

# Public Document Pack



Coventry City Council

## Agenda

### Audit and Procurement Committee

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#### **Time and Date**

2.30 pm on Monday, 20th March, 2023

#### **Place**

Diamond Rooms 1 and 2 - Council House

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#### **Public Business**

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of Previous Meeting** (Pages 5 - 20)  
To agree the minutes of the meetings held on 30<sup>th</sup> January and 27<sup>th</sup> February 2023
4. **Exclusion of Press and Public**  
To consider whether to exclude the press and public for the private item(s) of business for the reasons shown in the report.
5. **Outstanding Issues** (Pages 21 - 26)  
Report of the Director of Law and Governance
6. **Work Programme 2022/23** (Pages 27 - 28)  
Report of the Director of Law and Governance
7. **2022/23 Third Quarter Financial Monitoring Report (to December 2022)**  
(Pages 29 - 54)  
Report of the Interim Chief Executive (Section 151 Officer)
8. **Quarter Three Internal Audit Progress Report 2022-23** (Pages 55 - 66)  
Report of the Interim Chief Executive (Section 151 Officer)
9. **Half Yearly Fraud and Error Report 2022-23** (Pages 67 - 74)  
Report of the Interim Chief Executive (Section 151 Officer)

10. **Corporate Risk** (Pages 75 - 118)  
Report of the Interim Chief Executive (Section 151 Officer)
11. **Annual Compliance Report 2023 - Regulatory & Investigatory Powers Act (RIPA) 2000** (Pages 119 - 126)  
Report of the Chief Legal Officer
12. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

#### **Private business**

13. **Procurement and Commissioning Progress Report** (Pages 127 - 144)  
Report of the Chief Legal Officer
14. **Any other items of private business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

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

Friday, 10 March 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](mailto:lara.knight@coventry.gov.uk) / [michelle.salmon@coventry.gov.uk](mailto:michelle.salmon@coventry.gov.uk)

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

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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, 30 January 2023

Present:

Members: Councillor R Lakha (Chair)  
Councillor S Agboola  
Councillor J Blundell  
Councillor A Hopkins (Substitute for Councillor B Singh)  
Councillor J Lepoidevin (Substitute for Councillor T Sawdon)  
Councillor R Singh (Substitute for Councillor M Ali)

Employees (by Service):

Finance: B Hastie (Chief Operating Officer (Section 151 Officer),  
P Helm, P Jennings, K Tyler

Law and Governance: L Knight, A West

Other Present: M Stocks, External Auditors (Grant Thornton)

Apologies: Councillor M Ali  
Councillor R Auluck  
Councillor T Sawdon  
Councillor B Singh

## **Public Business**

### **40. Declarations of Interest**

There were no disclosable pecuniary interests.

### **41. Minutes of Previous Meeting**

The minutes of the meeting held on 26<sup>th</sup> September 2022 were agreed and signed as a true record.

Further to minute 38/22, the Chair reported that he had been in discussion with the Deputy Head of Procurement regarding the presentation of future reports, along with arrangements to enable delegations to be reported back to the appropriate Cabinet Member to ensure that they are aware of them and to ensure accountability. The Chief Internal Auditor indicated that the changes would be reflected in the next Procurement and Commissioning Progress Report.

### **42. 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.

The Chief Internal Auditor indicated that the matter in relation to the progress of recommendations made in respect of the audit of IT Disaster Recovery, set out within Appendix 1 of the report, would be included in a report to the committee at the next meeting.

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

#### **43. 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.

The External Auditor, Grant Thornton, provided an update on the position in relation to the submission of the end of year accounts for 2019/20, which had been subject to significant delay. The Committee were provided with a reminder of the circumstances which had resulted in the delay and had previously been reported to the Committee in November 2020. They were provided with details of the work that had been undertaken to address the fundamental issues identified, in order to enable the outstanding accounts to be finalised at the earliest opportunity.

Whilst the issues identified had resulted in significant amounts of additional work to ensure that they were appropriately recorded within the statement of accounts the Committee were advised that these were of a technical and governance nature but that they would not have changed any decisions that the Council had already made. In addition, there was no change to the balance sheet, however, how the sums were reached had been subject to change.

Whilst there were still some matters outstanding, it was anticipated that these would be resolved as soon as possible and that as soon as these were complete, the statement of accounts would be submitted to the next available Committee meeting.

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

- 1. Note the Work Programme for 2022/2023.**
- 2. Receive and note the update provided in relation to the Statement of Accounts 2019/20.**

44. **2022-23 Second Quarter Financial Monitoring Report (to September 2022)**

The Audit and Procurement Committee considered a report of the Chief Operating Officer (Section 151 Officer), which set out the forecast outturn position for the 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 was for a net expenditure to be £11.3m over budget. At the same point in 2021/22, there was a projected overspend of £3.1.

The Committee noted that the report had also been considered by the Cabinet at its meeting held on 13<sup>th</sup> December 2022.

The Council continued 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 were 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 were 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 was a serious factor affecting the Council's ability to manage its budgetary position.

The Council's capital spending was projected to be £165.8m and included major schemes progressing across the city. The size of the programme and the nature of the projects within it continued to be fundamental to the Council's role within the city. There was limited evidence that inflationary pressures referenced above on capital projects this year and the assumption is that stand-alone projects that were already in-progress would be delivered as planned. It was more likely that future projects that had not yet started may need to be re-evaluated to determine their deliverability within previously defined financial budgets.

The Council's services had moved to a business as usual position with activity and impacts arising from the Covid pandemic having reduced significantly. Some pockets of service activity continued to be affected but this was not resulting in a large financial cost. The Council did 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 had renewed the imperative to maintain financial discipline and prioritise the Council's medium-term financial position. This would be a key focus of the Council's activities over the remainder of the year and several key measures were set out in section 5 of the report to help minimise the size of any budgetary overspend.

The Committee noted that, 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 was intended to provide support over October 2022 to March 2023 to Coventry households who were most in need of support with the significantly rising

cost of living. This fund was 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 Committee requested further information on the amounts of distributed by either ward or, if that was not available, by constituency area.

**RESOLVED that, the Audit and Procurement Committee note the report, indicate that there were no recommendations to be forwarded to the Cabinet and that the additional information requested in respect of the HSF scheme be forwarded to members of the Committee.**

#### 45. Treasury Management Update 2022-23 - Half Year Progress Report

The Audit and Procurement Committee considered a report of the Chief Operating Officer (Section 151 Officer) which provided an update on the Council's Treasury Management activity in 2022/23 to the end of September 2022.

The Council adopted 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 was reported as part of regular budget monitoring reports to the Committee.

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<sup>nd</sup> February 2022. There were no breaches of the strategy and policy to report.

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.

Appendix 1 is a detailed list of short-term borrowing and investments that the Council holds as at 1<sup>st</sup> October 2022. The first table at Appendix 1 identifies that there is no short-term borrowing outstanding as at 30<sup>th</sup> September 2022. Cash projections indicated that the Council may require short-term borrowing to cover cash shortfalls for the final quarter of 2022/23.

The Committee noted that no new long-term borrowing had 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 would be kept under review. As at 30<sup>th</sup> 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<sup>nd</sup> February 2022 reflected this change and agreed that the Council would 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 would ensure that the Council's access to the PWLB for capital funding is maintained.

The final three tables at Appendix 1 provide a detailed list of investments held as at 1<sup>st</sup> October 2022 and identified a total investment of £82.5m. This compares to £76.3m one year prior to this. These balances were a snapshot and impacted by timing differences. For the twelve-month period to 30<sup>th</sup> September 2022, the Council's investments earned an average rate of interest of 2.76%. This could be split down between Collective Investment Funds at 4.17% and other investments at 1.98%. This was against a backdrop of the Bank of England base rate rising from 0.1% in October 2021 to 2.25% in September 2022.

Appendix 2 showed the Council's Lending List as at 31<sup>st</sup> December 2022. This list showed those banking and government institutions that the Investment Strategy allowed the Council to invest cash balances with. The list was taken using specialist advice from Arlingclose and was split between UK and foreign institutions. The Council did not hold any funds with counterparties that were not on this list. Duration limits for counterparties on the Council's lending list are under regular review and would continue to reflect economic conditions and the credit outlook.

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 were 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) had 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 had 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, was 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 had now worked its way through and was no longer a factor.

**RESOLVED that, the Audit and Procurement Committee note the update against the Treasury Management Strategy 2022-23 to the end of September 2022.**

## 46. Annual Governance Statement 2021/22

The Audit and Procurement Committee considered a report of the Chief Operating Officer (Section 151 Officer), which provided details of the results of the annual review of effectiveness of the Council's governance arrangements and sought approval of the Annual Governance Statement, which formed part of the Statement of Accounts for 2021-22.

Coventry City Council was responsible for ensuring that its business was conducted in accordance with the law and proper standards, and that public money was safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this responsibility, the City Council was 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.

To demonstrate such arrangements, the City Council had adopted a Code of Corporate Governance, which was consistent with the principles reflected in the CIPFA / SOLACE framework and guidance 'Delivering Good Governance in Local Government' (2016).

The Annual Governance Statement ('AGS') explained how Coventry City Council had complied with the Code and in doing so, reflected the requirements of the Accounts and Audit Regulations 2015 and the Accounts and Audit (Amendment) Regulations 2022, which required all relevant bodies to conduct a review of the effectiveness of its system of governance and prepare an Annual Governance Statement. The AGS also detailed key governance / control issues that the Council faced in the coming year.

The AGS would normally be presented to the Audit and Procurement Committee in June / July each year to meet the deadline for publication specified in the Accounts and Audit Regulations. However, as there were 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 had not yet been published. The Council had worked closely with its auditors, Grant Thornton to resolve the outstanding matters and it was anticipated that a decision would be reached on these in the imminent future. Whilst there was a delay in the finalisation of the 2019-20 accounts, it was felt appropriate to present the AGS for 2021-22 at this time to facilitate the AGS annual review for 2022-23.

Whilst processes were 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 was also undertaken as part of the production of the AGS for the year. The purpose of the review was to provide assurance that arrangements continue to be fit for purpose and identify key governance issues for the forthcoming year. This annual review incorporated a number of processes with the outcomes reviewed and agreed by the Corporate Governance Steering Board and Strategic Leadership Team.

Based on the outcomes of the review, the overall opinion that had been reached was that reasonable assurance could be provided that the Council's governance

arrangements continued to be regarded as fit for purpose in accordance with the governance framework. The basis of this opinion, including the key findings from the review were set out in the report.

The AGS also detailed the key governance issues that the Council faced in the coming year. Section 5.3 of the Statement, attached at Appendix 1 to the report, provided details of these areas. Whilst the process of identifying the issues was co-ordinated by the Chief Internal Auditor, it incorporated the views and opinions of senior officers, the Council's Governance Steering Board and Strategic Leadership Team.

An update on the progress against planned actions in relation to the issues raised in the 2020-21 AGS was provided in section 5.1 of the Statement attached at Appendix 1. A review of the 19 issues highlighted in the AGS for 2020-21 has found that these fall into two categories, namely issues which had now been addressed, and carry forward to the 2022-23 Action Plan.

In considering the report, the Committee discussed matters in relation to the Coventry Municipal Holdings Limited (CMH), particularly ensuring robust governance over group activities and investments, and requested that the group account for CMH be submitted to their next meeting.

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

- 1. Considered the finding of the review of effectiveness of the Council' governance arrangements and confirm its satisfaction with the level of assurance provided that arrangements are fit for purpose.**
- 2. Considered and approved the Annual Governance Statement attached at Appendix 1 of the report, which will accompany the 2021-22 Statement of accounts.**
- 3. Request that the group accounts for Coventry Municipal Holdings Limited be submitted to their next meeting.**

#### **47. Internal Audit Plan 2022-23 – Half Year Progress Report**

The Audit and Procurement Committee considered a report of the Chief Operating Officer (Section 151 Officer), which provided an update on the internal audit activity for the period April to September 2022, against the Internal Audit Plan for 2022-23. The report was the first monitoring report for 2022-23 and was presented in order for the Audit and Procurement Committee to discharge its responsibility 'to consider summaries of specific internal audit reports as requested' and 'to consider reports dealing with the management and performance of internal audit'.

The key target facing the Internal Audit Service was to complete 90% of its work plan by the 31st March 2023. As at the end of September 2022, the Service had completed 44% of the Audit Plan against a benchmark of 50% (which reflected delivery of 100% of the Plan) and was on track to meet its key target by the end of 2022-23. This also represented an improvement in performance from 2021-22.

It was noted that whilst the Annual Audit Plan was 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 was important that the Internal Audit Service retained a flexible approach in order to ensure it could respond to issues on a timely basis and add value. The Committee were advised that it would be necessary to make some revisions to the audit plan for quarters 3 and 4 and that these would be detailed in a report to the next meeting, scheduled for 20<sup>th</sup> March 2023.

Appendix 1 of the report provided a list of the audits finalised between April and September 2022, along with the level of assurance provided. As at 30th September 2022, the following audits were in progress:

- Software Asset Management
- 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 were provided at Appendix Two. In all cases, the relevant managers had agreed to address the issues raised in line with the timescales stated. These reviews would be followed up in due course and the outcomes reported to the Committee.

The Committee noted that the Business Rates Team had continued to re-purpose its activities throughout 2021/2022 in order to administer Covid-19 grants to businesses. As a result, there had again been a significant impact on the Service's ability to maintain normal systems of control. Whilst this was not due to management failings, it did affect the level of assurance provided in relation to the objective. It was now imperative that systems of control were robustly re-set and consistently complied with in 2022-23. The assurance level also reflected that the review had highlighted errors in the application of specific discounts / reliefs. Whilst these did not have a significant financial impact, it did indicate the need to strengthen arrangements around testing of parameters prior to implementation.

In relation to Equality, Diversity and Inclusion in Recruitment, the review had highlighted that there were some elements of the recruitment process which clearly supported EDI aims, including training, use of anonymised applications and targeted routes to attract candidates from diverse backgrounds / under-represented groups. However, given the importance of equality and diversity within the Council, a more proactive approach was required in some areas if sustained, tangible improvements were to be achieved.

The report also indicated that, the formal follow up of IT Disaster and Business Continuity had identified that whilst a number of actions were continuing to be progressed, there was 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 was also acknowledged that there had been noticeable improvements in the relationship between ICT and the Resilience Team with more collaborative and closer working.

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

- 1. Note the performance at quarter two against the Internal Audit Plan for 2022-23.**
- 2. Considered and note the summary findings of the key audit reviews attached as Appendix two to the report submitted.**

**48. Internal Audit Recommendation Tracking Report**

The Audit and Procurement Committee considered a report of the Chief Operating Officer (Section 151 Officer), which provided an update on the progress made in implementing internal audit recommendations since October 2021.

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”.

As reflected within its terms of reference, the Audit and Procurement Committee is required to receive reports on Internal Audit's follow up process. The report submitted provided an update as to progress in respect of the agreed management actions which had been followed up during the period October 2021 to November 2022.

The Committee noted that, due to the impact of Covid-19, a decision was taken to suspend self-assessment follow ups from March 2020. These arrangements had been re-set for follow ups due from October 2021 onwards. It was 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 had been undertaken. This did not mean that the recommendations were not implemented, but rather that assurance had not been obtained. Any future audits of these areas would encompass a follow up of previous recommendations.

Given the number of audits that the Internal Audit Service completes every year, it was critical that it had a robust procedure in place for ensuring that it obtained appropriate assurance that audit recommendations had been implemented but did so in an efficient and proportionate way. Where appropriate, Internal Audit defined within its audit reports the follow up process to those responsible for the system / area under review and a date was agreed of when this would take place.

Currently, there were three key considerations that would 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.

Overall, it was believed that the procedure achieved the right balance between ensuring action was taken in response to risks identified by Internal Audit and allowing the Service to focus on identification of new risks.

The results of the latest follow up exercise were appended to the report. In summary, of the 104 actions followed up, 53% had been implemented based on both the formal and self-assessment follow up method. After the follow up had been completed, the results were collated within Internal Audit. If progress was not consistent with expectations, audit management would determine the next course of action. The proposed actions for the audits where recommendations were outstanding were highlighted within the appendices.

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

#### **49. Complaints to the Local Government and Social Care Ombudsman 2021/22**

The Audit and Procurement Committee considered a report of the Chief Executive, which indicated that 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 investigates 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 could complain to the Council, as well as how the Council handled 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 on 20<sup>th</sup> July 2022, covered complaints to Coventry City Council between April 2021 and March 2022 (2021/22) and was appended to the report.

The report set out the number, trends and outcomes of complaints to the LGSCO relating to Coventry City Council in 2021/22. It focused on upheld complaints,

service areas with a high number of complaints, compliance with Ombudsman's recommendations, learning from complaints, and how the Council compared to previous years and other local authorities.

The Committee noted that the report had previously been considered by the Ethics Committee at its meeting on 15<sup>th</sup> December 2022 and by the Cabinet Member for Policy and Leadership at his meeting on 18<sup>th</sup> January 2023.

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

- 1. Note the Council's performance in relation to complaints to the LGSCO.**
- 2. Note the Council's complaints process and guidance.**
- 3. Reviewed and were assured that the Council takes appropriate action in response to complaints investigated and where the Council is found to be at fault.**

50. **Information Governance Annual Report 2021-2022**

The Audit and Procurement Committee considered a report of the Director of Law and Governance, which provided a summary of the Council's performance during 2021/22 in responding to requests for information received under the Freedom of Information Act 2000, the Environmental Information Regulations and Data Protection Act. It also reported on the management of data protection security incidents reported and data protection training.

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 it holds is a priority.

Data protection legislation sets out the requirements on public 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.

The Information Governance function supports the Council's compliance with the Freedom of Information Act 2000 (FOIA), Environmental Information Regulations (EIR), General Data Protection Regulations GDPR (now UK GDPR) and Data Protection Act (DPA) 2018. The Council has a statutory obligation to comply with this framework by responding appropriately to requests and managing personal data appropriately.

The Information Governance Team supports the organisation in meeting these requirements, by monitoring internal compliance, informing and advising on data protection obligations, providing advice and guidance and raising awareness on data protection matters.

The Committee noted that the landscape in which local authorities were operating had continued to change since the introduction of the GDPR and the UKGDPR and the new Data Protection Act 2018 (DPA 2018).

The pandemic particularly during periods of lockdown and subsequently 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.

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 had more recently launched its ICO25 plan which sets out how the ICO will regulate and prioritise work over the next three years.

The number of Freedom of Information Requests received by the Council, 1167 was slightly down (by 100 requests) from 2020/21. 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. Although a much better completion rate overall, the performance however remains below the 90% target set by the ICO.

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

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.

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.

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 represented a fall on the previous

year of 268 requests. 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%.

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.

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.

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. The Information Governance 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.

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.

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.

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. 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. 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.

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

- 1. Note the Council's performance on Freedom of Information, Subject Access and other Data Protection Act requests, including the outcome 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.**
- 51. 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 item of public business.

(Meeting closed at 5.00 pm)

# Public Document Pack

## Coventry City Council

### Minutes of the Meeting of the Audit and Procurement Committee held at 2.30 pm on Monday, 27 February 2023

Present:

Members:

Councillor R Lakha (Chair)  
Councillor B Singh (Deputy Chair)  
Councillor S Agboola  
Councillor J Blundell  
Councillor T Sawdon

Employees (by Service):

Finance P Jennings, K Tyler

Law and Governance M Salmon

Streetscene and Regulatory Services A Walster (Director of Streetscene and Regulatory Services)

Apologies: Councillor M Ali  
Councillor R Auluck  
Councillor R Brown (Cabinet Member for Strategic Finance and Resources) – Invited Member

## **Public Business**

### **52. Declarations of Interest**

There were no disclosable pecuniary interests.

### **53. Exclusion of Press and Public**

**RESOLVED** that the Cabinet agrees to exclude the press and public under Sections 100(A)(4) of the Local Government Act 1972 relating to the private report in Minute 4 below headed ‘Consideration of Approval of Severance Packages’ on the grounds that the report involves the likely disclosure of information as defined in Paragraphs 1, 2 and 3 of Schedule 12A of the Act, as it contains information relating to the financial affairs of a particular person (including the authority holding that information) and in all circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

(Note: Councillor J Blundell and Councillor T Sawdon voted against the Exclusion of the Press and Public and asked that this be recorded.)

### **54. 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.

## **Private Business**

### **55. Consideration of Approval of Severance Packages**

The Audit and Procurement Committee considered a report of the Director of Streetscene and Regulatory Services that sought approval of severance packages for employees of the Council which each exceeded £100,000.

Functions of Streetscene and Regulatory Services had been reviewed to ensure that the services provided to the residents remained fit for purpose and supported the delivery of the One Coventry Plan, resulting in the deletion of posts. Appendices provided details of existing and proposed structures for the reviews and the supporting Business Case for the organisational change.

Part 2I, paragraph 8.5, of the Council's constitution required that any severance package for an employee of the Council of £100,000 or over should be determined by the Audit and Procurement Committee. The calculation of the value of an exit package included the costs to the Authority, as well as payments / benefits to the employee.

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

- 1) Approves the severance payments on early retirements as calculated.**
- 2) Requests that future severance package reports include details of consultations undertaken with Cabinet Member(s) whose portfolios are affected by proposals for organisational change.**

### **56. 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 3.30 pm)



Audit and Procurement Committee

20<sup>th</sup> March 2023

**Name of Cabinet Member:**

N/A

**Director approving submission of the report:**

Chief Legal Officer

**Ward(s) affected:**

N/A

**Title:**

Outstanding Issues

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**Is this a key decision?**

No

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**Executive summary:**

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

**Recommendations:**

The Committee is recommended to:

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

**List of Appendices included:**

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

**Other useful background papers:**

None

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

No

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

No

**Will this report go to Council?**

No

**Report title:**  
**Outstanding Issues**

**1. Context (or background)**

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

**2. Options considered and recommended proposal**

- 2.1 N/A

**3. Results of consultation undertaken**

- 3.1 N/A

**4. Timetable for implementing this decision**

- 4.1 N/A

**5. Comments from the Interim Chief Executive (Section 151 Officer) and the Chief Legal Officer**

- 5.1 Financial implications

N/A

- 5.2 Legal implications

N/A

**6. Other implications**

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

N/A

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

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

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

N/A

## **6.4 Equalities / EIA**

N/A

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

N/A

## **6.6 Implications for partner organisations?**

N/A

### **Report author(s):**

#### **Name and job title:**

Lara Knight  
Governance Services Co-ordinator

#### **Service:**

Law and Governance

#### **Tel and email contact:**

E-mail: [Lara.knight@coventry.gov.uk](mailto:Lara.knight@coventry.gov.uk)  
Tel: 024 7697 2642

Enquiries should be directed to the above person.

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

This report is published on the council's website: <https://edemocracy.coventry.gov.uk>

## 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 <sup>st</sup> 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 <sup>st</sup> March 2022, a report would be submitted to the Committee once the audit had been completed	Karen Tyler		
2 *	Internal Audit Plan 2022/23 – Half Year Progress Report	Minute 47/22 30 <sup>th</sup> January 2023	Information on revisions to the audit plan for quarters 3 and 4.	Karen Tyler		

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

## Appendix 2

### Information/Action Requested Outside Meeting

No.	Subject/Report	Minute Reference and Date Originally Considered	Information Requested / Action Required	Responsible Officer	Date Completed
1	2022/23 Second Quarter Financial Monitoring Report (to September 2022)	Minute 44/22 30 <sup>th</sup> January 2023	Information to be circulated to the Committee on the amounts of Household Support Fund money distributed across the city by ward or, if not available, by constituency.	Paul Jennings	

# Agenda Item 6

**Audit and Procurement Committee**

**20<sup>th</sup> March 2023**

**Work Programme 2022-2023**

**27<sup>th</sup> June 2022**

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

**25<sup>th</sup> 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

**26<sup>th</sup> 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)

**28<sup>th</sup> November 2022 - CANCELLED**

**30<sup>th</sup> 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

**20<sup>th</sup> March 2023**

External Audit Plan Year Ending March 2022 (Grant Thornton)  
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 2023  
Six Monthly Procurement Progress Report (Private)  
Half Year Fraud and Error Update 2022-23  
Coventry Municipal Holdings Group Accounts

**Date to be confirmed**

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



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Cabinet  
Audit and Procurement Committee

14<sup>th</sup> February 2023  
20<sup>th</sup> March 2023

**Name of Cabinet Member:**

Cabinet Member for Strategic Finance and Resources - Councillor R Brown

**Director Approving Submission of the report:**

Interim Chief Executive (Section 151 Officer)

**Ward(s) affected:**

City wide

**Title:**

2022/23 Third Quarter Financial Monitoring Report (to December 2022)

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**Is this a key decision?**

No

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**Executive Summary:**

The purpose of this report is to advise Cabinet of the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of December 2022. The headline revenue forecast for 2022/23 is for net expenditure to be **£8.5m** over budget. At the same point in 2021/22 there was a projected overspend of £2.5m.

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 Business, Investment and Culture, Transportation and Highways and Finance.

As reported at Quarter 2, 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 £159.5m 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 are affecting 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 £159.5m incorporating: £4.1m net increase in spending relating to approved/technical changes and £10.4m of net rescheduling of expenditure into future years.

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 - 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, 20<sup>th</sup> March 2023

**Will this report go to Council?**

No

**Report title:**

2022/23 Third Quarter Financial Monitoring Report (to December 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 third 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 £8.5m 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 £2.5m. Capital spend is projected to be £159.5m.
- 1.3 By historical standards this is a high reported overspend position at this relatively late stage in the financial year. Although historical trends suggest that the position may improve between now and the end of the year there is now a strong likelihood of a significant overspend being reported at year-end which 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 £m	Forecast Spend £m	Total Over/ (Under) Spend £m
Adult Services & Housing	99.6	98.9	(0.7)
Business Investment & Culture	5.7	7.8	2.1
Children & Young People's Services	86.6	90.6	4.0
Contingency & Central Budgets	(22.7)	(32.4)	(9.7)
Education and Skills	19.8	19.8	0.0
Finance & Corporate Services	6.9	8.7	1.8
Human Resources	1.9	1.4	(0.5)
Legal & Governance Services	4.8	5.6	0.8
People Directorate Management	1.2	1.2	0.0
Project Management & Property Services	(6.9)	(6.0)	1.0
Public Health	0.5	0.0	(0.5)
StreetScene & Regulatory Services	31.7	40.1	8.5
Transportation & Highways	8.3	9.9	1.6
<b>Total</b>	<b>237.4</b>	<b>245.9</b>	<b>8.5</b>

- 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, £2.2m 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£7.5m. 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 have risen 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 £1.4m, the vast majority of which relates to business rates.

The overall pressure of £1.8m in Finance includes: a significant increase in the number of individuals applying for welfare support from the Household Support Fund, resulting in a £0.5m pressure; an increase in demand, and reduced government funding on the discretionary hardship payments (DHP) scheme causing a £0.5m pressure; and a net Housing Benefit subsidy pressure of £0.3m 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. Remaining pressures relate to the staffing cost of administering Revenues and Benefits service caseloads, largely relating to the energy rebate scheme and other economic climate factors.

### **Contingency and Central Budgets**

An overall underspend of £9.7m incorporates favourable variances of £4.7m 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 3 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 3 2022/23 capital outturn forecast is £159.5m compared with the second quarterly outturn of £165.8m. Table 3 below updates the budget at quarter 3 to take account of £4.1m of new approved/technical changes and £10.4m of rescheduled spend now planned to be carried forward into future years.

The resources available section of Table 3 explains how the Capital Programme will be funded in 2022/23. It shows 75% of the programme is funded by external grant monies, whilst 13.4% is funded from borrowing. The programme also includes funding from capital receipts of £11.2m (7%).

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

CAPITAL BUDGET 2022-23 MOVEMENT	Qtr 3 Reporting £m
Quarter 2 Estimate Outturn	165.8
Approved / Technical Changes (see Appendix 2)	4.1
“Net” Rescheduling into future years (See Appendix 3)	(10.4)
Revised Estimated Outturn 2022-23	159.5

RESOURCES AVAILABLE:	Qtr 3 Reporting £m
Prudential Borrowing (Specific & Gap Funding)	21.4
Grants and Contributions	119.7
Capital Receipts	11.2
Revenue Contributions and Capital Reserve	7.2
Total Resources Available	159.5

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 3.50% at the MPC December 2022 meeting. The current market forecast is for the base rate to continue to rise to 4.25% this year after which it should flatten out.

### **Long Term (Capital) Borrowing**

The net long-term borrowing requirement for the 2022/23 Capital Programme is £7.0m, taking into account borrowing set out in Section 2.3 above (total £21.4m), 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 1<sup>st</sup> September and 31<sup>st</sup> December 2022 PWLB rates have varied within the following ranges:

PWLB Loan Duration (maturity loan)	Minimum 2022/23 Q3	Maximum 2022/23 Q3	As at the End of Q3
5 year	3.85%	5.64%	4.68%
50 year	3.76%	5.71%	4.69%

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 ranged from 2% at the beginning of Q3 to 3.3% at the end. This rate of return reflects low risk investments for short to medium durations with H.M Treasury, UK banks, Money Market Funds and other Local Authorities. 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 <sup>th</sup> June 2022 £m	As at 30 <sup>th</sup> Sept 2022 £m	As at 31 <sup>st</sup> Dec 2022 £m

Banks and Building Societies	0.0	0.0	1.5	0.0
Local Authorities	0.0	15.0	0.0	0.0
Money Market Funds	18.3	41.85	35.6	56.55
Corporate Bonds	0.0	0.0	0.0	0.0
HM Treasury	19.0	0.0	16.8	0.0
<b>Total</b>	<b>37.3</b>	<b>56.85</b>	<b>53.9</b>	<b>56.55</b>

### External Investments

In addition to the above in-house investments, a mix of Collective Investment Schemes or “pooled funds” is used, where investment is in the form of sterling fund units and not specific individual investments with financial institutions or organisations. The pooled funds are generally AAA rated; some are fairly 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 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 4.10% over the last 12 months. As at 31<sup>st</sup> December 2022 the funds were valued at £27.4m (£28.7m at 30 September 2022), against an original investment of £30m. Of the seven pooled funds, only the CCLA Property Fund is in surplus (£0.06m), which leaves six funds currently showing a deficit in value (ranging from £0.1m to £1m). Financial markets continue to be 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 and this is likely to be the case until at least March 2025.

### 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 31 December 2022 are included in **Appendix 4** 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 31 December 2022 the value is -£128.5m (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 31 December 2022 the value is £253.0m 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 against which there are forecast commitments of £139.3m is: -

	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	87.3	(3.7)
	<b>146.0</b>	<b>93.9</b>	<b>45.4</b>	<b>139.3</b>	<b>(6.7)</b>

The committed or planned total of £45.4m includes some loan facilities to lend c£30m, 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 Interim Chief Executive (Section 151 Officer) and the Chief Legal Officer**

#### **5.1 Financial implications**

##### **Revenue**

The Quarter 3 position reflects a serious position for the Council although this has improved from the £11.3m revenue overspend forecast at Quarter 2. 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 line over the remainder of the year. It remains possible that further limited flexibility may become available within Corporate budgets and 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 future years will be very challenging and any one-off resources required to balance 2022/23 will weaken the Council's flexibility ahead of future Budget processes. 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.

### **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.

### **Legal implications**

None

## **6. Other implications**

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

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

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

The need to deliver a stable and balanced financial position in the short and medium term is a key corporate risk for the local authority and is reflected in the corporate risk register. 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 remainder 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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## **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	99.6	98.9	-1.3	0.6	-0.7
Business Investment & Culture	5.7	7.8	0.4	1.7	2.1
Children & Young People's Services	86.6	90.6	-1.3	5.3	4.0
Contingency & Central Budgets	-22.7	-32.4	0.0	-9.7	-9.7
Education and Skills	19.8	19.8	-0.9	0.9	0.0
Finance & Corporate Services	6.9	8.7	-0.3	2.2	1.8
Human Resources	1.9	1.4	0.2	-0.7	-0.5
Legal & Governance Services	4.8	5.6	-0.5	1.3	0.8
People Directorate Management	1.2	1.2	-0.1	0.2	0.0
Project Management & Property Services	-6.9	-6.0	0.3	0.7	1.0
Public Health	0.5	0.0	-0.1	-0.4	-0.5
Streetscene & Regulatory Services	31.7	40.1	-0.6	9.1	8.5
Transportation & Highways	8.3	9.9	-0.4	2.0	1.6
<b>Total</b>	<b>237.4</b>	<b>245.9</b>	<b>-4.6</b>	<b>13.1</b>	<b>8.5</b>

### **Budget Holder Forecasts**

Service Area	Reporting Area	Explanation	£m
Education and Skills	SEND & Specialist Services	The transport variance is attributable to an increase in out of City placements, coupled with higher value bid awards through the e-auction process as a consequence of reduced market competition.	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. New passes have and continue to be issued for the 2022/23 academic year and we will continue to monitor the position.	(0.2)

Education and Skills	Education Improvement & Standards	The forecast includes a £250k pressure relating to dedicated school transport, which is as 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 budget has been identified for the 23/24 financial year. There is also an overspend on school trade union facility time. The overspend is partly offset by underspends on historic pension liability and Governor Support.	0.1
Education and Skills	Employment & Adult Education	Employment are forecasting a reduction in expenditure of £0.4m against centralised salaries due to high level of vacancies. The service is also forecasting an increase in non-salary related expenditure of £0.2m, due to additional Kickstart grant, giving a budget holder variance of £0.2m. At service level this leaves a net underspend of £0.2m, which is being contributed to reserves, increasing the final budget holder variance from £0.2m to £0.4m.	0.4
Education and Inclusion	Other Variances Less than 100K		0.2
<b>Education and Skills</b>			<b>0.9</b>
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.	(0.7)
Children and Young People's Services	Commissioning, QA and Performance	Safeguarding training income is £100k below the budgeted target and the Professional Support Service saving target of £53k has not been met. Additionally, agency spend on Independent Reviewing Officers', Child Protection Chairs and Local Authority Designated Officers is £290k overspent due to pressures caused by vacancies and increasing caseloads.	0.4
Children and Young People's Services	Help & Protection	<p>There is a budgetary pressure of £1.9m 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.</p> <p>There is a further budgetary pressure of £0.3m in LAC legal costs linked to high levels of demand.</p> <p>These are currently being partly offset by additional Supporting Family Grants in the hubs and Youth Offending Service Grants, which will support new activity once the plan is signed off.</p>	2.6
Children and Young People's Services	LAC & Care Leavers	<p>There is a forecast overspend on looked after childrens (LAC) placements of £2.2m. 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 £0.4 million due to the staffing challenges within LAC permanency service and the need of a task force to ensure that care proceedings continue to be progressed. This is</p>	2.9

		<p>an improving position as measures taken are now starting to have a positive impact.</p> <p>LAC transport has a forecast overspend of £0.15 million and this is as a result of placement arrangements where transport needs to be provided for child 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 overspend of £0.2 million on Adoption Central England this relates to an increase in Interagency fees and pay increases. Further working is being undertaken to address this.</p> <p>There is a further budgetary pressure of £0.6m within the Children's disability service. This overspend relates to increased costs for short breaks &amp; direct payments, DFG shortfalls and intensive support for some children to enable them to remain living at home, as an alternative to living in residential care.</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>	
<b>Children and Young People's Services</b>			<b>5.3</b>
Adult Social Care & Housing	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.	(0.9)
Adult Social Care & Housing	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).	(1.9)
Adult Social Care & Housing	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 & Housing	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 & Housing	Community Purchasing Mental Health	Demand for mental health services continues to increase, this impacts on provision of statutory services to meet essential need.	2.0
Adult Social Care & Housing	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. In addition, costs relating to Hospital Discharge that were grant funded last year were not funded for the first 6 months of the year. A Hospital Discharge grant has now been received for the latter stage of the year.	0.9
Adult Social Care & Housing	Mental Health Operational	There remain significant pressures in Deprivation of Liberty Assessment demand leading to additional assessment costs (£0.2m).	0.2

Adult Social Care & Housing	Housing and Homelessness	Although the number of families in TA has continued to increase this hasn't been at the rate previously forecast and with the number of singles continuing to decrease. The forecast has been amended to reflect this. In addition, a further £0.2m homelessness prevention grant has been available by the DLUHC during 2022/23 offsetting the cost of temporary accommodation.	(0.5)
Adult Social Care & Housing	Other Variances Less than 100K		0.2
<b>Adult Social Care &amp; Housing</b>			<b>0.6</b>
Legal & Governance Services	Legal Services	<p>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 caseload primarily in children's social care as an ongoing impact of COVID-19.</p> <p>There is an action plan in place to address these issues but the full benefit will not materialise immediately.</p>	1.0
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
<b>Legal &amp; Governance Services</b>			<b>1.3</b>
Finance & Corporate Services	Revenues and Benefits	<p>There is a gross £0.5m pressure within the discretionary hardship payments (DHP) scheme due to a 30% reduction in government grant funding combined with an increase in demand for services.</p> <p>There is also a net Housing Benefit subsidy pressure of £0.3m 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. In addition, there is a Housing Benefit subsidy pressure of £0.5m, relating to audit testing of the 2020-21 claim.</p> <p>These are offset by a contribution from reserves of £0.2m.</p> <p>There are also increased temporary staffing costs (circa £0.5m) 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 increased underlying work levels in council tax, including the ongoing administration of the energy rebate scheme.</p>	1.7
Finance & Corporate Services		The pressure is a result of a significant increase in the number of individuals applying for welfare support from the Household Support Fund. This will result in expenditure exceeding the grant allocation for the Oct-22 to Mar-23 period.	0.5

<b>Finance &amp; Corporate Services</b>			<b>2.2</b>
Human Resources	ICT & Digital	The Budget Holder variance comprises some one-off underspends (reductions of £473K as a result of a negotiated one off reduction in first year cost of the contract, £170K on laptops due to timing of refresh programme, £75K Out of Hours allowances, £74K reduction on cross Council MFD usage plus identification of £288K income which has been subject to negotiation over the past few years but an agreement reached within the last quarter) partially offset by some on-going pressures (shortfall of schools income £230K plus pressures on cross Council software £86K). This overall improved position is as a result of clarification of our position regarding income alongside slowing on spend and changing approach, in particular regarding printing and laptop refresh	(0.8)
Human Resources	Other Variances Less than 100K		0.2
<b>Human Resources</b>			<b>(0.6)</b>
Business Investment and Culture	Sports, Culture, Destination & Bus Relationships	This pressure is a combination of factors, primarily £1.4m of unfunded running costs in respect of the corporate "Cultural Gateway" project, the majority of which is business rates. In addition, £0.3m in respect of the Wave headline (energy) costs, and £0.1m deficit forecast in the first year of the new St Mary's catering facility due to a delayed opening whilst capital works were completed, staff recruited etc.	1.6
Business Investment and Culture	Other Variances Less than 100K		0.1
<b>Business Investment and Culture</b>			<b>1.7</b>
Transportation & Highways	Highways	An under recovery of income for highways (DLO) operational staff 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	1.0
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.	0.3
<b>Transportation &amp; Highways</b>			<b>2.0</b>

Streetscene & Regulatory Services	Planning Services	As a result of the downturn in the economy, income is expected to be below budget by £482k. This reflects a national trend.	0.5
Streetscene & Regulatory Services	Regulatory Services	Shortfall in income in the building control function as a result of the downturn in the economy.	0.1
Streetscene & Regulatory Services	Streetpride & Parks	Income targets are not being achieved (Funeral Services £160k, WMP Car Park c£68k, Coombe Park c£97k and WMP c£92k) along with Fleet Pressures c£206k and staff costs 102k. In addition, unbudgeted works at a cost of £146k are being carried out at 3 parks to prevent traveller incursions. These are offset by salary savings due to vacant posts	0.9
Streetscene & Regulatory Services	Waste & Fleet Services	Waste Disposal Costs are down by £560k due to a combination of reduced CA Site fees (c£130k), reduced Waste Collection costs (£203k) and increased tonnage/gate fees c£970k which are more than offset by additional income (c£1,295k) which includes c£336k recycling rebate. Domestic Waste is forecasting an overspend of c£6.6k. This is predominantly due to mitigating action taken during the industrial dispute c£3.8m (net of salary savings due to strike action), costs relating to maintaining a waste collection service c£1,040k, £926k related to the hire of vehicles & fuel, £664k related to Temp Staff, Agency, Sickness & Overtime. Settlement costs have included £376k Xmas Buy-out (funded from reserves) and c£86k additional increments. Pop-up sites have been arranged for the post xmas period at a cost of £75k. Commercial Waste are forecasting a deficit of c£871k. This includes an estimated loss of income c£1.2m as a result of the strike. This is being offset by cost reductions (Staff, Vehicles & Waste Disposal costs) in the services that will continue to be provided.	7.3
Streetscene & Regulatory Services	Environmental Services	Pest Control is forecasting a shortfall in income of c34k, there are also overspends on Overtime and Other pay c£178k whilst vacancies are being recruited to (offset by savings on centralised salaries). There is also a savings target c£58k which is not being achieved and miscellaneous variations (incl fuel) of c£5k	0.3
<b>Streetscene &amp; Regulatory Services</b>			<b>9.1</b>
Project Management and Property Services	Project Management	This pressure has arisen as a result of abortive time and corporate work which is not chargeable. This will be addressed in 23/24.	0.1
Project Management and Property Services	Facilities & Property Services	This pressure is primarily as a result of a £1.1m energy pressure for operational buildings caused by the rise in energy costs from October 2022. In addition, a £0.3m pressure for Fairfax street unfunded holding costs, which has been partially offset by an expected trading surplus in the R&M function of £0.15m.	0.8
Project Management and Property Services	PMPS Management & Support	This reflects accelerated achievement of corporate MTFS savings for the strategic property review	(0.3)

<b>Project Management and Property Services</b>			<b>0.6</b>
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.	(0.3)
Public Health	Other Variances Less than 100K		(0.1)
<b>Public Health</b>			<b>(0.4)</b>
Ringfenced Funding	SEND & Specialist Services	DSG Variance: The projected costs of FE provision is clarified in the Autumn Term when students take up placement offers and the actual unit cost is established. Pathway choice has extended within the City with a stronger focus on employment and training. Alongside, Coventry College has continued to grow their specialist offer, reducing our reliance on external provisions, consequently there has been a reduction in average student costs and an increase in the number of young people moving on to training programmes. The forecast position for placement in out of city independent schools, which took into account the impact of the closure of a specialist independent school has been adjusted to recognise increased success in placing students in LA maintained provisions and programmes. Contingencies have therefore been removed.	(0.5)
Ringfenced Funding	Schools	DSG Variance: £0.2m underspend relating to the cash adjustment for the 21/22 Early years allocation where our allocation has increased. £2.7m underspend relates to the remaining resource from the high needs block held to fund future demands. £0.2m underspend due to an underspend on Early Years provision.	(3.1)
Ringfenced Funding	Education Entitlement	DSG Variance: 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.	(0.2)
Ringfenced Funding	Financial Strategy	Technical adjustment to remove total of ringfenced variances from corporate position	3.6
Ringfenced Funding	Employment & Adult Education	Adult Education Variance: This is due firstly to increases in salary costs due to pay awards (pension, NI & other costs). Secondly WMCA now confirmed clawback of funds due to reduced enrolment & participation caused by covid legacy.	0.2
<b>Ringfenced Funding</b>			<b>0.0</b>
Corporate & Contingency	Corporate Finance	This incorporates favourable variances of £4.7m 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	(9.7)

		which is due to a combination of larger short-term investment balances and higher interest rates.  For other contingency budgets, 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).	
<b>Corporate &amp; Contingency</b>			<b>(9.7)</b>
<b>Total Controllable Variances</b>			<b>13.1</b>

## Appendix 2

### **Capital Programme Approved / Technical Changes**

<b>SCHEME</b>	<b>EXPLANATION</b>	<b>£m</b>
Onstreet Residential Charge point Scheme phase 6	The Office for Zero Emission Vehicles (OZEV) have awarded Coventry City Council, a grant with a maximum value of £681,280 to deliver phase 6 of the onstreet residential charge point scheme.	0.7
City Centre South	Additional funding approved in November 2022, to support the delivery of the scheme	0.4
Disabled Facility Grant/ Children with Disability	Additional funding virement from the Disabled Facility grant, to avoid Prudential Borrowing	(1.4)
Provision of Temporary Accommodation for Families	New funding agreed by Cabinet Report March 2022	4.0
Culture Capital Investment Fund	Additional funding for Charterhouse project approved in 2022/23 budget setting report	0.5
FEL - Purchase of Containers - Commercial Waste	This is due to the industrial action from January to August. There was a reduced service during this period, some customers cancelled their contracts and there were very few new customers. Since the dispute ended, the service has ceased to provide a Skips service.	(0.5)
Green Homes Grant Phase 2	Underspend to be repaid to Nottingham Council who are the administrators of the project as we will not be spending all of the grant	0.3
Other below £250k		0.1
<b>TOTAL APPROVED / TECHNICAL CHANGES</b>		<b>4.1</b>

## Appendix 3

### Capital Programme Rescheduling and Accelerated Spend

SCHEME	EXPLANATION	£m
Coventry South Package - WMCA Investment Programme	There is a need for a study scope to include implications of SWLP Review and wider master planning of the Coventry South / Kenilworth / Balsall Common areas. A cross- boundary project team has been established involving CCC, WCC and SMBC. This will result in the remaining funding for the initial design work to slip into next financial year.	(0.4)
Coventry North Package - WMCA Investment Programme	On behalf of the Project Team, CCC will now draft a brief for detailed design work for the preferred option, and contingency scheme(s), with the aim of having appointed a consultancy partner before the end of March to undertake this work. Therefore, some of the remaining spend will now slip into 2023-24.	(0.2)
Clean Bus Technology Fund	Reschedule of remaining funding into next year to determine remaining demand for clean bus technology.	(0.6)
Air Quality	The scheme is progressing well with Coundon cycleway now open, Junction 7 and Spon End moving at pace. Due to a number of programme challenges experienced the latest programme indicates completion next financial year, hence the slippage of spend into 2023-24.	(5.0)
Friargate Future Buildings - hotel loan	Delay in drawn down of the loan facility	(1.4)
Disabled Facilities Grants	The rescheduling is due to the project at Logan Road not going ahead	0.4
Albany Theatre	Works to date have been dependent on the installation of a new electricity main, which is required as a result of the wider project and to accommodate the increased power demand. This, unfortunately, has taken considerably longer than initially anticipated and so the programme is in delay (please see below for the latest key dates). Works to install the electricity began in August and the statutory undertaker has been less than proactive in discharging their duties to complete the work. These works are now complete.  Works were undertaken on site pre-Christmas where possible in readiness for the main works to commence early January.  Project due for completion in November 2023, revised cashflow reflects the changes.	(1.1)
Mixed Recycling Facility - Loan	Adjustment to Loan facility	(0.3)
Children with Disability New Build	Approved in January 2022 the project has evolved from a refurbishment project to a new build project as the business case for the refurbishment was too expensive. The rescheduling addresses the time in 'start from scratch' to build a business case for a new build and secure land.	(1.4)
Other below £250k		(0.4)

<b>TOTAL RESCHEDULING</b>	(10.4)
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## Appendix 4

### Prudential Indicators

Indicator	per Treasury Management Strategy 2022/23	As at 31 December 2022
<b>Ratio of Financing Costs to Net Revenue Stream (Indicator 1),</b> This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs.	15.09%	14.59%
<b>Gross Borrowing should not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) at 31<sup>st</sup> March 2022 plus the estimates of any additional CFR in the next 3 years (Indicator 2),</b> illustrating that, over the medium term, net borrowing (borrowing less investments) will only be for capital purposes. The CFR is defined as the Council's underlying need to borrow, after taking account of other resources available to fund the capital programme and is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue.	Estimate / limit of £518.0m	£321.8m Gross borrowing within the limit.
<b>Authorised Limit for External Debt (Indicator 5),</b> This statutory limit sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council. Borrowing at this level could be afforded in the short term but is not sustainable. The Authorised limit has been set on the estimated debt with sufficient headroom over and above this to allow for unexpected cash movements.	£538.0m	£321.8m is less than the authorised limit.
<b>Operational Boundary for External Debt (Indicator 6),</b> This indicator refers to the means by which the Council manages its external debt to ensure it remains within the statutory Authorised Limit. It differs from the authorised limit as it is based on the most likely scenario in terms of capital spend and financing during the year. It is not a limit and actual borrowing could vary around this boundary for short times during the year.	£518.0m	£321.8m is less than the operational boundary.

<b>Upper Limit on Fixed Rate Interest Rate Exposures (Indicator 9),</b> These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The Upper Limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could impact negatively on the overall financial position.	£474.4m	£253.m
<b>Upper Limit on Variable Rate Interest Rate Exposures (Indicator 9),</b> as above highlighting interest rate exposure risk.	£94.9m	-£128.5m
<b>Maturity Structure Limits (Indicator 10),</b> This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, thereby managing the effects of refinancing risks. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.		
< 12 months 12 months – 24 months 24 months – 5 years 5 years – 10 years 10 years +	0% to 50% 0% to 20% 0% to 30% 0% to 30% 40% to 100%	7% 1% 19% 5% 69%
<b>Investments Longer than 364 Days (Indicator 11),</b> This indicator sets an upper limit for the level of investment that may be fixed for a period greater than 364 days. This limit is set to contain exposure to credit and liquidity risk.	£30m	£0.0m

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Coventry City Council

## Public report

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**Report to**

Audit and Procurement Committee

20<sup>th</sup> March 2023

**Name of Cabinet Member:**

Cabinet Member for Policy and Leadership – Councillor G Duggins

**Director approving submission of the report:**

Acting Chief Executive / Chief Operating Officer (S151 Officer)

**Ward(s) affected:**

City Wide

**Title:**

Quarter Three Internal Audit Progress Report 2022-23

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**Is this a key decision?**

No – this is a monitoring report

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**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 December 2022, against the Internal Audit Plan for 2022-23.

**Recommendations:**

Audit and Procurement Committee is recommended to:

1. Note the performance as at quarter three 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 December 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:**

Quarter Three Internal Audit Progress Report 2022-23

**1. Context (or background)**

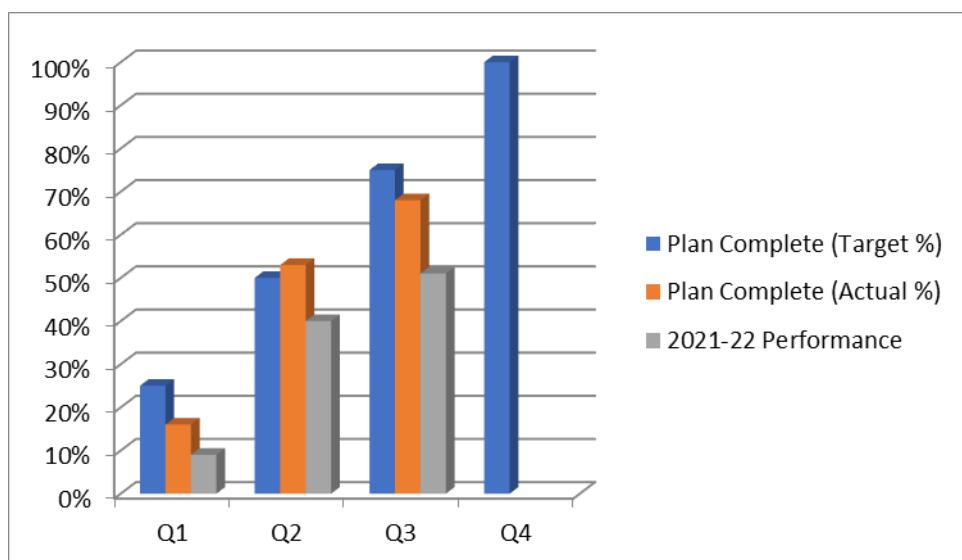
- 1.1 This report is the second monitoring report for 2022-23, which is presented in order for the Audit and Procurement Committee to discharge its responsibility 'to consider summaries of specific internal audit reports as requested' and 'to consider reports dealing with the management and performance of internal audit'.

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

- 2.1.1 The Internal Audit Plan for 2022-23 was presented to the Audit and Procurement Committee at its meeting on the 27<sup>th</sup> June 2022. The Plan provided for 560 days of internal audit work in 2022-23. However, as a result of unplanned absence in the Service from quarter three onwards, it has been necessary to make changes to the Audit Plan given the reduction in available resources. As such, the Plan is now based on the provision of 430 days of internal audit work in 2022-23. As the Plan is agreed at the start of the financial year, it is always likely to be subject to some amendments due to changes in the risk environment, requests from service areas to reschedule work, and other exceptions, with any significant changes reported to the Audit and Procurement Committee. The Service have accommodated the change in the 2022-23 Audit Plan through reprogramming some internal audit work into the first quarter of 2023-24, at which time priority will be given to the completion of those reviews which are important to the delivery of the annual internal audit opinion.

- 2.2.2 The key target facing the Internal Audit Service is to complete 90% of its work plan by the 31<sup>st</sup> March 2023. The chart below provides analysis of progress against planned work for the period April to December 2022 based on the revised audit plan of 430 days.

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



As at the end of December 2022, the Service has completed 68% of the Audit Plan against a benchmark of 75% (which reflects delivery of 100% of the plan) and is on track to complete 90% of the audits within the revised audit plan by the end of 2022-23.

## 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. 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 data is based on a smaller number of audits where draft reports have been issued. 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 Q3 2022-23	Performance 2021-22
<b>Planned Days Delivered</b>	100%	71%	93%
<b>% of work time spent on audit work</b>	90%	90%	91%
<b>Draft Report to Deadline</b> (Draft issued within two weeks of deadline)	80%	54%	47%
<b>Final Report to Deadline</b> (Final issued within two weeks of deadline)	80%	90%	88%
<b>Audit Delivered within Budget Days</b> (Where budget days have not been exceeded by more than 50%)	80%	83%	64%

## 2.3 Audits Completed to Date

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

As at the 30<sup>th</sup> December 2022, the following audits were in progress:

- **Audits at Draft Report Stage** – Limbrick Wood Primary School, Annual Governance Statement
- **Audits On-going** – Climate Change risk assessment, Formal Follow up – Mobile Devices, Formal Follow up – Cyber Resilience, Pre-employment checks, Formal Follow Up Information Governance Risk Management, Pot Hole Pro Health Check, Accounts Payable, Statutory Compliance, Formal Follow up – Parking Enforcement

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 Acting Chief Executive / 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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Chief Internal Auditor

**Service:**

Finance

**Tel and email contact:**

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Enquiries should be directed to the above person.

<b>Contributor/approver name</b>	<b>Title</b>	<b>Service</b>	<b>Date doc sent out</b>	<b>Date response received or approved</b>
<b>Contributors:</b>				
Lara Knight	Governance Services Co-ordinator	Law and Governance	17/2/2023	1/3/2023
Paul Jennings	Finance Manager Corporate Finance	Finance	17/2/2023	21/2/2023
<b>Names of approvers:</b> (officers and members)				
Barry Hastie	Acting Chief Executive / Operating Officer (S151 Officer)	-	17/2/2023	24/2/2023
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	17/2/2023	28/2/2023

This report is published on the council's website:

[www.coventry.gov.uk/meetings](http://www.coventry.gov.uk/meetings)

## Appendix One – Audit Reviews Completed between April and December 2022

Audit Area	Audit Title	Assurance
<b>2021-22 B/Fwd</b>	Budgetary Control	Significant
	ICT Monitoring, Logging and Event Management	Moderate
	Plas Dol-y-Moch Recruitment	Fact Finding
	Formal Follow Up – IT Disaster Recovery and Business Continuity	Moderate
<b>Corporate Risk</b>	EDI in Recruitment	Moderate
	CWRT Loanbook Heath Check	Fact Finding
	Software Asset Management	Moderate
	Motion Service Desk	Significant
<b>Council / Audit Priorities</b>	IR35 Compliance	Moderate
<b>Financial Systems</b>	Payroll 21-22	Significant
	Business Rates 21-22	Limited
<b>Regularity</b>	CareDirector 21-22	Limited
	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
<b>Directorate issues</b>	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
	Templars Primary School	Significant
	Post Payment Assurance Business Grants	Verification
	Green Homes Grant	Verification
	Transfer of Coventry Communications Centre to Whitley Depot	Significant
<b>Formal Follow ups</b>	Cash controls Homes for Ukraine	Fact Finding
	ICT Storeroom Physical Security	Fact Finding
	Health and Safety Audit Programme	Moderate
	Asset Management, Patching & Secure Configuration	Moderate

### Appendix Three – Summary Findings from Key Audit Reports Completed between April and December 2022

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
<b>CareDirector 21-22</b>  <b>November 2023</b>  <b>Business Systems Manager / Community Purchasing Working Group / Head of Commissioning and Quality / Acting Service Manager Operational Development / Financial Operations Manager / Operational Manager Financial Assessments / Head of Localities and Social Care Operations</b>	<p><b>Overall Objective:</b> To ensure that the Council has effective systems in place to administer both payments made through CareDirector and income due from client contributions in respect of adult social care.</p> <p><b>Key controls assessed:</b></p> <ul style="list-style-type: none"> <li>- All source input to the CareDirector system is accurate, complete and carried out on a timely basis.</li> <li>- All relevant clients in receipt of care provision are subject to a financial assessment, which determines accurate charges to be applied against the relevant client account on CareDirector.</li> <li>- Payments to individuals and suppliers are accurate, authorised prior to payment and are made on a timely basis.</li> <li>- Changes in circumstances that affect both services provided and client charges raised in CareDirector are dealt with accurately and on a timely basis.</li> <li>- Processes exist to ensure that services are ended on a timely basis when they are no longer required and the associated payments stopped.</li> <li>- Controls exist to ensure that the interface between CareDirector and Business World is processed accurately and completely.</li> <li>- Appropriate action is taken to pursue outstanding monies owed to the Council and provide accurate budgetary control information for management.</li> </ul> <p><b>Opinion:</b> Limited Assurance</p> <p>The assurance level reflects both that a significant number of agreed actions from previous audits remain unimplemented and there has been a deterioration in the control environment which has undermined the effectiveness of arrangements. In saying, we acknowledge that there have been a number of unforeseen issues arising from the upgrade of CareDirector to V6 and a number of staffing changes / resource issues which have required priorities to be re-focused and have presented challenges in operating business as usual requirements. Notwithstanding this, it is our view that moving forward, appropriate focus needs to be given to ensuring that effective controls are in place and are being consistently complied with.</p> <p><b>Agreed Actions - risk level high (H) or medium (M):</b></p> <ul style="list-style-type: none"> <li>• Ensure that all outstanding agreed actions from previous audits are implemented. (H)</li> <li>• Ensure that for all users, appropriate separation of duties is enforced by CareDirector. (M)</li> </ul>

Audit Review / Actions Due / Responsible Officer(s)	Key Findings
	<ul style="list-style-type: none"> <li>• Ensure that the approvers details are clearly recorded on the Service Request Form prior to input to CareDirector and forms are retained for all service provisions input. (M)</li> <li>• Ensure that all supporting documentation relating to annual inflationary increases are held in a single central repository. (M)</li> <li>• Ensure that arrangements for the electronic filing of invoices are fit for purpose and complied with. (H)</li> <li>• Take appropriate action to improve the timeliness of ending service provisions on CareDirector. (M)</li> <li>• Take action to improve arrangements for the monitoring of deferred charges. (M)</li> <li>• Take action to raise awareness of the timely referrals for a financial assessment and ensure that wherever possible, financial assessments are undertaken on a timely basis. (M)</li> <li>• Develop a comprehensive documented procedure for officers to follow in undertaking financial assessments which includes specific details of what should be captured in OneNote. (M)</li> <li>• Ensure that financial assessments are input on a timely basis. (M)</li> <li>• Take action to ensure that officers are aware of inputting requirements when clients move from short-term to long-term packages. (M)</li> <li>• Following additional checks / amendments to the accounts receivable extract, ensure that it is independently checked prior to processing to provide assurance that control totals have not been amended. (H)</li> </ul>

<b>Audit Review / Actions Due / Responsible Officer(s)</b>	<b>Key Findings</b>
<p><b>Software Asset Management</b> <b>December 2023</b> <b>Cyber Security Lead / ICT</b> <b>Operations Lead / Data</b> <b>Centre Services Lead</b></p>	<p><b>Overall Objective:</b> To ensure that the Council has robust and effective systems to adequately safeguard all software assets.</p> <p><b>Key controls assessed:</b></p> <ul style="list-style-type: none"> <li>- Ensure complete and accurate inventory records of all software assets, including automated discovery of software assets</li> <li>- Confirm user restrictions on the ability to install application software</li> <li>- Evaluate change management processes to review and validate all new software acquisitions</li> <li>- Ensure regular audit of software assets with validation against license agreements</li> <li>- Verify that all unsupported or obsolete software is promptly removed.</li> </ul> <p><b>Opinion:</b> Moderate Assurance</p> <p><b>Agreed Actions:</b></p> <ul style="list-style-type: none"> <li>• Establish a process to periodically review users who have been assigned Local Admin rights to ensure that such rights are restricted to valid and authorised ICT technical support personnel. (M)</li> <li>• An annual audit should be scheduled to validate software inventory records against software licence agreements. (M)</li> <li>• All unsupported SQL service 2012 databases should be promptly decommissioned or migrated to a vendor supported database environment. (M)</li> <li>• All unsupported Windows 2003 and Windows 2008 servers should be promptly decommissioned or migrated to a vendor supported environment. (M)</li> </ul>

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Coventry City Council

## Public report

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**Report to**

Audit and Procurement Committee

20<sup>th</sup> March 2023

**Name of Cabinet Member:**

Cabinet Member for Policy and Leadership - Councillor G Duggins

**Director approving submission of the report:**

Acting Chief Executive / Chief Operating Officer (Section 151 Officer)

**Ward(s) affected:**

City Wide

**Title:**

Half Yearly Fraud and Error Report 2022-23

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**Is this a key decision?**

No

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**Executive summary:**

The purpose of this report is to provide the Audit and Procurement Committee with a summary of the Council's anti-fraud and error activity undertaken by the Internal Audit Service during the first half of the financial year 2022-23.

**Recommendation:**

The Audit and Procurement Committee is recommended to note and consider the anti- fraud and error activity undertaken during the first half of the financial year 2022-23.

**List of Appendices included:**

None

**Background papers:**

None

**Other useful documents:**

None

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

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

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

No

**Will this report go to Council?**

No

**Report title:**

Half Yearly Fraud and Error Report 2022-23

**1. Context (or background)**

- 1.1 Fraud in the public sector has a national focus through the publication of "Fighting Fraud and Corruption Locally – The Local Government Counter Fraud and Corruption Strategy". Whilst the national strategy states that the level of fraud in the public sector is significant, the current trends in fraud activity includes areas which Coventry City Council does not have responsibility for, for example, social housing, and the levels of identified / reported fraud against the Council remain at relatively low levels, in terms of both numbers and value.
- 1.2 This report documents the Council's response to fraud and error during the first half of the financial year 2022-23 and is presented to the Audit and Procurement Committee in order to discharge its responsibility, as reflected in its terms of reference '*to monitor Council policies on whistle blowing and the fraud and corruption strategy*'.

**2 Options considered and recommended proposal**

- 2.1 The Internal Audit Service is responsible for leading on the Council's strategic response to the risk of fraud and error. The establishment of Internal Audit includes a Corporate Fraud and Error Officer post to support delivery of this work. This post became vacant at the end of March 2022. A recruitment exercise was undertaken which was unsuccessful and it was viewed that, given the unique remit of the post, it was unlikely that it could be filled in its current format.
- 2.2 Consequently, the role and responsibilities of the post have been reviewed and it has been agreed that the budget will be transferred to the Revenues and Benefits Service and a new post of Revenues and Benefits Compliance Officer will be created. This role will focus on fraud and error work specifically linked to Revenues and Benefits (including the investigation of National Fraud Initiative matches relating to council tax and benefits.) The Internal Audit Service will retain responsibility for corporate fraud referrals, co-ordination of the National Fraud Initiative exercise (including the investigation of specific match types) and other ad hoc proactive work linked to the strategic response to fraud. It is viewed that this will provide more resilient arrangements moving forward and will enable the Internal Audit Service to better focus its resources on the Council's strategic response to the risk of fraud.
- 2.3 In the interim, arrangements have been put in place to pass referrals relating to council tax and benefits to the Revenues Service. Whilst proactive reviews of council tax exemptions and discounts have not been undertaken in 2022-23, as a rolling programme of work this is not viewed as critical and will form part of the new role within Revenues and Benefits.
- 2.4 In light of the above, the work of the team has focused on three main areas during 2022-23, namely:
  - Business Support Grants
  - National Fraud Initiative
  - Referrals and Investigations considered through the Council's Fraud and Corruption Strategy

A summary of the key activity that has taken place during 2022-23 to date is detailed below.

2.5 Business Support Grants - In response to Covid-19, the government announced there would be support for businesses in the form of grant funding schemes. As previously reported to the Audit and Procurement Committee, the internal Audit Service have led on the delivery of pre and post-payment assurance checks which have been required by the Department of Business, Energy, and Industrial Strategy (BEIS) to manage the risk of fraud and error in these schemes and are assisting in the administration of the debt recovery process in-conjunction with BEIS. In 2022-23 this work has included:

- Collating and submitting evidence in relation to a sample of grants to demonstrate that the grant was awarded correctly in line with the eligibility criteria for each grant scheme and that appropriate and proportional assurance checks were undertaken. In total, evidence in relation to 58 grants was provided to BEIS. BEIS have concluded that in relation to the cohort 1 schemes (covering the Small Business Grant Fund, the Retail, Hospitality and Leisure Grant Fund and the Local Authority Discretionary Grant Fund) the Council followed an appropriate and robust process in completing the minimum assurance checks when awarding and paying a grant. The results in relation to the other grant schemes are expected later this year and will be reported to the Audit and Procurement Committee.
- Assisting in the on-going monitoring of grants which are being recovered and referral of outstanding debts to BEIS in line with requirements. To date a sum of £367,070 has now been returned to BEIS from the debt recovery process. This work will continue throughout 2022-23 and a full end of year position will be provided in a future report to the Audit and Procurement Committee.

2.6 National Fraud Initiative (NFI) – The NFI exercise is led by the Cabinet Office. The main exercise takes place every two years and matches electronic data within and between public bodies, with the aim of detecting fraud and error. Internal Audit work in 2022-23 has been focused on collating and submitting the datasets for the next exercise. This was completed in early October 2022. The first matches have just been released and will form part of the planned programme of work for 2023-24. Matches relating to council tax single person discounts are released annually and will be passed to the Revenues and Benefits Compliance Officer when the post has been recruited to.

2.7 Referrals and Investigations – From time to time, the Internal Audit Team receive referrals or are asked to assist with investigations relating to employee misconduct and other fraud against the Council involving external individuals. Table two below indicates the number of referrals by source in 2022-23, along with figures for the previous three financial years.

**Table Two - Fraud Referrals Received between 2018-19 and 2022-23**

Source	Referrals 2019-20	Referrals 2020-21	Referrals 2021-22	Referrals 2022-23 April to September
Whistle blower	3	4	1	1
Manager	16	14	20	4
External	1	6	2	0
Total	<b>20</b>	<b>24</b>	<b>23</b>	<b>5</b>

It is important to note that there is no mechanism for determining the number of referrals the Council should receive on an annual basis and it is very difficult to anticipate or identify the reasons behind fluctuations in numbers. Notwithstanding this, the Internal Audit

Service are planning to undertake a programme of fraud awareness work in 2023-24. It is worth noting that this information only reflects referrals made in respect of concerns relating to fraud and corruption and does not include other matters raised under the Whistleblowing Policy.

- 2.7.1 Of the five referrals received, three have led to a full investigation. The reasons for referrals not resulting in a full investigation include (a) our initial assessment / fact finding does not find any evidence to support the allegations (b) appropriate action has already been taken, and (c) the nature of the event means it is impractical to pursue further.

In addition to the three investigations highlighted in 2.7.1 above, three further investigations were carried forward from 2021-22. All six investigations related to fraud / theft or other activities linked to obtaining a financial benefit. Five out of the six investigations are still ongoing, whilst in the remaining case, the officer resigned from the Council's employment.

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

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

In the period April 2022 to September 2022, no significant frauds have been concluded.

### **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 Acting Chief Executive / Chief Operating Officer and the Chief Legal Officer**

- 5.1 Financial Implications

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

- 5.2 Legal implications

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

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

## **6. Other implications**

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

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

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

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

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

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

#### Human Resources Implications

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

### **6.4 Equalities / EIA**

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

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

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

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

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

No impact

#### **6.6 Implications for partner organisations?**

None

#### **Report author(s):**

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##### **Service:**

Finance

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Lara Knight	Governance Services Co-ordinator	Law and Governance	17/2/2023	1/3/2023
Paul Jennings	Finance Manager Corporate Finance	Finance	17/2/2023	21/2/2023
<b>Names of approvers:</b> (officers and members)				
Barry Hastie	Acting Chief Executive / Chief Operating Officer	-	17/2/2023	24/2/2023
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	17/2/2023	28/2/2023

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**Public report**

Audit and Procurement Committee

20 March 2023

**Name of Cabinet Member:**

Cabinet Member for Policy and Leadership – Councillor G Duggins

**Director Approving Submission of the report:**

Interim Chief Executive (Section 151 Officer)

**Ward(s) affected:**

City Wide

**Title:**

Corporate Risk

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**Is this a key decision?**

No

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**Executive Summary:**

The purpose of this report is to provide the Audit and Procurement Committee with the outcome of the review of the Corporate Risk Register 2023-24 in Appendix 1. This provides the Audit and Procurement Committee with an overview of the Council's corporate risk profile and the controls in place to address these risks.

**Recommendations:**

The Audit and Procurement Committee are requested to:

1. Note the current Corporate Risk Register, indicating that they have satisfied themselves that corporate risks are being identified and managed.
2. Identify any areas where they require additional information (if any).

**List of Appendices included:**

Appendix 1 – Corporate Risk Register

**Background papers:**

None

**Other useful documents:**

None

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

No

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

No

**Will this report go to Council?**

No

## **Report title: Corporate Risk**

### **1. Context (or background)**

- 1.1 The Audit and Procurement Committee's Terms of Reference requires the Committee to monitor the effective development and operation of risk management within the Council. The Council's Risk Management Policy identifies that the Committee will receive an annual risk management report.
- 1.2 The Corporate Risk Register should identify the risks that threaten the successful implementation of the One Coventry Plan.
- 1.3 This report provides the Audit and Procurement Committee with the outcome of the review of the Corporate Risk Register 2023-24.

### **2. Options considered and recommended proposal**

- 2.1 The Corporate Risk Register at Appendix 1 has been reviewed in consultation with Strategic Leadership Team and the allocated Risk Owner. It identifies the main risks facing the Council, the impact of the risk, the inherent risk score before risk mitigation, the risk mitigations, the risk score after the mitigations are applied and where responsibility lies for the Council's response.
- 2.2 It should be noted that the Corporate Risk Register covers only those risks that are viewed as the most critical for the Council and which are considered at a corporate level. Risk management activity continues throughout the Council dealing with those of a lower level.
- 2.3 The Corporate Risks and the control measures in place to address them are more fully described in Appendix 1. Audit and Procurement Committee are asked to review the content of the register and satisfy themselves that the process is operating effectively within the Council as required under the Risk Management Policy.
- 2.3 There are some changes to the Corporate Risk Register from the previous report to Members.

#### **Risks added:**

Risk 29 – Implementation of the Elections Act 2022 changes required for elections in May 2023.

Risk 30 – Building community cohesion.

Risk 31 – The continued financial stability of the Council through thoughtful commercial investment.

Risk 32 – Health and safety.

#### **Risks removed:**

No risks have been removed from the Corporate Risk Register.

### **Risks where there has been a significant change of focus**

Risk 6 – Adult Social Care. There has been a change of focus to a growth in demand for care and support, leading to increases in the number of people waiting for assessment or review from Adult Social Care, with the result that there is greater risk of vulnerable people suffering worsening physical and mental health. The issue of waiting times and the management of risk associated with increasing demand was considered at Scrutiny Board 5 on 1 February 2023. The residual risk score has changed from 6 to 12.

### **Risks where the residual risk score has changed**

Risk 1 - Inability to deliver a balanced budget in the medium term. The score has increased from 10 to 15.

Risk 5 - A workforce that delivers the Council's priorities. The score has increased from 4 to 6.

Risk 7 - Children's Services statutory safeguarding responsibilities. The score has increased from 12 to 20.

Risk 19 - An increase in families in temporary accommodation and street homelessness. The score has increased from 12 to 15.

Risk 22 – Children's Services workforce stability. The score has increased from 16 to 20.

Risk 28 - A deterioration in industrial/employee relations. The score has increased from 12 to 16.

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

None

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

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 financial implications directly associated with the Corporate Risk Register although the management of the risks is essential to the operation of the Council, the pursuit of its priorities and its financial integrity.

#### **5.2 Legal implications**

The maintenance and review of the Corporate Risk Register ensures that the Council meets its statutory obligation under the Accounts and Audit Regulations 2015 to have appropriate measures in place to ensure that risk is appropriately managed.

### **6. Other implications**

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

Effective risk management arrangements are an integral component of strategic decision making, service planning and delivery and increasing the likelihood of achieving corporate priorities.

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

The Council has a policy to support risk management arrangements across the organisation as part of its overarching governance processes. This report forms part of that practice.

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

Effective risk management arrangements are part of the good governance arrangements which lead to improved decision making and operational practices across the organisation.

## **6.4 Equalities / EIA**

None

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

The Corporate Risk Register outlines the risk as the Council tackles the causes and consequences of climate change and promotes sustainability.

## **6.6 Implications for partner organisations?**

None

### **Report author(s):**

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#### **Service:**

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Jim Crawshaw	Head of Housing and	Housing and	1/3/2023	2/3/2023

	Homelessness	Homelessness		
Susanna Newing	Chief People Officer	-	1/3/2023	7/3/2023
Peter Fahy	Director of Adult Services and Housing	-	1/3/2023	2/3/2023
John Gregg	Director of Children's Services	-	1/3/2023	8/3/2023
Paul Ward	Head of ICT and Digital	ICT and Digital	1/3/2023	2/3/2023
Andy Williams	Director of Business, Investment and Culture	-	1/3/2023	3/3/2023
Alison Duggal	Director of Health and Wellbeing	-	1/3/2023	2/3/2023
Kirston Nelson	Interim Chief Executive/Chief Partnerships Officer	-	1/3/2023	1/3/2023
Liz Read	Electoral Services Manager	Electoral Services, Members and Elections	1/3/2023	7/3/2023
Parminder Mudhar	Director (CMH)		1/3/2023	2/3/2023
Grant McKelvie	Director (CMH)		1/3/2023	2/3/2023
Colin Knight	Director of Transportation and Highways	-	2/3/2023	5/3/2023
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Paul Jennings	Finance Manager	Finance	1/3/2023	1/3/2023
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Barry Hastie	Interim Chief Executive (Section 151 Officer)	-	1/3/2023	7/3/2023
Councillor G Duggins	Cabinet Member for Policy and Leadership	-	2/3/2023	3/3/2023

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## Corporate Risk Register – March 2023

### Risk Scores

Likelihood is scored on a scale of 1 to 5 with 5 being high. For a description of likelihood scores refer to Section 4, Risk Management Methodology, of the Risk Management Policy.

Impact is scored on a scale of 1 to 5 with 5 being high. For a description of impact scores refer to Section 4, Risk Management Methodology, of the Risk Management Policy.

To calculate the total score, multiply the likelihood score by the impact score and arrive at a total score. This is done twice, firstly to calculate an inherent risk score and secondly a residual risk score, after risk mitigations are applied.

A risk scoring above 15 is red, those between 6 to 14 are amber and those between 1 to 5 are green.

### One Coventry Enabler: Continued financial sustainability of the Council

#### Service Area: Finance

No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
1	<b>Inability to deliver a balanced budget in the medium term</b>  There is a risk that the Council will not be able to achieve its priorities whilst at the same time balancing its budget because of a combination of increased pressure on all sources of funding, increased demand, and complexity in services, including in Adults and	With stretched resources it becomes harder to meet the complex needs of vulnerable people, address inequalities and work towards climate change commitments.  Difficult decisions about resource allocation might be required from Members and senior officers.	Likelihood Score  4  Impact Score  5  Total Score	A rigorous structure exists to oversee budgetary processes.  The Council's financial position for 2023/2024 will be balanced, but there are gaps in future years. The Government finance Settlement gives an indicative funding position including the capacity for Council Tax increases and further social care funding which should help close these gaps significantly, although the medium-term position will remain subject to further review.  Work continues to identify flexibility in existing budgets, undertake technical analysis to identify	Likelihood Score  3  Impact Score  5  Total Score	Interim Chief Executive / Chief Operating Officer (Section 151 Officer)

	<p>Children's services, the recently heightened impact of inflationary pressures across many areas of the budget and the overspend position being reported within the 2022/23 budgetary control process. This could result in difficult decisions having to be made by Members and senior officers about which services to support, with consequences for residents and the city.</p>	<p>Late announcements and increased volatility of funding make it difficult to obtain value for money, plan, consult and report within required timeframes.</p>	20	<p>alternative options to alleviate budgetary pressure and ensuring effective targeting of reducing resources.</p> <p>Specific programmes are in place to identify commercial opportunities and optimum service delivery models to produce a medium-term programme of transformation and ensure future financial sustainability.</p> <p>The Council is implementing medium-term planning, which is not over-reliant on reserve contributions, making budgeting decisions that recognise fundamental pressures in the financial position and maintaining reserve balances at a level that is sufficient to manage budget risks.</p> <p>Lobbying the Government through SOLACE, SIGOMA, Treasurers Societies and the F20 grouping of local authorities to highlight the Council's financial position.</p> <p>Assist in the economic recovery of the local economy to try to safeguard local income flows.</p>	15	
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One Coventry Priorities and Enablers: ICT and Digital impacts the delivery of all priorities and enablers						
Service Area: ICT and Digital						
No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
3	<p><b>ICT &amp; Digital services and their contribution to the delivery of One Coventry Priorities</b></p> <p>The risk has two parts. Present delivery of services and future implementation of change.</p> <p>The risk of Cyber-attack has significantly increased since Russia's invasion of Ukraine. If there were to be a large-scale failure of the services and technology that ICT &amp; Digital provide, this would have a fundamental and significant impact on the day-to-day operation of the Council and the delivery of services.</p> <p>If the programme of ongoing development and the implementation of the ICT and Digital Strategies</p>	<p>If there was a large-scale failure of the services and technology that ICT &amp; Digital provide (such as a cyber-attack) then services to residents and business, including statutory duties, would not continue to be delivered effectively and efficiently and in a manner that suits the customer.</p> <p>Data security and use of systems would be compromised leading to litigation, fines, reputational damage, increased costs, and a waste of staff and managerial time.</p> <p>If the programme of ongoing development and the implementation of the ICT &amp; Digital</p>	<p>Likelihood Score 5 Impact Score 5 Total Score 25</p>	<p>The ICT &amp; Digital Service produce an annual service plan which details the programmes and activities that are being undertaken to continue to provide high performing, stable and resilient infrastructure, technology, and systems to support the day-to-day operation of the organisation and delivery of the One Coventry Plan priorities. Progress against this plan is monitored throughout the year.</p> <p>The Council has an established governance, risk and compliance framework and approach which ensures that risk (including resilience) and compliance issues are actively identified, tracked, and remediated.</p> <p>Cyber resilience is pursued by having scheduled monthly maintenance windows where servers are patched, upgraded, and maintained with the latest bug and security fixes and scheduled network maintenance windows so that network connectivity and firewall devices are patched and maintained.</p> <p>Patching and maintenance of laptops has been changed to a 14-day cycle in line with the</p>	<p>Likelihood Score 4 Impact Score 3 Total Score 12</p>	Head of ICT and Digital

	<p>are not successful, this will mean that the organisation will be less able to implement and support new ways of working in line with the One Coventry Plan. The Council would also become increasingly vulnerable to cyber-attacks. This will result in the inefficient delivery or disruption to the delivery of vital services to residents and businesses meaning that the Council will have failed to deliver its One Coventry priorities.</p>	<p>strategies are not successful then the Council may fail to maximise service improvement leading to inefficient delivery of public services, impacting the overall performance of the Council against the One Coventry Plan.</p>		<p>recommendation of the National Cyber Security Centre.</p> <p>The One Coventry Plan is supporting new ways of working. Part of this plan is driving forward capability by focussing on collaborating with residents, Members, and the workforce to optimise the benefits, effectiveness, and efficiencies that digital provides.</p>		
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One Coventry Enabler: Council's role as a partner, enabler, and leader						
Service Area: Human Resources						
No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
5	<p><b>A workforce that delivers the Council's priorities</b></p> <p>If the Council does not deliver its Human Resources strategies, key workforce and organisational development objectives will not be met, and the Council will not have a responsive workforce, resulting in it being unable to deliver its One Coventry Plan priorities.</p>	<p>The Council will be less able to achieve the successful implementation of the One Coventry Plan priorities.</p> <p>The Council will be less able to deliver positive differences to the lives of resident by improving quality of access to services.</p> <p>Employment opportunities to people of different backgrounds will not be fair and the workforce will not be representative of the city.</p> <p>Harassment and discrimination will not be challenged and there will not be a culture of respect for differences.</p>	<p>Likelihood Score 4</p> <p>Impact Score 3</p> <p>Total Score 12</p>	<p>One Coventry values are in the process of becoming embedded into the recruitment and appraisal processes and will form the cornerstone of the recognition scheme.</p> <p>The People Plan focuses on organisational development, pay, reward and recognition, workforce planning, information management, support, and sustainability.</p> <p>Work with Public Health and Trades Unions, on health and well-being uses feedback from staff surveys to develop responses and actions to support a healthier workforce.</p> <p>Stress, anxiety, and depression are the leading reasons for absence. New initiatives support mental health, including Mental Health Clinics, Well-Being Wednesdays, U Ok? and BoB – build your own resilience training.</p> <p>A podiatry clinic and MSK support is in place and well-being kiosks will be introduced in key locations. Work to secure a Silver Thrive accreditation in 2023 is ongoing.</p>	<p>Likelihood Score 3</p> <p>Impact Score 2</p> <p>Total Score 6</p>	Director of Human Resources

		<p>Not be legally compliant in payroll, and employment processes such as right to work would place the organisation at reputational and financial risk.</p> <p>Failure to produce relevant learning and development opportunities and/or qualifications which enable professional / personal development and improve service delivery.</p> <p>Competitive market due to the cost-of-living crisis and challenges around public sector pay versus private sector.</p>	<p>The sickness process – Enabling Attendance at Work has now been in place for a year and has been well received.</p> <p>Continued dialogue with Trades Unions on HR policies and pay and reward. Progress has been impacted by the 8-month industrial action in Waste. The Council faces potential equal pay claims although these are at preliminary stages.</p> <p>The organisational Diversity and Inclusion action plan details actions taken to improve organisational inclusivity including learning and development opportunities and practical changes to processes such as recruitment.</p> <p>The Employee Engagement Plan is being delivered so that One Coventry is achieved through the actions and behaviours of the workforce. The Council will be an employer of choice and reflective of the community.</p> <p>A supportive learning culture is being established. This will develop greater staff engagement, continue to build on the apprenticeship offer and build better links with schools.</p> <p>The Council will retain and develop talented staff with effective succession planning.</p> <p>Leadership and management capability is being strengthened. New programmes were launched in 2022, such as the introduction of Coaching</p>	
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				Culture. In 2023 the Leadership Hub will be introduced. This is a one stop site for information on leadership and management development.  The advertising strategy is being updated. An increase in apprenticeship pay and regular review of the benefits package all contribute towards improving the wider offer. The Council has also introduced a Market Supplement Policy and has a subscription to market data so that it will be able to respond to external challenges where possible.		
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One Coventry Priority: Improving outcomes and tackling inequalities within our communities						
Service Area: Adult Social Care						
No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
6	<p><b>Supporting people who may require services from Adult Social Care to remain safe.</b></p> <p>There is growing demand for care and support from an aging population and working age adults living with complex long-term conditions, while resources of staff and budget are coming under more pressure. This has led to increases in the number of people waiting across a range of service areas, including assessment, annual reviews, Deprivation of Liberty Safeguards authorisations and Disabled Facilities Grants with the result that there is greater risk of vulnerable people suffering worsening physical and mental health.</p>	<p>A greater risk that the Council may fail to adequately discharge its statutory safeguarding duties and other duties under the Care Act, Mental Health Act and Mental Capacity Act, although these acts do not specify timescales</p> <p>Vulnerable adults do not have the care packages that they need so that they can lead full and independent lives in the community.</p> <p>People are left in risky situations as they wait for social care interventions.</p> <p>Vulnerable adults may deteriorate, becoming mentally or physically unwell, lose confidence, fall, or suffer unreported</p>	<p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>15</p>	<p>Requests for services are triaged with urgent cases prioritised, with decisions being made on the information that presents.</p> <p>Waiting lists are monitored and there is liaison between Service Managers and Team Leaders to agree priorities.</p> <p>Safeguarding referrals are prioritised to ensure that issues of abuse or neglect are dealt with promptly.</p> <p>The recruitment of staff is slowly having a positive impact. However, many are newly qualified with lower caseloads, less experience and require greater supervision.</p> <p>The Coventry Adult Safeguarding Board has a workforce strategy, training plan and quality assurance scheme for training.</p> <p>Training for practitioners and managers.</p> <p>Audits of safeguarding activity to ensure thresholds are being appropriately applied.</p>	<p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>4</p> <p>Total Score</p> <p>12</p>	<p>Director of Adult Services and Housing</p>

		<p>or concealed abuse or neglect.</p> <p>Opportunities for prevention are missed. The intervention then becomes more complex and costly as needs escalate.</p> <p>There is increased pressure on unpaid family carers.</p> <p>Staff including managers experience work related stress and increased sickness. Some choose to leave the sector.</p> <p>The reputation of the Council and its statutory partners is reduced because they have failed to assess, safeguard, or protect.</p>	<p>The Council applies a consistent approach to risk management, which has been recently reviewed, and prioritisation across the service.</p> <p>Support offered to existing staff to ensure that the workforce is resilient.</p>		
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One Coventry Priority: Improving outcomes and tackling inequalities within our communities						
Service Area: Children's Services						
No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
7	<p><b>Children's Services statutory safeguarding responsibilities</b></p> <p>If the Council and its partners fail to discharge their statutory safeguarding responsibilities, including the management and oversight of caseloads, then a child or young person may experience abuse or neglect leading to significant harm or death.</p>	<p>Risk of children and young people suffering significant harm or death.</p> <p>Children will suffer worse physical and emotional health leaving them less able to lead happy and fulfilling lives.</p> <p>Potential for complaints and litigation.</p> <p>Children will not reach their potential and be less able to be independent in adult life.</p> <p>The reputation of the Council and its statutory partners is reduced because they have failed to safeguard or protect.</p>	<p>Likelihood Score</p> <p>5</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>25</p>	<p>Implementing learning and action plans from Safeguarding Practice Reviews. For every review undertaken and each subgroup, the Boards have a work plan to include assurance of the recommendations as they are completed.</p> <p>Re-invigoration of quality assurance framework around social work cases in all teams within Children's Services.</p> <p>Ensure Early Help services are effective and the provision of an improved response to need.</p> <p>Deliver purposeful interventions to reduce the likelihood of children escalating into statutory services.</p> <p>Deliver an improving Children's Services so that there is identification and early assessment of those children who need immediate protection.</p> <p>Identification of risks and actions taken to protect them are appropriate and effective. Assessment and planning are strengthened using a risk management model to support child-focused practice.</p>	<p>Likelihood Score</p> <p>4</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>20</p>	<p>Director of Children's Services</p>

				Awareness raising for all Council employees of signs and indicators of risk to children and young people.  To ensure that the impact of any proposed changes in service delivery specifically consider the risk in relation to safeguarding.  Ensuring an effective system is in place to report on children who are missing, provide statutory missing from home interviews and other interventions to reduce further missing incidents.  Effective plans are in place to manage the increase in demand and the increase in complexity of caseloads. The Innovate Project Team commenced in August 2022 to act as a circuit breaker to manage caseloads and has been extended further until March 2023.	
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One Coventry Priority: Improving outcomes and tackling inequalities within our communities						
Service Area: Housing and homelessness						
No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
19	<b>An increase in families in temporary accommodation and street homelessness</b>  If the cost of living crisis continues, including increases in rent, and the economy deteriorates then residents will struggle to meet housing costs and there is a risk that there will be an increase in homelessness affecting families and single people across all groups, with an increase in the number of people living in temporary accommodation and rough sleepers, as the backlog of cases in the courts caused by the end of the eviction moratorium are worked through.	Increased numbers of families in temporary accommodation and an increase in street homelessness will have a detrimental impact on the well-being of residents.  Levels of deprivation and inequality in the city will increase and the Council will fail to deliver its One Coventry priority.  The Council may fail in its housing duties.  Businesses may struggle to grow if employees cannot find the right housing.  The reputation of the city as a great place to live and work will suffer.	Likelihood Score  5  Impact Score  4  Total Score  20	Additional funding has been provided by the Department for Levelling Up, Housing and Communities.  Additional accommodation has been identified if numbers of street homeless increase.  Maximising the internal and external support of partners to help people to remain in accommodation.  The Rough Sleeping Strategy has been reviewed and The Department of Levelling Up Housing & Communities have announced Rough Sleeping Initiative funding for 2022-25.  All Data and reporting across the service has been improved and is now being used to drive improvements.  The use of B&Bs had been eliminated however small numbers of families have recently been housed in them. The Council has purchased one hundred units within HMOs.	Likelihood Score  5  Impact Score  3  Total Score  15	Director of Adult Services and Housing

		<p>An increased financial burden on the Council.</p>		<p>The service has increased the number of Housing Options officers to increase the number of successful homeless preventions.</p> <p>The Council has approved the service purchasing up-to fifty family homes for use as temporary accommodation. Twenty five of these have now been purchased with twelve having been let.</p> <p>The Council works with Registered Providers &amp; other organisations and landlords in the city to ensure that there are appropriate levels of accommodation built in the city to meet the needs of residents.</p> <p>The private rented sector is currently extremely buoyant and therefore securing properties for homeless households has become more difficult.</p> <p>Working with registered partners to deliver more social housing including community led housing projects.</p>	
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One Coventry Priority: Increasing the economic prosperity of the city and region						
Service Area: Business, Investment and Culture						
No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
21	<p><b>Business growth and investment</b></p> <p>If the Council does not support business to innovate and grow and is unsuccessful in securing inward investment, the city's economic prosperity will continue to lag comparable areas as it competes, against the background of an economic slowdown during most of 2023.</p> <p>Underlying challenges are inflation, the growing cost of doing business including energy and materials prices, labour shortages driving up wages, the cost-of-living crisis which weakens demand, rising interest rates increasing the cost of borrowing, falling business investment levels, and the</p>	<p>The city will not have a sustainable, growing, and prosperous economy and the Council will fail to deliver its One Coventry priority. The city will not be modern and vibrant and fewer people will choose to visit.</p> <p>New businesses will not be attracted to the city including those at the forefront of technology.</p> <p>Downsizing or closure of businesses, particularly as government is reducing spending on the business support ecosystem after ERDF funding ends in June 2023.</p> <p>Small businesses have growing debts as they repay COVID loans and pay higher interest rates.</p>	<p>Likelihood Score 4 Impact Score 4 Total Score 16</p>	<p>The Council invests in the city including major schemes such as the A46 Link Road, Coventry Station, Whitley South infrastructure, Very Light Rail, City Centre South, Two Friargate, Hotel Indigo, secondary schools' expansion, and completion and roll-out of the UK Battery Industrialisation Centre.</p> <p>The Gigafactory has outline planning permission which has the potential to raise £2bn of investment. Discussions are ongoing with investors and Government to accelerate the project.</p> <p>An application was submitted in October 2022 to develop an "Investment Zone" around the Gigafactory site, and although the focus of Investment Zones is likely to change (to be more aligned with cluster-led development, driven by Innovation and R&amp;D), the Council is optimistic that it can secure Government support in any refocused Investment Zone.</p> <p>Collaboration with local business support partners (fronted by CWLEP Growth Hub) to develop an evidence base and lobby UK Government on local business needs.</p>	<p>Likelihood Score 3 Impact Score 3 Total Score 9</p>	<p>Director of Business, Investment &amp; Culture</p>

	<p>challenging international trade environment with delays in sourcing components.</p>	<p>This is restricting their ability to generate revenue and profit.</p> <p>Redundancies could result in increases in unemployment (including among younger employees and those aged over 50), which puts pressure on welfare systems.</p> <p>Levels of poverty and deprivation stay the same or get worse and inequality will increase, including health inequality.</p> <p>A decrease in residents health and well-being.</p> <p>An increase in demand for Council services combined with a reduction in resources available to it, through a decrease in business rates and the tax base.</p>		<p>Business Support Services and Programmes (CW Business Support, Green Business, Innovation and Skills 4 Growth). All delivered with local business support partners up to June 2023.</p> <p>The legacy of the Community Renewal Fund Pilot project will result in businesses, which were subject to temporary COVID closure, being able to access further support, through new public funds announced in the future, and the work of Destination Coventry.</p> <p>Design business support activities with WMCA via the UK Shared Prosperity Fund, which commences after ERDF funding ends in June 2023. Although the quantum of funding available is 43% lower than ERDF, the Council is likely to have an integrated model of support that will help businesses with growth, innovation and net zero/decarbonisation, and associated grants, plus support offers for starting a business and social enterprise.</p> <p>Referral of businesses to specialist international trade support, including DIT's Export Academy plus wider financial support and workshops/ 1:1 support.</p> <p>Inward Investment Service and the Council's partnership work with WM Growth Company in accessing major international investment and trade opportunities.</p>		
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			Supply chains and networks.  Coventry City Council Employer Hub.  Support for major events in the city that bring both short-term and longer-term benefits to business, including building strong legacies from UK City of Culture, the Commonwealth Games, and the Rugby League World Cup.		
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One Coventry Priority: Improving outcomes and tackling inequalities within our communities						
Service Area: Children's Services						
No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
22	<p><b>Children's Services workforce stability</b></p> <p>If Children's Services fails to develop its workforce to reflect the way it needs to operate, this might result in social work staff leaving the Council with the result that the service provided to children and young people and their families will deteriorate.</p>	<p>A deterioration in service to children, young people, and their families.</p> <p>Harm, and risk of harm to children and young people may be missed.</p> <p>Less continuity of social worker on cases.</p> <p>A need to recruit expensive agency social workers.</p> <p>A higher proportion of less experienced newly qualified social workers who require greater supervision, with reduced experience in the service to coach, develop and grow social workers in the initial stages of their career.</p>	<p>Likelihood Score 5 Impact Score 5 Total Score 25</p>	<p>Resource planning for workforce needs now and in the future.</p> <p>Supporting the workforce by refreshing the Council's employee engagement and ensuring employment practices are fit for purpose.</p> <p>Ensuring the workforce has the tools to work smart and efficiently.</p> <p>Have in place an effective leadership &amp; management development strategy and a pay and reward framework that is fit for purpose.</p> <p>Recruitment and retention strategies are in place to recruit and retain experienced social workers through an assessment model. A range of social media platforms, recruitment campaigns, and other innovative approaches are deployed and considered.</p> <p>A proposal to implement changes to the workforce has been agreed. It includes the offer of a retention payment for Social Workers/Senior Practitioners and a job evaluation review for Team Managers and other designated posts to</p>	<p>Likelihood Score 4 Impact Score 5 Total Score 20</p>	Director of Children's Services

		<p>The Council may fail to deliver its One Coventry priority.</p>	<p>encourage staff to stay in Coventry to minimise the number of vacancies and stabilise a permanent workforce.</p> <p>A Progression Framework pathway will be developed in 2023. This is the exit strategy for replacing the retention payments in the future.</p> <p>An additional Social Work Academy Cohort is providing an outreach model in the area team. The increased number of newly qualified social workers is supporting the workforce pressures and managing the number of vacancies.</p> <p>Work is continuing with agency suppliers to provide agency cover for vacancies, and the complex work not appropriate for less experienced staff.</p> <p>Effective plans are in place to manage the increase in demand and the increase in the complexity of caseloads. The Innovate Project Team commenced in August 2022 to act as a circuit breaker to manage caseloads and have been extended further until March 2023.</p>		
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One Coventry Priority: Tackling the causes and consequences of climate change						
Service Area: Climate Change and Sustainability						
No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
24	<p><b>Tackling the causes and consequences of climate change and promoting sustainability</b></p> <p>If the Council does not have a relentless focus on sustainability and tackling the causes of climate change and mitigating its consequences, then the residents of Coventry and the environment will suffer harmful impacts. These will be detrimental to their health and wellbeing as well as to biodiversity.</p>	<p>Carbon emissions will not reduce.</p> <p>Adverse impact on biodiversity.</p> <p>Reduced health and wellbeing for the population and greater health inequalities e.g., worse air quality impacting respiratory health and heat stress related health incidents.</p> <p>Fuel and food poverty.</p> <p>Increased costs to business, both for fuel and waste management. This would have a detrimental impact on local economy.</p> <p>An increase in floods and flood damage.</p>	<p>Likelihood Score 5</p> <p>Impact Score 5</p> <p>Total Score 25</p>	<p>The mobilisation of an independent Coventry Climate Change Board with five recently established Pathway Groups will address the challenge of sustainability and climate change:</p> <ul style="list-style-type: none"> <li>• Low Carbon</li> <li>• Circular Economy</li> <li>• Nature Based (biodiversity)</li> <li>• Adaptation &amp; Resilience</li> <li>• Equitable Person Centred</li> </ul> <p>The five Pathway Groups have independent chairs as outlined by the International Council for Local Environmental Initiatives Five Development Pathways which support the 17 United Nations development goals.</p> <p>Gather and measure information to produce annual status city reports with performance indicators to measure progress.</p> <p>Investing in technologies to make the city a global market leader in clean and green transport.</p> <p>Increased use of zero carbon transport, active travel, and public transport.</p>	<p>Likelihood Score 3</p> <p>Impact Score 4</p> <p>Total Score 12</p>	Director of Transportation and Highways

		The Council may fail to deliver its One Coventry priority.	Red	<p>Improvements in energy efficiency and use of zero carbon technologies. Successful roll-out of the All-Electric Bus City and Very Light Rail will make a major difference.</p> <p>Reducing waste by supporting businesses, schools, communities, and the development of a circular economy.</p> <p>Measures to improve air quality such as promoting modal shift and active travel.</p> <p>Sustainable urban drainage and green and blue initiatives.</p> <p>Protecting and developing existing and new biodiversity.</p> <p>Promoting behaviour change within the population and businesses e.g., Arts and Culture.</p> <p>Creation of post of Green Strategic Lead.</p> <p>Establishment of Green Futures Board to ensure cross council focus on tackling climate change and to drive programme of green projects.</p>	Yellow	
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One Coventry Priority: Improving outcomes and tackling inequalities within our communities						
Service Area: Education and skills						
No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
25	<b>Education and the link to inequalities</b>  If the Council does not facilitate and enable children to take up their education entitlement, then there is a risk that their educational achievement may suffer resulting in young people who are less able to access positive destinations as they move to adulthood and lead fulfilling and healthy lives, leading to increasing inequalities.	<p>Quality education is key to reducing inequalities and gaps in achievement between pupils from vulnerable groups and other pupils.</p> <p>An increase in the number of young people not in education, employment, and training.</p> <p>Greater deprivation as young people are unable to sustain a livelihood in the future.</p> <p>The Council may fail to deliver its One Coventry priority.</p>	<p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>4</p> <p>Total Score</p> <p>12</p>	<p>A joined up One Coventry approach (including locality prototypes) to enable families to access support as early as possible.</p> <p>Co-ordination of a Coventry Partnership model including the school improvement model.</p> <p>Management of supply and demand of school places across Coventry to fulfil the local authority's statutory duty in providing sufficient school places.</p> <p>Management of education capital investment in school buildings. This may include changing the capacity of schools and opening new schools to meet the changing needs of communities across the city.</p> <p>Identify gaps in learning for all pupils and supporting children whose education has been most affected by disruption caused by the pandemic.</p> <p>Increasing support for special educational needs and disability in the city and deliver bespoke responses to schools and children.</p>	<p>Likelihood Score</p> <p>2</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>6</p>	Interim Chief Executive / Chief Partnerships Officer

				Life-pathway approach including working to continue to minimise the number of young people Not in Education, Employment or Training.		
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One Coventry Priority: Improving outcomes and tackling inequalities within our communities						
Service Area: Education and skills						
No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
26	<p><b>Increases in demand for specialist school placements for children with an EHC Plan</b></p> <p>If there are persistent year on year increases in demand for specialist school placements for children with an EHC Plan, then supply both locally and nationally will be exhausted causing the potential for children to be displaced from an appropriate school placement within the city.</p> <p>Alternative out of city placements, where available, represent a significant unit cost increase in terms of fees and travel. The quality of external provision is lower than within City publicly funded</p>	<p>Impact on the wellbeing and outcomes for children with special education needs in their childhood and on life chances into adulthood.</p> <p>Impact on the Council's budget, due to higher costs.</p>	<p>Likelihood Score 4</p> <p>Impact Score 4</p> <p>Total Score 16</p>	<p>Further specialist school placements will be commissioned locally, with a focus on delivering the planned expansion of Woodfield Special School on the Woodlands site.</p> <p>A range of early intervention and alternative support pathways will reduce the demand for special school placements by offering high quality mainstream alternatives.</p> <p>A school-to-school inclusion programme will develop practice and increase mainstream school's capacity to meet a broader range of complex needs, underpinned by a training programme and targeted financial resources delivered through the new banding framework.</p>	<p>Likelihood Score 3</p> <p>Impact Score 3</p> <p>Total Score 9</p>	<p>Interim Chief Executive / Chief Partnerships Officer</p>

	<p>schools and children achieve poorer outcomes.</p>				

One Coventry Priority: Improving outcomes and tackling inequalities within our communities						
Service Area: Public Health						
No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
27	<p><b>Reducing health inequalities</b></p> <p>If the Council and its partners do not embrace the challenge of reducing health inequalities, then more deprived and vulnerable residents will continue to experience worse health outcomes leading to decreased quality of life, healthy life expectancy and life expectancy.</p>	<p>Residents will not lead happy, independent, economically active, productive, and fulfilled lives.</p> <p>Life expectancy rates that are below the English average.</p> <p>A failure to reduce the wide gap in life expectancy between the most affluent wards and the least well off.</p> <p>Residents from more deprived wards continue to have proportionately fewer years of healthy life.</p> <p>Domestic abuse, sexual violence, drug, and alcohol dependence.</p>	<p>Likelihood Score 5 Impact Score 5 Total Score 25</p>	<p>A financial strategy which seeks to apply the Council's resources systematically to reduce inequalities.</p> <p>Systematically commission, employ, train, and procure in a way which proactively seeks to reduce inequality and the application of EIA and Scrutiny processes.</p> <p>Use a population health approach and population health management to identify and respond to need.</p> <p>A clear focus on the wider determinants of health</p> <ul style="list-style-type: none"> <li>• An Economic Prosperity approach which seeks to integrate the reduction of inequalities</li> <li>• Improve the quality of jobs across the economy</li> <li>• Work to reduce inequality in the education system, especially in the early years</li> <li>• Support the vulnerable, including the homeless, those with mental illnesses, refugees, and migrants</li> <li>• Tackle violence</li> </ul>	<p>Likelihood Score 3 Impact Score 5 Total Score 15</p>	<p>Director of Public Health and Wellbeing</p>

				<ul style="list-style-type: none"><li>• Helping those on low incomes to access housing, heating, and insulation.</li></ul> <p>Work with our partners within the Integrated Care System and voluntary and community groups to tackle health inequalities.</p> <p>Apply at scale and intensity relating to the social gradient the prevention of ill health, maintenance of healthy lifestyles, and behaviours, empowering people to stay healthy and well and prevent limiting long-term health conditions.</p> <p>A greater focus on prevention rather than responding to social care needs and treating illness.</p> <p>Having a collaborative approach with residents and communities (One Coventry) and enabling and building capacity for leadership within identified communities.</p>		
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One Coventry Priorities and Enablers: Industrial relations impacts the delivery of all priorities and enablers						
Service Area: Human Resources						
No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
28	<p><b>A deterioration in industrial/employee relations affects the Council's ability to deliver vital services</b></p> <p>The Council was subject to an industrial dispute in 2022 and there is further action from teachers and support staff in 2023. The Trades Unions are taking an active stance on pay and terms and conditions both locally and nationally. There is also a potential challenge on equal pay. If inflation and the cost-of-living crisis cause action to become more widespread there will be a further deterioration in employee relations resulting in wider disruption or cessation of operations and the Council being</p>	<p>Residents, including those who are vulnerable, do not receive the standard of service that they expect, and their quality of life is adversely impacted.</p> <p>The Council is in breach of its statutory duties.</p> <p>A longer lasting worsening in relations with Trade Unions and colleagues.</p> <p>The Council suffers reputational damage.</p> <p>Increased costs of alternative delivery mechanisms.</p>	<p>Likelihood Score 5</p> <p>Impact Score 5</p> <p>Total Score 25</p>	<p>Effective industrial action management to locally cope with the impact of strikes.</p> <p>Continued negotiation with the Trades Unions to find a solution to difficult problems.</p> <p>Engagement with the wider workforce to manage expectations in the face of difficult financial settlements and demands on services.</p> <p>Management of the equal pay risk and wider implications on the other groups/terms and conditions.</p> <p>Continuation of work on the pay structure including terms and conditions.</p>	<p>Likelihood Score 4</p> <p>Impact Score 4</p> <p>Total Score 16</p>	<p>Director of Human Resources</p>

	unable to provide services as planned.				
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One Coventry Enabler: Council's roles as a partner, enabler, and leader						
Service Area: Elections						
No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
29	<p><b>Implementation of the Elections Act 2022 changes required for elections in May 2023</b></p> <p>Secondary legislation was passed in November 2022 and the Electoral Commission has published their guidance for Electoral Registration Officers and Returning Officers on the implementation of the areas of the Act which will come into effect for May 2023. The lateness of the legislation and guidance has impacted on the normal planning time for elections together with the uncertainty of particular areas to be implemented. Due to the timing the Electoral Registration Officer/Returning Officer may be unable to</p>	<p>Any elections taking place might be undermined.</p> <p>The democratic legitimacy of the Council might be undermined hindering its ability to fulfil its role as a partner, enabler, and leader under the One Coventry Plan.</p> <p>The Returning Officer may struggle to deliver the elections they have personal responsibility for.</p> <p>The risk of challenge by petition after the election will be higher.</p> <p>Without more information the necessary systems, including software, cannot be implemented</p>	<p>Likelihood Score 5 Impact Score 5 Total Score 25</p>	<p>There will be extra money from the Government for implementation, but this will not be ring fenced and will only cover costs associated with Voter ID and not additional election costs.</p> <p>A One Coventry approach is being taken in order that the wider Council can provide necessary support.</p> <p>The Electoral Commission will undertake much of the Communication, but the Returning Officer needs to consider the demographics and harder to reach parts of the electorate and the support that they will require. Preparing and implementing a Public Engagement Strategy.</p> <p>A polling district and polling place review is being conducted to assess suitability in relation to accessibility and privacy. A schedule of stations will be produced, and the stations will be graded.</p> <p>Job roles for election staff will be updated to provide clarification on what is required and to assist in arriving at the correct fee.</p> <p>The Electoral Services Manager is part of the Business Change Network facilitated by the</p>	<p>Likelihood Score 4 Impact Score 5 Total Score 20</p>	Chief Legal Officer

	<p>implement the changes required by the Elections Act 2022 resulting in Voter ID not being successfully introduced and accessibility requirements not implemented. Some voters may be dis-enfranchised leading to a lack of confidence in election results.</p>	<p>and training cannot be provided.</p> <p>Certain groups are more likely to be disadvantaged than others, resulting in increased inequalities.</p> <p>Polling staff will have greater responsibilities, including challenging voters about their ID. This may result in recruitment issues for polling station staff.</p> <p>Not all polling stations are suitable because they will require privacy areas. There may be insufficient polling stations.</p>		<p>Cabinet Office and consequently is very well informed.</p>		
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One Coventry Priorities: Improving outcomes and tackling inequalities within our communities						
Service Area: Cross-cutting						
No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
30	<p><b>Building community cohesion</b></p> <p>As the Council promotes a strong and resilient inclusive economy that contributes to the prosperity of the whole city; and as it facilitates an improvement in outcomes for residents and a reduction in inequalities through a collaborative approach, then this will result in improved relationships between different communities, reducing any tensions between people from different backgrounds and identities and create an environment that positively impacts the wellbeing of residents.</p>	<p>Trust is built up as communities no longer live in fear and there is a shared sense of belonging.</p> <p>There is greater meaningful contact between people of diverse backgrounds.</p> <p>Children get the best start in life.</p> <p>There is greater quality of life for all.</p> <p>Crime will decrease including hate crime resulting in an increase in community safety.</p> <p>The reputation of the city improves which encourages investors.</p> <p>.</p>	<p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>4</p> <p>Total Score</p> <p>12</p>	<p>The One Coventry Plan gives priority to the Council's work as a civic leader in collaboration with residents, communities, and partners.</p> <p>The One Coventry Plan gives priority to improving outcomes, tackling inequalities, and promoting business growth by working with business, residents, partners, and education providers to ensure that all communities benefit from job opportunities created by investment in the city.</p> <p>The Council leads on the delivery of aspirational investments to promote the prosperity of the city.</p> <p>The Council collaborates with local business support partners and provides business support services and programmes.</p> <p>Collaborating with residents and communities, listening to their ideas, and coming together to find solutions to challenges faced, making a positive difference to their lives and environment, such as cleaner neighbourhoods.</p> <p>Collaborating with partner organisations to improve the quality of the lives of residents,</p>	<p>Likelihood Score</p> <p>2</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>6</p>	<p>Interim Chief Executive / Chief Partnerships Officer</p>

			<p>enabling them to live in the community wherever possible by investing in community support and building community capacity.</p> <p>The CSW Resilience Team plan for emergencies and contribute to the West Midlands Local Resilience Forum (LRF). The LRF brings together the Council, emergency services, NHS, and other partners to ensure that agencies across the West Midlands are prepared for emergencies.</p> <p>Tackling violence, including domestic abuse and sexual violence, particularly in areas of the city that suffer high levels of crime and deprivation.</p> <p>Supporting the most vulnerable – including people who are street homeless, experiencing mental ill-health and the integration of our refugee and migrant communities.</p> <p>The promotion of quality events at accessible prices to bring different communities together in a positive environment.</p>		
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One Coventry Enabler: Continued financial stability of the Council						
Service Area: Cross-cutting						
No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
31	<p><b>A Council that makes thoughtful, well researched and robust business case backed commercial investments to derive additional sustainable income streams to the Council so that it has additional funds to provide services to residents, deliver policy priorities, and achieve its One Coventry Plan through being more financially robust.</b></p> <p>If the Council does not make well researched commercial investments, that are supported by sound business cases it will be financially weaker and consequently less able to deliver its One Coventry Plan priorities and provide services to vulnerable residents.</p>	<p>Assists the Council to deliver services to residents.</p> <p>The Council will be better able to navigate a deteriorating financial backdrop to local government funding caused by inflation and recession.</p> <p><b>Tom White Investment:</b></p> <p>Assists the Council to achieve its One Coventry priority to tackle the causes and consequences of climate change, by significantly increasing commercial waste recycling rates, a reduction in the use of raw materials in UK industry, and the promotion of the circular economy. A reduction of</p>	<p>Likelihood Score</p> <p>5</p> <p>Impact Score</p> <p>4</p> <p>Total Score</p> <p>20</p>	<p>Each of the investments have been undertaken following detailed due diligence, with any matters arising being activity managed post investment.</p> <p>Ongoing investment decisions promoted by any of the companies are subject to further due diligence, risk assessment and a robust business case. Material aspects of these are supported with external advice, such as legal, technical, and financial / tax advice.</p> <p>The Council has taken care to invest in a broad range of activities to protect against financial shocks to specific sectors.</p> <p>Suitably experienced or qualified Board Directors are in post in each of the company boards. They oversee the investment performance and ensure accountability for outcomes.</p> <p>Companies (and their Directors) are subject to the legally binding Group Governance Agreement. The Agreement sets out clearly the level of decisions that can be made within each company, what comes to the parent holding company (CMH) for decision, and what is</p>	<p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>2</p> <p>Total Score</p> <p>6</p>	<p>Managing Director CMH</p>

	<p>waste sent abroad and to landfill.</p> <p>Reinvesting the profits for environmental and social purposes through the Council in support of the One Coventry Plan.</p> <p><b>Coombe Abbey Park investment:</b></p> <p>The use of Council assets is enhanced such as St Marys Guildhall and parks, resulting in a financial return on these assets, improved quality of life for residents and a significantly enhanced visitor experience.</p> <p><b>General Financial:</b></p> <p>The Council benefits from loans made to its wholly owned companies, on an entirely commercial basis.</p> <p>The Council receives rental income from property leased from the</p>		<p>reserved back to Shareholder Committee and/or Full Council.</p> <p>There is at least one Council Director on each company board, at least two Directors from Coventry Municipal Holdings (CMH) on each company board and regular reports to Shareholder Committee (a subcommittee of Cabinet).</p> <p>Each company prepares a robust annual business plan and financial budget that is approved by the Shareholder Committee for delivery.</p> <p>The company Board Directors review and challenge business performance each month against the business plan and financial budget, reporting any matters arising to the holding company board.</p> <p>The holding company (CMH) board reviews and challenges company performance every quarter. Shareholder Committee receive a formal Performance Report for the preceding year by October in each year, to advise formally on company performance following issuance of company accounts, and an informal report on year-to-date performance mid-year.</p> <p>The availability of appropriate information, the regularity of information review and challenge, the knowledge and experience of Board Directors, the breadth of reporting and clarity on</p>	
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		<p>Council by the investment companies.</p> <p>The protection of rent payments made to the Council.</p> <p>The risk on loan repayments to subsidiary companies rests with the Council as shareholder.</p>		<p>decision making (contained within the Group Governance Agreement) means that financial performance of the investments is well understood, challenged, and supported to mitigate risks.</p> <p>Risks of companies not supporting the One Coventry Plan are mitigated through the annual business planning process, with Board Directors at each level and the Shareholder Committee ensuring that the plans support the Council's One Coventry Plan priorities, with sufficient engagement to allow these to be influenced, as necessary.</p>		
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One Coventry Priorities and Enablers: Health and safety impacts the delivery of all priorities and enablers						
Service Area: Human Resources						
No	Risk description	Impact	Inherent risk score	Measures to mitigate risk	Residual risk score	Risk owner
32	<p><b>A workforce that is healthy and safe</b></p> <p>If the council does not actively manage health and safety whilst delivering One Coventry Plan priorities and services to residents, including working within a challenging budget, then employees and members of the public and others may be harmed, resulting in injury, ill health, or loss of life.</p>	<p>Failure to manage health and safety could result in injury, ill-health, or loss of life to employees or members of the public.</p> <p>The Council will be less able to achieve the successful implementation of the One Coventry Plan priorities and deliver services to residents.</p> <p>Increased sickness absence of staff.</p> <p>Disruption to services to residents including those who are vulnerable.</p> <p>Criminal prosecution by enforcement bodies such as the Police and the Health and Safety Executive.</p>	<p>Likelihood Score 5</p> <p>Impact Score 5</p> <p>Total Score 25</p>	<p>The Council must always comply with health and safety legislation.</p> <p>The promotion of a positive safety culture ensuring a safe and healthy environment for all.</p> <p>Implement the Council's Health and Safety framework and the Council's Health and Safety Policy.</p> <p>Provide training so that managers and employees are aware of their health and safety responsibilities to themselves, and others impacted by their activities.</p> <p>Employ a qualified and experienced Health and Safety team.</p> <p>Implement specific health and safety policy, procedures, guidance, and safe systems of work across the Authority at service level.</p> <p>Audit, inspection and monitoring of health and safety compliance across the Authority</p> <p>Awareness raising campaigns involving regular communications to staff promoting a range of</p>	<p>Likelihood Score 3</p> <p>Impact Score 4</p> <p>Total Score 12</p>	Director of Human Resources

		<p>Sanctions including fines, imprisonment, and disqualification from office.</p> <p>Increased budget pressures from Employers and Public Liability claims.</p> <p>Increased insurance premiums.</p> <p>Damage to equipment and premises with associated costs and service pressures.</p> <p>Reputational damage and a loss of credibility.</p>	<p>health and safety topics to develop a positive safety culture.</p> <p>Effective Health and Safety risk assessments.</p>		
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Audit and Procurement Committee  
Cabinet Member for Policing and Equalities

20 March 2023  
16 March 2023

**Name of Cabinet Member:**

Cabinet Member for Policing and Equalities – Councillor AS Khan

**Director Approving Submission of the report:**

Chief Legal Officer

**Ward(s) affected:**

None

**Title:**

Annual Compliance Report 2023 - Regulatory & Investigatory Powers Act (RIPA) 2000

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**Is this a key decision?**

No

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**Executive Summary:**

The Regulation of Investigatory Powers Act 2000 (RIPA) governs the acquisition and disclosure of communications data and the use of covert surveillance by local authorities.

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

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

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

**Recommendations:**

The Audit and Procurement Committee is requested to:

- 1) Consider and note the Council's use and compliance with RIPA.
- 2) Forward any comments and/or recommendations to the Cabinet Member for Policing and Equalities.

The Cabinet Member for Policing and Equalities is requested to:

- 1) Consider any comments and/or recommendations provided by the Audit and Procurement Committee.
- 2) Approve the report as a formal record of the Council's use and compliance with RIPA.

**List of Appendices included:**

None

**Other useful background papers:**

None

**Other useful background information:**

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 – Cabinet Member for Policing and Equalities

**Will this report go to Council?**

No

Report title: **Annual Compliance Report - Regulatory & Investigatory Powers Act (RIPA) 2000**

## **1. Context (or background)**

- 1.1 RIPA governs the acquisition and disclosure of communications data and the use of covert surveillance by local authorities. The Council can only use powers under RIPA to support its core functions for the purpose of prevention and detection of crime.
- 1.2 There are different thresholds that need to be met before any surveillance can be undertaken. In the case of Directed Surveillance or the use of Covert Human Intelligence Sources (CHIS) an offence has to be punishable by a custodial sentence of 6 months or more or the offence is related to the underage sale of alcohol and/or tobacco. In the case of Communications Data an offence has to be punishable by a custodial sentence of 12 months or more (e.g. offences relating to counterfeit goods which carry a maximum penalty of 10 years in prison).
- 1.3 Where the above criteria are met, local authorities can make an application for the acquisition and disclosure of communications data (such as telephone billing information or subscriber details) or directed surveillance (covert surveillance of individuals in public places); and the use of a CHIS (such as the deployment of undercover officers). The powers are most commonly used by Business Compliance. However, powers can also be used by other Council services if their offences meet the serious crime threshold, mentioned in 1.2 above.
- 1.4 RIPA and Codes of Practice set out the procedures that local authorities must follow when undertaking surveillance. These include approval by Authorised Council Officers for Directed Surveillance / CHIS applications to show that the proposed use of the powers is "necessary and proportionate".
- 1.5 The Council is required to have a Senior Responsible Officer to maintain oversight of the RIPA arrangements, procedures and operations. The Council's Monitoring Officer performs this function and is responsible for the integrity of the Council's process for managing the requirements under RIPA.
- 1.6 Since 1 September 2017, the [Investigatory Powers Commissioner's Office](#) (IPCO) has been responsible for the judicial oversight of the use of covert surveillance by public authorities throughout the United Kingdom.
- 1.7 2019 saw the implementation of Part 3 of the Investigatory Powers Act 2016 (IPA). The introduction of this legislation has seen the most significant change to the acquisition of communications data in recent years. The IPA consolidates all existing powers available to law enforcement and other agencies. It radically overhauls the way these powers are authorised and overseen. The legislation also ensures that the powers conveyed are fit for the fast-moving digital age that we live in. The IPA has introduced the Office for Communications Data Authorisation (OCDA) which is now responsible for independently authorising all applications for communications data. This has removed the requirement for local authorities to seek judicial approval for communications data. In addition, the legislation has

broadened the range of communications data available including access to location data.

- 1.8 The acquisition of communications data is undertaken through the National Antifraud Network (NAFN). They act as the single point of contact for many local authorities and ensure the application is RIPA/ IPA compliant. It is NAFN that are audited by the commissioners.
- 1.9 Details of the applications that the Council has made are set out below:

#### **1.9.1 Use of Directed Surveillance or Covert Human Intelligence Sources**

For the Period 1 January 2022 – 31 December 2022

The number of applications made for a Directed Surveillance authorisation	0
The number of Directed Surveillance authorisations successfully granted	0
The number of Directed Surveillance authorisations that were cancelled	0
The number of Directed Surveillance authorisations extant at the end of the year	0

- There were no reported instances of the Council having misused its powers under the Act.

#### **1.9.2 Use of Acquisition & Disclosure of Communications Data**

No applications for the disclosure of communications data were made during the period 1 January 2022 – 31 December 2022.

#### **1.10 Statistical Data**

The IPCO require annual statistical data each year. The Annual Report of the Investigatory Powers Commissioner 2020 (last report at the time of writing, published 6 January 2022) is published on the IPCO website at the following link: <https://www.ipco.org.uk/publications/annual-reports/#:~:text=report%20in%20Parliament.-,06%20January%202022,-Annual%20Report%202020>. Part 15 provides the findings relating to local authorities.

#### **1.11 RIPA Training**

It is recommended good practice to provide RIPA training to all relevant Officers periodically. A one-day training session was delivered on 14 January 2022 and a further session is due to be delivered on 20 April 2023 as a refresher, to include people who missed the training last year, new starters and also cover surveillance

that falls outside of RIPA. Council Officers from core function departments, Legal and those who play a key role in implementing and/or managing CCTV systems will attend. The author of this report will also produce a short video guide to RIPA and how it is used for Elected Members that will be published on the Member webpages for reference.

## **2. Options considered and recommended proposal**

- 2.1 The Audit and Procurement Committee is recommended to consider and note the Annual Compliance Report, which sets out how the Council has used its powers during the reporting periods of the individual Commissioners. In addition, the Committee is recommended to forward any comments or recommendations to the Deputy Leader Policing and Equalities.
- 2.2 The Deputy Leader Policing and Equalities is recommended to consider any comments and/or recommendations from the Audit and Procurement Committee and approve the report as a formal record of the Council's use and compliance with RIPA.

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

- 3.1 Not applicable

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

- 4.1 The report will be a formal record of the Council's use of RIPA in 2022 when approved by the Cabinet Member for Policing and Equalities.

## **5. Comments from the Interim Chief Executive (Section 151 Officer) and the Chief Legal Officer**

### **5.1 Financial implications**

The Council has budget provision to cover the cost of the training, which will be delivered by an external trainer who specialises in RIPA legislation. There are no other direct financial implications arising from this report.

### **5.2 Legal implications**

The powers of local authorities have remained largely unchanged following the introduction of the Investigatory Powers Act 2016. However, Officers will continue to monitor the operation of RIPA and ensure that any amendments are incorporated into the Council's policy and procedures as appropriate.

Consideration and endorsement by Members, ensures that appropriate scrutiny is in place. Consideration of RIPA activity as recommended by the OSC guidance ensures that such activity is subject to appropriate scrutiny and control.

## **6. Other implications**

Whilst the requirement to obtain judicial / OCDA approval introduced an additional step into the process, given the Council's low use of its powers under RIPA, it has not resulted in any significant delays for planned operations. Routine patrols, ad-hoc observations at trouble 'hot spots', immediate response to events and overt use of CCTV do not require RIPA authorisation.

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

As and when judicial / OCDA approval is sought to use these powers, it will help support the Council's core aims by preventing and detecting crime associated with enforcement activities such as: investigations relating to counterfeiting and fraudulent trading activity, or underage sales of alcohol or tobacco.

**6.2 How is risk being managed?**

The requirement for the Council to seek judicial / OCDA approval for any proposed use of its powers under the Regulation of Investigatory Powers Act 2000, as amended by the Protection of Freedoms Act 2012 and IPA, reduces the risk of the Council using such powers inappropriately or unlawfully. This will help ensure any evidence gained from such use will be admissible in a court of law.

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

There is no additional impact on the Council.

**6.4 Equalities / EIA**

When submitting a request for authorisation to use RIPA, consideration is given to any impact on equalities.

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

There are no implications on the environment.

**6.6 Implications for partner organisations?**

There are no implications on partner organisations.

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## Legal and Procurement Services

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# Agenda Item 13

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

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of the Local Government Act 1972.

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