decision, the Council will: (by 5 September 2021 • Pay Y £500 to acknowledge the distress caused to Y by the poor care. • Pay X £200 to acknowledge the distress they were caused and time and trouble they have gone to bringing their complaint. <p>2. Mr C complained his wife did not receive a financial remedy when he complained she had to stay with her mother for three days because the care provider, commissioned by the Council, stopped her care support with immediate effect. We upheld Mr C's complained, following which the Council agreed to provide the financial remedy we recommended for Mrs C</p> <p>To remedy the injustice identified in this report, the Council has agreed to:</p> <ul style="list-style-type: none"> • within four weeks of the decision, the Council should pay Mr C's wife £200 to remedy the injustice she experienced. <p>3. Mr D complains the Council's adult social care team failed to help him deal with his council tax benefits or to get food during the first coronavirus lockdown in 2020. The Council did not send Mr D a copy of his care and support assessment, but this did not cause him any injustice. We have found no fault in the other parts of Mr D's complaint.</p> <p>There was fault by the Council, but this did not cause significant injustice to Mr D.</p>	£200
Children & Education Services 3 complaints upheld	<p>1. Ms X complains about the Council's decision-making in relation to a child protection investigation that she says was not justified. Based on the evidence seen to date, the Council is at fault. Ms X, complains that the Council's wrongly decided to conduct a child protection investigation and to place her children on a child protection plan on grounds of neglect. She thinks the decisions were made in an attempt to delay her appeal to a tribunal about her daughter's Education, Health and Care Plan (EHCP) and to influence her in her dispute with the Council over her housing needs. She says her complaints about this were not properly investigated</p> <p>We recommend the Council apologises to Mrs X and pays her a financial remedy</p> <ul style="list-style-type: none"> • pay Ms X £500 to remedy distress caused and for her time and trouble in bringing the complaint; and • apologise Ms X. <p>Letter of apology was sent to the LGO as remedy evidence, Ms X refused payment of £500. We are awaiting further updates from the Ombudsman regarding this case.</p>	

Service Area	Decisions Upheld (10)	Monetary Settlement
	<p>2. Coventry City Council delayed in its handling of a complaint about its proposed plans for adaptations under a Disabled Facilities Grant. The Council will apologise and make a payment of £200 to recognise the injustice this caused</p> <ul style="list-style-type: none"> • The Council will formally apologise to Mr B for the delay in its handling of the complaint. • To further recognise the identified injustice these failings caused it will make Mr B a payment of £200. <p>The Council must ensure that in future it considers complaints as provided for in its published complaints procedure and that this is done in a timely manner. It should provide me with details of how it will ensure this within one month of the final decision on the complaint.</p> <p>3. The Council failed to plan for and properly manage Y's transition to adulthood. The Council also failed to issue a legally compliant Education, Health and Care plan naming the next placement by the statutory deadline. This caused unnecessary uncertainty, distress and prevented Y moving on to the next phase of education with her peers.</p> <p>To remedy the injustice identified in this report, the Council has agreed to:</p> <ul style="list-style-type: none"> • The Council will apologise to Ms X for the faults identified. • The Council will pay Ms X £300 to acknowledge the impact on her of the uncertainty, and the extra time and trouble she has been put to organising alternative services and pursuing the complaint. • Review whether joint commissioning arrangements are in place to ensure joint funding is considered and agreed in ample time to meet the statutory deadline for phase transfers and all relevant services invited to annual reviews. 	<p>£200</p> <p>£300</p>
Planning 1 complaint upheld	<p>The Council properly considered a planning application to build a new leisure facility close to Mrs B's home. However, it should have made clear to all parties that it was considering the application afresh at the final committee meeting. This was fault, but the impact on Mrs B was limited because the Council considered all the aspects.</p> <p>The Council has agreed</p> <ul style="list-style-type: none"> • to review its procedures so it is clear how to proceed when an application is deferred and then heard afresh. • within three months of the date of this decision, show the Ombudsman it has reviewed its procedures, so it is clear how to proceed when an application is deferred and then heard afresh. 	

Service Area	Decisions Upheld (10)	Monetary Settlement
Benefits & Tax 2 Complaints upheld	<p>1. Mr X complains about a housing benefit overpayment. He says the Council reduced the overpayment in 2017 and he had repaid the overpayment. He also complains the dates on the Council's invoices are wrong. We find fault with the Council for the delay in taking recovery action and for providing Mr X with incorrect information.</p> <p>To remedy the injustice identified in this report, the Council has agreed to:</p> <ul style="list-style-type: none"> • Apologise to Mr X for the confusion caused by the incorrect information sent to him <p>2. There was fault in the way the Council handled Mr X's enquiries about costs relating to a charging order on his property and delay in providing him with a final settlement figure. But we found no evidence that the Council had reneged on an agreement to write off the costs when Mr X cleared his Council Tax arrears.</p> <p>To remedy the injustice identified in this report, the Council has agreed to:</p> <ul style="list-style-type: none"> • The Council has agreed to offset £100 against the £264 costs Mr X owes. It will write to Mr X within one month of this decision to confirm the revised balance due. • The Council has already apologised in writing to Mr X for the distress caused by the way it handled his case, so I did not recommend a further apology. • The Council is processing a refund of £100 for overpaid Council Tax. The Council will send us evidence that the cheque has been issued within one month. 	
1 Complaints Upheld: not investigated – injustice remedied during complaint processes		
Waste Services 1 complaint upheld	<p>Ms X says the Council is not ensuring its refuse collection operatives return a recycling bin to the correct location during the assisted collection service. There is fault by the Council. The Council agreed to monitor the service from Ms X's home for a three month period to ensure the service works properly</p> <p>The Council already monitors the collection of refuse from Ms X's home because of reports of missed collections. It should now extend its monitoring to include the return of the recycling bin to the correct location within the curtilage of Ms X's property. The monitoring should be done for a three month period to ensure the matter is finally addressed</p>	
Total		£1,400

Service Area	Decisions Not Upheld (4)
Adult Social Care 1 Complaint	Mr A complains the Council has commissioned a service that does not provide suitable autism support. Mr A complains this means he cannot access specialist support for his autism. The Ombudsman does not find fault with the Council for how it commissioned services. This is because there is no fault in how the Council made the decision to commission services.
Highways 1 Complaint	Mr X complains about an installed vehicle access crossing at his property. He is unhappy with the width and position of the crossing. We find no fault with how the Council built his vehicle access crossing.
Housing 1 Complaint	Mr G complained the Council wrongly offered unsuitable shared accommodation in response to his homeless application. He also said he did not receive some of its correspondence. As a result, Mr G said he experienced distress due to sleeping rough and staying with friends. We found no fault by the Council. This was because it received no evidence of Mr G's medical needs for self-contained accommodation, and it followed the relevant law and guidance
Parking Services 1 Complaint	Mrs Z complained about the Council's decision to introduce two parking schemes in a neighbourhood where she owns a house. She says the Council used out of date parking surveys to approve the schemes. Further, she says the Council did not allow her to speak at a public meeting on the issue of the schemes. Based on the evidence we have seen, we have not found any evidence of fault by the Council about these issues

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Public report
Cabinet Member

Audit and Procurement Committee

30 January 2023

Name of Cabinet Member:

Cabinet Member Policy and Leadership, Cllr G Duggins

Director approving submission of the report:

Chief Legal Officer

Ward(s) affected:

N/A

Title:

Information Governance Annual Report 2021/2022

Is this a key decision?

No

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 2021/2022 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 or will it be considered by scrutiny?

None

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: Information Governance Annual Report 2021-2022

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 UK 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 The FOIA and 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 or 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 2021-2022

2.1 Context

- 2.1.1 The landscape in which public authorities are now operating has continued to change since the introduction of the GDPR and subsequently UKGDPR and the new Data Protection Act 2018 (DPA 2018) in 2018.
- 2.1.2 The pandemic particularly during periods of lockdown and subsequently has had a significant impact on ways of working and priorities. During this period, the Information Governance Team supported the Council to adapt and keep working effectively, supporting data to flow compliantly for the purposes of the Council's pandemic response and as new ways of working have been introduced to meet needs while ensuring the continuing protection of information.
- 2.1.3 This landscape will continue to change. Good information governance has an important part to play in the introduction of integrated care systems which are bringing partnerships of organisations together to plan and deliver joined up health and care services, and to improve the lives of people who live and work in their area and effective cyber security is a key element in protecting and preventing unauthorised access to personal information.
- 2.1.4 During the year the government launched its consultation 'Data: a new direction' to inform its development of proposals to reform the UK's data protection laws as part of the UK's National Data Strategy and the ICO has more recently launched its ICO25 plan which sets out how the ICO will regulate and prioritise work over the next three years.

2.2 Requests for information

- 2.2.1 The number of Freedom of Information Requests received by the Council, 1167 was slightly down (by 100 requests) from the previous 2020/21 year. The Council responded to 86% of FOIA/EIR requests within the target time of 20 working days in 2021/22 compared to 71% for the previous year (see table 2). Although a much better completion rate overall, the performance however remains below the 90% target set by the ICO.
- 2.2.2 The Council received 47 requests for internal reviews in the year 2021/22. The Council responded to these with the following outcomes:
 - 8 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
 - 13 were partially upheld – some further was information provided
 - 16 were upheld - information was provided
 - 2 were withdrawn

- 2.2.3 11 complaints were made to the ICO during 2021/22. The reasons and outcomes for these were:
- 7 complaints related to the handling of the FOI/EIR and the exemptions engaged by the Council.
 - 4 complaints related to Data Protection obligations and information rights and practices.
- 2.2.4 Of the 11 complaints referred to the ICO:
- 9 were not upheld/no further action required (four of these had Decision Notices issued)
 - 1 case was closed by the ICO following no response from the complainant
 - 1 complaint was upheld with a Decision Notice being issued to the Council and a direction to disclose the requested information.

Table 1. Number of FOI/EIR requests received

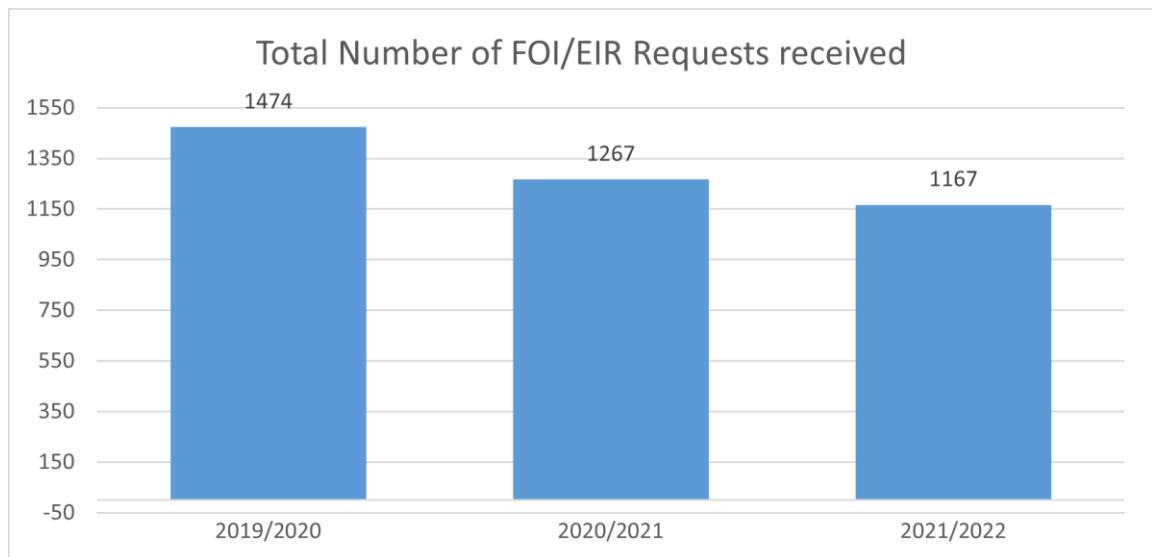
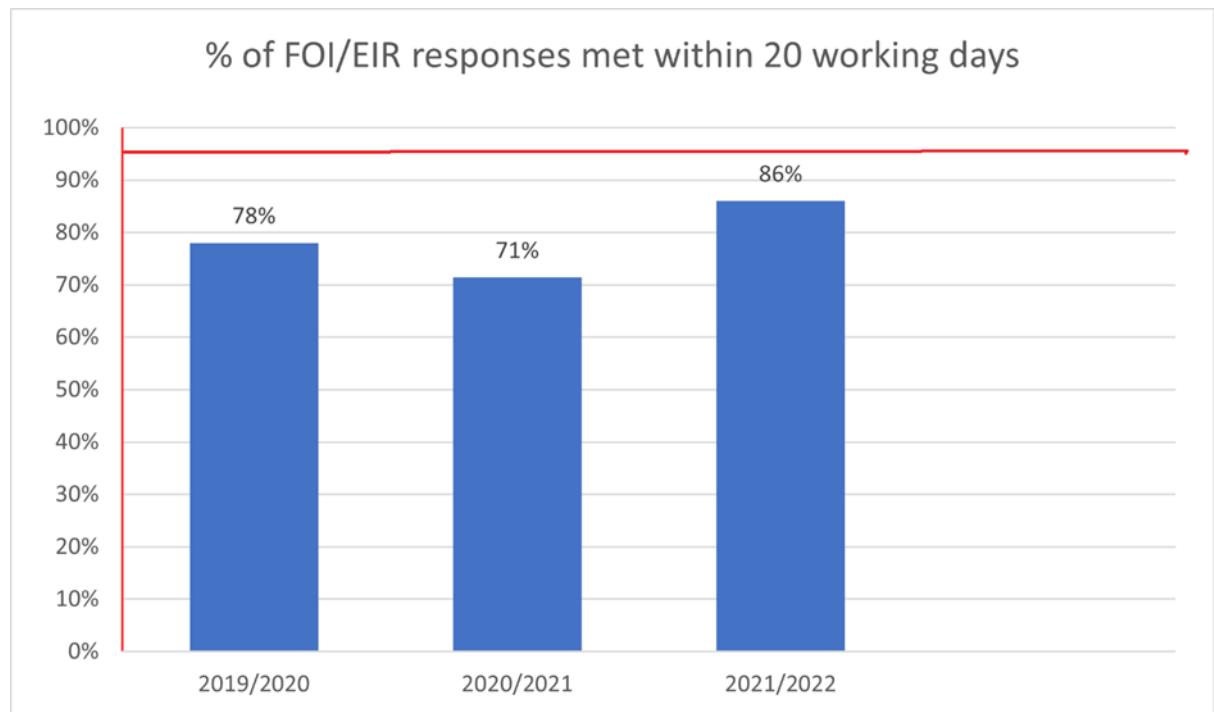


Table 2. Proportion of FOI/EIR requests completed within target time



- 2.2.5 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.
- 2.2.6 225 valid Subject Access Requests (SARs) were received during 2020/21. The number of Subject Access Requests received by the Council had been rising year on year since the introduction of GDPR but this represents a fall on the previous year (See table 3). While the Council receives fewer SARs than other information requests, many of these are complex and can involve managing significant amounts of sensitive information. While the overall number of requests reduced this year, the number of requests relating to Children's Social care increased, as did the number of SARs to which extensions were applied due to their size and/or complexity. The completion rate within the target time has seen a slight decrease to 79% (see table 4).

Table 3. Number of SAR's received

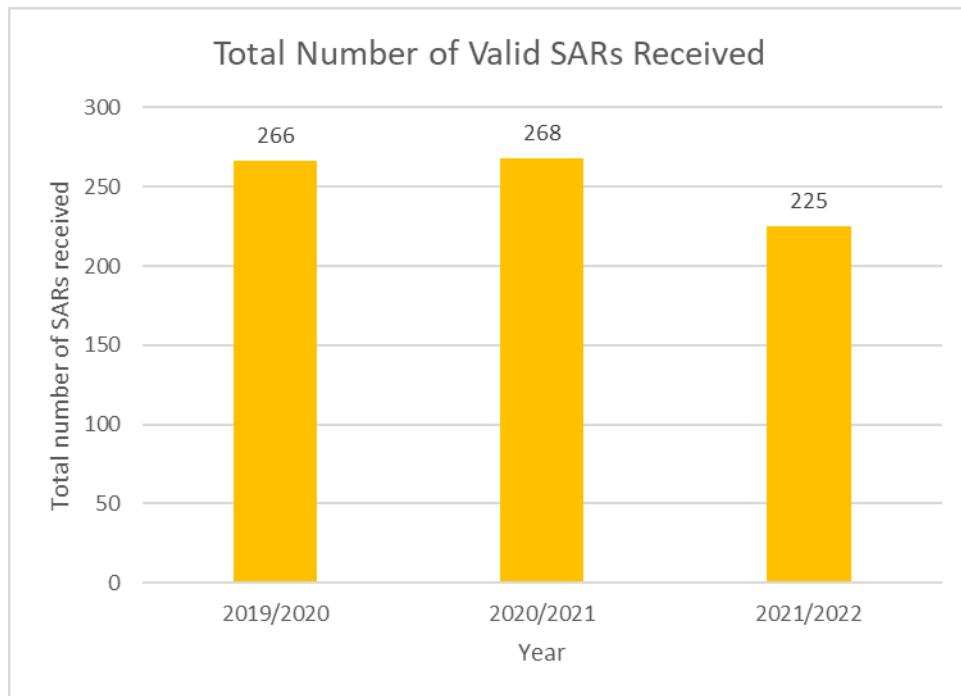
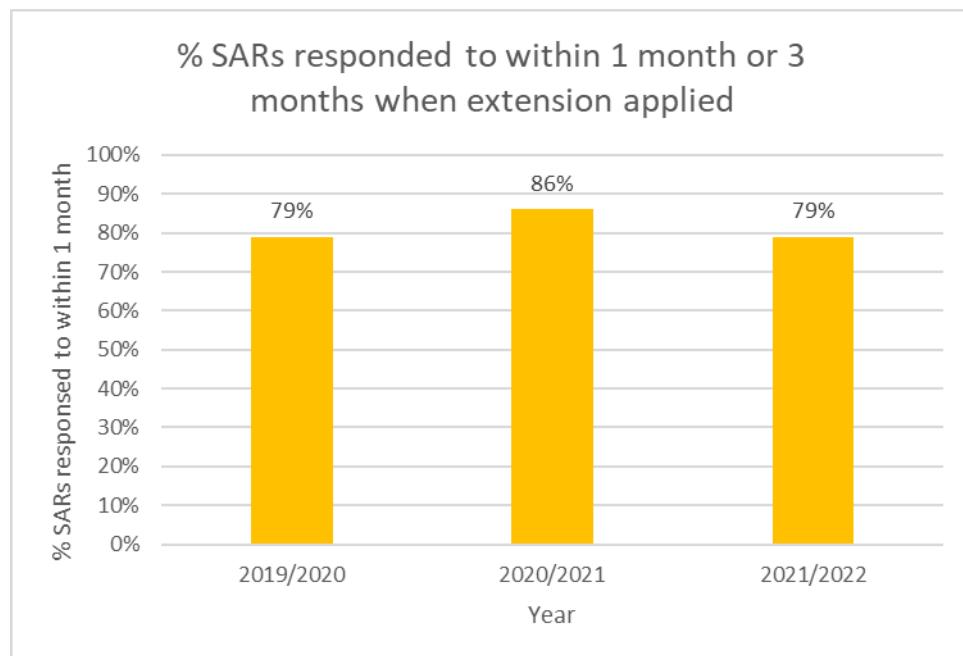


Table 4. Proportion of SARs responded to within target time



- 2.2.7 The Council received 14 requests to carry out an internal review into a SAR application during 2021/22. In 9 cases, further information was provided which was located through further searches based on information provided by the requester or by reviewing the information which had originally been redacted. Where information was not provided, this was due to the original exemptions being upheld or information not being held by the Council.
- 2.2.8 One complaint was made to the ICO related to Subject Access Requests in 2021/2022. The ICO found that the Council had not provided all the personal information the requester was entitled to and requested this was rectified and in future extra care was taken to provide all information the requester is entitled to where exemptions do not apply.

2.3 Data Security Incidents

- 2.3.1 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 noncompliance with key legislation.
- 2.3.2 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.
- 2.3.3 In addition, the Council actively encourages the reporting of near misses and potential breaches to identify learning, promote awareness and reduce the likelihood of a serious breach to information even though 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 provide advice and guidance as required. Messages continue to be provided to staff alerting them to the need to protect personal data and use it appropriately.

- 2.3.4 In 2021/22, 263 reports of information security incidents were sent to the Data Protection Team, a decrease from 295 in the previous year. Of these, 135 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, 120 were identified as low risk, 8 medium and 0 high. The majority of reports were classified as information being disclosed in error with 75 reports relating to technical/procedural errors, 24 reports relating to loss or theft of hardware and two to unauthorised access.
- 2.3.5 The GDPR introduced requirements for personal data breaches that meet certain thresholds to be reported to the ICO. One self-report was made to the ICO during 2021/2022. The ICO were satisfied that Coventry had self-reported and were taking appropriate measures in response to the breach. The ICO raised seven recommendations for the Council to consider as part of their breach investigation, many of which had already been addressed, but took no additional action themselves.

2.4 Training and Awareness

- 2.4.1 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.
- 2.4.2 For the 2021/22 year, the Council reported a completion rate of the Council's mandatory data protection training of 90%. During the year, Council adopted an Elected Member Training and Development Strategy which also includes data protection training.
- 2.4.4 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. This has included a programme of awareness raising during cyber security month.

2.5 Data Security and Protection and Toolkit

- 2.5.1 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 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.
- 2.5.2 All organisations that have access to NHS patient data and systems use this Toolkit to provide assurance that they are practicing good data security and that personal information is handled correctly.
- 2.5.3 For the 2021/22 reporting period, the Council met all of the mandatory requirements with the exception of the element relating to data protection training where it reported that 90% of relevant employees had completed data protection training in the previous year, compared to the target of 95%. The Council was assessed as "approaching standards" and is working to improve targeting, uptake and monitoring of progress.

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 Council's 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 Not applicable

6. Comments from Chief Operating Officer (Section 151 Officer) and Chief Legal Officer

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/)?

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 protect information and 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, protecting information and reducing the likelihood of action by the ICO.

7.4 Equalities / 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.

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