



Audit and Procurement Committee

Time and Date

2.30 pm on Monday, 18th March 2024

Place

Diamond Rooms 1 and 2 - Council House, Coventry

Public Business

1. **Apologies**
2. **Declarations of Interest**
3. **Minutes of Previous Meeting** (Pages 5 - 14)
To agree the minutes of the meeting held on 29th January 2024
4. **Exclusion of Press and Public**
To consider whether to exclude the press and public for the private item of business for the reasons shown in the report.
5. **Outstanding Issues**
There were no outstanding issues
6. **Work Programme 2023/2024** (Pages 15 - 16)
Report of the Director of Law and Governance
7. **Grant Thornton - Interim Auditor's Annual Report on Coventry City Council 2022/23** (Pages 17 - 54)
Report of the Director of Finance and Resources
8. **2023-24 Third Quarter Financial Monitoring Report (to December 2023)** (Pages 55 - 86)
Report of the Director of Finance and Resources
9. **Corporate Risk** (Pages 87 - 148)
Report of the Director of Finance and Resources

10. **Complaints to the Local Government and Social Care Ombudsman 2022/2023** (Pages 149 - 178)
Report of the Chief Executive
11. **Quarter Three Internal Audit Progress Report 2023-24** (Pages 179 - 192)
Report of the Director of Finance and Resources
12. **Internal Audit Recommendation Tracking Report** (Pages 193 - 202)
Report of the Director of Finance and Resources
13. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

Private business

14. **Procurement and Commissioning Progress Report** (Pages 203 - 222)
Report of the Director of Law and Governance
15. **Any other items of private business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

Julie Newman, Director of Law and Governance, Council House, Coventry
Friday, 8 March 2024

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

Membership:

Committee Members:

Councillors S Agboola, M Ali, J Blundell, R Lakha (Chair), G Ridley, E Ruane and B Singh (Deputy Chair)

By invitation:

Councillor R Brown – Cabinet Member for Finance and Strategic Resources

Public Access

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Michelle Salmon, Governance Services

e-mail: michelle.salmon@coventry.gov.uk

Coventry City Council
Minutes of the Meeting of the Audit and Procurement Committee held at 2.30 pm on
Monday, 29 January 2024

Present:

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

Employees
(by Service Area):

Chief Executive J Nugent (Chief Executive)

Finance B Hastie (Chief Operating Officer (Section 151 Officer)),
P Helm, T Pinks, K Tyler

Law and Governance M Salmon, A West

Streetscene and
Regulatory Services A Walster (Director of Streetscene and Regulatory Services),
P Mudhar

Apologies: Councillor G Ridley
Councillor E Ruane

Public Business

38. Declarations of Interest

There were no disclosable pecuniary interests.

39. Minutes of Previous Meeting

The minutes of the meeting on 11th December 2023 were agreed and signed as a true record. There were no matters arising.

40. Outstanding Issues

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

Appendix 1 to the report provided details of issues where a report had been requested to a meeting along with the anticipated date for consideration of the issue. The Committee noted that there were no issues in this Appendix.

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

The Committee noted that the actions relating to the three outstanding items listed in the Appendix had now been actioned and these matters could be discharged.

RESOLVED that the Audit and Procurement Committee notes the Outstanding Issues report and the action taken to discharge matters, which can now be removed from the report.

41. **Work Programme 2023/2024**

The Audit and Procurement Committee considered a report of the Chief Legal Officer which detailed the Work Programme of scheduled issues to be considered by the Committee during the Municipal Year 2023/2024.

The Committee were informed that Grant Thornton's External Auditor's Annual Report for the City Council 2022/2023 would be submitted to the next meeting.

RESOLVED that the Audit and Procurement Committee notes the Work Programme for 2023/2024 and agrees that the External Auditor's Annual Report for the City Council 2022/2023 be added to the Work Programme for the March meeting of the Committee.

42. **External Auditor's Annual Report for the City Council 2021/2022**

The Audit and Procurement Committee considered Grant Thornton's External Auditor's Annual Report for the City Council for 2021/22.

Under the National Audit Office Code of Audit Practice, the External Auditor was required to consider whether the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources and to report their commentary on the Council's arrangements under specified criteria. Part of this work considered whether there were any risks of significant weakness in the Council's arrangements for its use of resources. The findings were summarised in the report, together with opinions on the financial statements and use of auditor's powers, and improvement recommendations.

The report indicated that the Council had performed well regarding financial sustainability with a record of stable financial and budgetary management. Despite the challenging environment in which it continued to operate in during 2021-22 the Council had maintained a good financial position and achieved a balanced budget; it had also put forward plans to achieve balanced budgets for 2022/23 and 2023/24. As at 31st March 2022 it held £226m of usable reserves which placed the Council in a strong financial position and remained in a good position to manage any future shortfalls in funding.

In respect of financial sustainability, the External Auditors work had not identified any significant weaknesses in arrangements to secure financial stability of the Council. The Auditor had made improvement recommendations relating to cashflow management and publishing different financial scenarios within its budgeting reports, which were detailed in the report.

In respect of governance, the work had focussed on a detailed understanding of the governance arrangements in place at the Council, in particular on it partially/wholly

owned subsidiary companies. The work found that the Council had appropriate leadership and management structures in place and its risk and control systems were appropriate. It was open in dealing with complaints and ethical and legal matters. The financial statements audit for 2019/20 was only completed on 10th October 2023 and the 2020/21 and 2021/22 continued to be delayed. This was considered to be a significant weakness and a recommendation relating to this matter was set out in the report. With the exception of the arrangements for the preparation of the financial statement, the Council had appropriate governance arrangements in place. The report detailed improvement recommendations relating to the external assessment of Internal Audit; an independent assessment of the governance of subsidiary companies; improvements to the monitoring and assessment of strategic risks; and updates to the Council's website with regard to information regarding its various strategies.

In respect of improving economy, efficiency and effectiveness, the Council continued to demonstrate a good understanding of its role in securing economy, efficiency and effectiveness in its use of resources, and had a clear strategic plan and performance system for monitoring progress. It was an ambitious Council and had invested in the development of the local area. It continued to face challenges in areas such as educational attainment and recruitment to key posts such as social workers and education psychologists. The Council held a portfolio of wholly owned and joint venture companies and had restructured the ownership and governance over these organisations which the External Auditor considered appropriate. Financial monitoring of the performance of those subsidiary companies had been a key focus of the new governance committee. No significant weaknesses were identified. Improvement recommendations were set out in the report that related to cost reductions in Children's Services and future alignment of the Procurement and Digital Transformation Strategies.

The External Auditor's opinion on the financial statements indicated that they had not commenced work on the 2021/22 statement audit, with work being delayed due to the prolonged 2019/20 audit and the on-going 2020/21 financial statements audit. The delays and errors in the preparation of the financial statements were deemed a significant weakness in the Council's financial reporting arrangements and could expose the Council to financial risk as well as failure to meet statutory reporting deadlines. Due to these matters the External Auditor's concluded that the Council did not have appropriate arrangements in place for the preparation of its financial statements and a key recommendation was made on this matter.

The Committee noted that the External Auditor concluded that Council had performed well regarding financial sustainability with a record of stable financial and budgetary management and had confirmed that no statutory recommendation was being issued. The Committee further noted that the external auditor and the Council work was progressing on the continuing work resulting to asset valuations. It was anticipated that the External Auditor's Annual Report 2022/2023 would be submitted to the next meeting of the Committee, and this would be added to the Work Programme accordingly.

RESOLVED that the Audit and Procurement Committee notes the External Auditor's Annual Report 2021/22.

43. **Annual Governance Statement 2022/2023**

The Audit and Procurement Committee considered a report of the Chief Operating Officer (Section 151 Officer) that provided details of the results of the annual review of effectiveness of the Council's governance arrangements and sought approval for the Annual Governance Statement, which formed part of the Statement of Accounts for 2022-23.

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 Local 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 was normally presented to Audit Committee in June / July each year to meet the deadline for publication specified in the Accounts and Audit Regulations. Whilst the accounts for 2022-23 had not yet been finalised, the audit of the 2019-20 accounts had now been completed, and work was currently ongoing to finalise the accounts for subsequent years. As such it was felt appropriate to present the AGS for 2022-23 at this time. This would also facilitate the AGS annual review for 2023-24.

Whilst processes were in place to monitor 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 the arrangements set out in the Local Code of Corporate Governance continued to be fit for purpose and identified key governance issues for the forthcoming year. The annual review considered information from a number of sources with the outcomes reviewed and agreed by the Corporate Governance Steering Board and 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 Statement, attached at Appendix One, 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 Leadership Team.

An update on the progress against planned actions in relation to the issues raised in the 2021-22 AGS was provided in section 5.1 of the Statement, attached at Appendix One. A review of the 19 issues highlighted in the AGS for 2021-22 has found that these fell into two categories, namely Issues which had now been addressed and issues carried forward to the 2023-24 Action Plan.

Seven new issues had been identified for the Annual Governance Statement, these were also detailed in section 5.3 of the Statement, attached at Appendix One, along with the actions the Council planned to take (or had taken) in 2023-24 in relation to these issues. These issues were identified as part of the review undertaken to support the production of the AGS as detailed in section 2.1 of the report.

RESOLVED that the Audit and Procurement Committee:

- 1) In considering the findings of the review of effectiveness of the Council's governance arrangements, confirms its satisfaction with the level of assurance provided that arrangements are fit for purpose.**
- 2) In considering the Annual Governance Statement, attached as Appendix One to the report, approves the Statement which will accompany the 2022-23 Statement of Accounts.**

44. Information Governance Annual Report 2022/2023

The Audit and Procurement Committee considered a report of the Chief Legal Officer that provided a summary of the Council's performance during 2022/2023 in responding to requests for information received under Data Protection legislation. It also reported on the management of data protection security incidents and/or those reported to the Information Commissioner's Office (ICO) and on data protection training.

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

Data protection legislation set out the requirements on organisations to manage information assets appropriately and how they should respond to requests for information. The ICO was 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 (IG) function supported 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 had a statutory obligation to comply with this framework by responding appropriately to requests and managing personal data appropriately. The Information Governance Team supported 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 landscape in which public authorities were now operating had continued to change since the introduction of the GDPR and subsequently UKGDPR and the new Data Protection Act 2018 (DPA 2018) in 2018.

In March 2023, the Government introduced the Data Protection and Digital Information Bill which aimed to update and simplify the UK's data protection framework with a view to reducing burdens on organisations while maintaining high data protection standards. The Bill aimed to provide organisations with greater flexibility on how to comply with certain aspects of the data protection legislation, improve the clarity of the framework and reform the regulator, the Information Commissioner. Implications for local government would be monitored as the Bill progressed to ensure that the City Council was able to meet.

The number of Freedom of Information Requests received by the Council, 1196 was slightly higher (29) from the previous 2021/22 year. The Council responded to 86% of FOIA/EIR requests within the target time of 20 working days in 2022/23 which was the same for the previous year. While this replicated the improvement in performance seen after the introduction of a new management system, performance remained below the 90% threshold set by the ICO.

The Council received 37 requests for internal reviews in the year 2022/23 and responded to these with the following outcomes:

- 16 were not upheld – the exemptions that had been applied were maintained and no further information was provided;
- 3 were not upheld – but advice or clarification was provided;
- 9 were partially upheld – some further was information provided;
- 5 were upheld - information was provided;
- 1 was still open;
- 3 were withdrawn.

12 complaints were made to the ICO during 2022/23. The reasons and outcomes for these were:

- 7 complaints related to the handling of the FOI/EIR and the exemptions engaged by the Council;
- 5 complaints related to Data Protection obligations and information rights and practices.

Of the 12 complaints referred to the ICO:

- 6 were not upheld/no further action required (four of these had Decision Notices issued);
- 2 cases were closed by the ICO following no response being received from the complainant;
- 1 complaint was upheld with a Decision Notice being issued to the Council and a direction to disclose the requested information;
- 3 cases were closed following no response being received from the ICO.

270 valid Subject Access Requests (SARs) were received during 2022/23. After a reduction last year, the number of Subject Access Requests received by the Council returned to the levels seen in the previous two years which reflected the increase seen following the introduction of the GDPR. Many SARs were complex and could involve managing significant amounts of sensitive information. The number of requests relating to Children's Social care, as well as the number of SARs to which extensions were applied due to their size and/or complexity remained significant. The completion rate within the target time had seen a slight decrease to 79%.

The Council received 12 requests to carry out an internal review into a SAR application during 2022/23. 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.

Three complaints were made to the ICO related to Subject Access Requests in 2022/2023. Two of the complaints related to the handling of the SAR and the statutory timeframes, with one instructing disclosure to be made within 14 days. The letters from the ICO however, arrived after disclosures had ultimately been made. The ICO was notified, and no further action was required. One complaint related to failure to respond or provide information however the request was not valid as the requester had failed to provide the necessary identification required. The ICO was notified, and no further correspondence was received.

In respect of data security incidents, protecting information from theft, loss, unauthorised access, abuse and misuse was crucial in order to reduce the risk of data breaches or financial loss incurred through noncompliance with key legislation. The IG data protection security incident reporting process supported the Council's objective that breaches were managed promptly, and outcomes of investigations were used to inform reviews of the control measures in place to keep personal information secure.

The Council actively encouraged 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 would have resulted in a breach. Even where there was no breach, incidents could 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 2022/23, 219 reports of information security incidents were sent to the Data Protection Team, a decrease from 263 in the previous year. Of these, 140 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, 76 were identified as low risk, 3 medium and 0 high. The majority of reports were classified as information being disclosed in error with 85 reports relating to technical/procedural errors, 33 reports relating to loss or theft of hardware and six to unauthorised access.

The GDPR introduced requirements for personal data breaches that meet certain thresholds to be reported to the ICO. No self-reports were made to the ICO during 2022/2023.

Data Protection training was key to ensuring staff were aware of their responsibilities. Training was currently delivered through the Council's e-learning platform and annual completion of the data protection course was mandatory for all staff with access to personal data. Staff who did not have access to a computer in their role (not office based) and those with minimal personal data involved in their role were provided with appropriate level training. This ensured that an appropriate level of understanding and awareness was reached that was relevant to their role/responsibilities. For the 2022/23 year, the Council reported a completion rate of the Council's mandatory data protection training of 95%. The Elected Member Training and Development Strategy, introduced just prior to the start of the year, also included data protection training.

In addition to the above, ICT delivered awareness sessions specifically relating to cyber security and regular cyber security messages were issued by ICT to staff. This included a programme of awareness raising during cyber security month.

The Data Security and Protection Toolkit was an online tool that allowed relevant organisations that processed health and care data to measure their performance against data security and information governance requirements which reflected legal rules and Department of Health policy. The self-assessment tool enabled the Council to demonstrate that it could be trusted to maintain the confidentiality and security of personal information, specifically health and social care personal records. All organisations that had access to NHS patient data and systems used this Toolkit to provide assurance that they were practicing good data security and that personal information was handled correctly. For the 2022/23 reporting period, the Council met all of the mandatory requirements and was assessed as meeting required standards.

RESOLVED that the Audit and Procurement Committee:

- 1) Notes the Council's performance on Freedom of Information, Subject Access and other Data Protection Act requests, including the outcomes of internal reviews and the number and outcome of complaints made to the ICO.**
- 2) Notes the reporting and management of data security incidents.**
- 3) Notes data protection training compliance.**
- 4) Agrees that there were no recommendations to be made.**

45. Coventry Municipal Holdings Limited Audit Committee Report

The Audit and Procurement Committee considered a report of the Director for Streetscene and Regulatory Services and Managing Director for Coventry Municipal Holdings Limited that provided the year ending 31st March 2022 and 31st March 2023 for the Coventry Municipal Holdings Group of companies based on their audited accounts.

On the 5th November 2021, Coventry City Council incorporated Coventry Municipal Holdings Limited (CMH), including Tom White Waste Limited (TWW) and subsidiaries: A&M Metals, TW(LACo) (the Teckal company), Coombe Abbey Park Limited (CAPL) and subsidiaries: No Ordinary Hospitality Management (NOHM), Coombe Abbey Park (LACo) (the Teckal company); Coventry Technical Resources Limited (CTR); Coventry Regeneration Limited (CR); No Ordinary Hotels Limited (effectively a dormant company), and restructured their wholly owned company investments. The organisational structure, set out in the report, was implemented to strengthen their governance arrangements to ensure companies were managed in a robust and transparent manner.

A key legal document called the Group Governance Agreement (GGA) was developed to provide the governance framework for CMH, the parent for the Councils wholly owned investments. The GGA stipulated that CMH should produce an Annual Performance Report looking back at the operation of the Group to the year-end and produce a summary to Internal Audit. This report looked at the year ending 31st March 2022 and 31st March 2023 for the CMH group of companies based on their audited accounts which were available at Companies House. The accounts for the year ending 31st March 2023 for Coombe Abbey Park Group and Coventry Municipal Holdings Group were currently being audited with an extension for filing granted to 31st March 2024 and as such were not included in this report. The accounts would be available at Companies House once the audit process had been completed and the numbers were finalised. Appendices to the report provided the following accounts, which were also summarised in the report:

CMH Group accounts for the year ending 31st March 2022

Coombe Abbey Park Limited Group accounts for the year ending 31st December 2021

Tom White Waste Group accounts to the year ending 31st March 2022

Coventry Technical Resources Limited accounts to the year ending 31st March 2022

Coventry Regeneration accounts for the year ending 31st March 2022

No Ordinary Hotels Limited accounts to the year ended 31st March 2022

Tom White Waste group accounts to the year ending 31st March 2023

Coventry Technical Resources Limited accounts to the year ending 31st March 2023

Coventry Regeneration accounts for the year ending 31st March 2023

No Ordinary Hotels Limited accounts to the year ended 31st March 2023

Each of the trading entities had adhered to the requirements under the GGA. Decisions which had required escalation to CMH Board or Shareholder Committee had been taken to the respective Boards for approval. Each of the entities had complied with the Council Contracting Policy and Procurement Policy.

The Committee received clarification of employee numbers for the Tom White Waste Group and Coombe Abbey Park Limited. They noted that dividends were not included in this report and would be reported separately, and that the 2022/23 accounts for 2022/23 Coombe Abbey Park Limited and Municipal Group Holdings were outstanding, for which an extended deadline for their submission (31st March 2024) had been given and this would be met. In respect of any further Council investments, CMH could expand to include the governance of new company investments however, they would not need to be part of CMH and would be considered individually on the most appropriate arrangements for them. It was intended that there would be one auditor for CMH going forward. The Committee

further noted that projected profits had been undertaken but remained commercially confidential, and that the management accounts for individual organisations considered monthly, also remained commercially confidential until formally published.

RESOLVED that the Audit and Procurement Committee:

- 1) Notes the financial position as reported in the Annual Accounts for the companies to 31st March 2022 and 31st March 2023.**
 - 2) Agrees that there are no recommendations to make to the Coventry Shareholder Committee.**
46. **Any other items of public business which the Chair decides to take as a matter of urgency because of the special circumstances involved.**

There were no other items of public business.

(Meeting closed at 4.10 pm)

Audit and Procurement Committee

Work Programme 2023/2024

26th June 2023

Local Code of Corporate Governance
Internal Audit Annual Report 2022/2023
Internal Audit External Quality Assessment

24th July 2023

Revenue and Capital Outturn 2022/2023
Audit and Procurement Committee Annual Report to Council 2022/2023
Internal Audit Plan 2023/2024
External Auditor's Annual Report 2020/2021 (Grant Thornton)
Annual Fraud and Error Report 2022/2023

9th October 2023

Audited 2019/20 Statement of Accounts and Audit Findings Report (Grant Thornton)
2023/24 First Quarter Financial Monitoring Report (to June 2023)
Whistleblowing Annual Report 2022/2023
Six Monthly Procurement Progress Report (Private)

11th December 2023 (formerly 27th November)

Treasury Management Update 2023-24 – Half Year Progress Report
Half Year Internal Audit Report 2023/2024
Half Year Fraud and Error Report 2023/2024
Quarter Two Revenue and Capital Monitoring Report 2023/2024

29th January 2024

Annual Governance Statement 2022/2023
Information Governance Annual Report 2022
External Auditor's Annual Report 2021/2022 (Grant Thornton)
Coventry Municipal Holdings Group Accounts

18th March 2024

External Auditor's Annual Report 2022/2023 (Grant Thornton)
Corporate Risk
Internal Audit Recommendation Tracking Report
Quarter Three Revenue and Capital Monitoring Report 2023/2024
Complaints to the Local Government and Social Care Ombudsman 2022/2023
Quarter Three Internal Audit Progress Report 2023/2024
Six Monthly Procurement Progress Report (Private)

Date to be confirmed

RIPA Annual Compliance Report 2024 – to the first Meeting of Municipal Year 2024/25
Data Analytics, Including Use of Artificial Intelligence
External Audit Plan Year Ending March 2022 (Grant Thornton)
External Audit Plan Year Ending March 2023 (Grant Thornton)



Coventry City Council

Public report

Report to

Audit and Procurement Committee

18 March 2024

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources – Councillor R Brown

Director approving submission of the report:

Director of Finance and Resources

Ward(s) affected:

City Wide

Title:

Grant Thornton – Interim Auditor's Annual Report on Coventry City Council 2022/23

Is this a key decision?

No – this is a performance report

Executive summary:

The purpose of this report is for the Council's external auditor, Grant Thornton to provide Audit and Procurement Committee with a formal report on the Council's arrangements for securing Economy, Efficiency and Effectiveness in its use of resources for the financial year 2022/23.

Recommendation:

Audit and Procurement Committee is recommended to:

- 1) Note the auditors Interim Annual Audit report for 2022/23 appended to this document, including the key and improvement recommendations contained within.

List of Appendices included:

Appendix - Grant Thornton – Interim Auditors Annual Report 2022/23

Background papers:

None

Has it or will it be considered by scrutiny?

No other scrutiny consideration other than the Audit and Procurement Committee

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

No

Will this report go to Council?

No

Report title: Interim Auditor's Annual Report on Coventry City Council 2022/23

1. Context (or background)

- 1.1 In addition to the external audit of the statutory statement of accounts, the Council's external auditor are required, under the National Audit Office (NAO) Code of Audit Practice, to carry out an annual audit which tests arrangements that the Council has in place to ensure economy, efficiency and effectiveness in its use of resources.
- 1.2 The appendix sets out the Auditors report for 2022/23, including recommendations where they consider improvements may be made, plus a management response for each. It also presents progress on previously made recommendations.
- 1.3 The equivalent report for 2021/22 was considered and noted by this committee at its last meeting on 29 January 2024.

2. Options considered and recommended proposal

The appended report is an independent review of the Council's performance, and as such, there are no other options.

- 2.1 Auditors are required to prepare their report based on the following specified criteria:

Financial sustainability: how the Council plans and manages its resources to ensure it can continue to deliver its services.

Governance: how the Council ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness: how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

- 2.2 The auditors report for the 2021/22 financial year was reported to this committee in January 2024, which assessed the Council as having no significant weaknesses in relation to its financial sustainability, or how it secures economy, efficiency and effectiveness. It did however reflect the delay around publishing of audited accounts as a single, but significant weakness under the governance criteria. This was included as a key recommendation.
- 2.3 A number of the improvement recommendations reflected in the 2021/22 report have now been resolved, with the remainder identified as 'in progress' within the 2022/23 report. It is expected that these will also be addressed prior to the next annual audit for 2023/24.
- 2.4 Grant Thornton have identified as part of the 2022/23 audit report appended, 3 new improvement recommendations which have been accepted, and a management response has been included in the document attached.

3. Results of consultation undertaken

- 3.1 None

4. Timetable for implementing this decision

- 4.1 This report is in line with normal reporting timelines

5. Comment from the Director of Finance and Resources and the Director of Law and Governance

5.1 Financial Implications

There are no direct financial implications of this report, however the Council's performance against NAO set criteria including financial sustainability are reflected in the appended external auditor's report.

5.2 Legal implications

None

6. Other implications

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

<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>

One of the key priorities for the Council set out in the One Coventry Plan is to ensure continued financial sustainability of the Council. The external auditors' report for 2022/23 provides independent assurance that proper arrangements are in place to support the achievement of this objective.

6.2 How is risk being managed?

The external auditors' report for 2022/23 provides independent assurance that proper governance arrangements are in place to support the management of risk across the organisation.

6.3 What is the impact on the organisation?

No direct impact

6.4 Equalities / EIA

None

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

No direct impact

6.6 Implications for partner organisations?

No direct impact

Report author:

Name and job title:

Phil Helm
Head of Finance

Service:

Finance and Resources

Tel and email contact:

Tel: 024 7697 2092
Email: phil.helm@coventry.gov.uk

Enquiries should be directed to the above person.

| Contributor/approver name | Title | Service Area | Date doc sent out | Date response received or approved |
|---|--|---------------------|--------------------------|---|
| Contributors: | | | | |
| Michelle Salmon | Governance Services Officer | Law and Governance | 01/03/2024 | 01/03/2024 |
| Names of approvers: (officers and members) | | | | |
| Barry Hastie | Director of Finance and Resources | - | 26/02/2024 | 1/03/2024 |
| Councillor R Brown | Cabinet Member for Strategic Finance and Resources | - | 05/03/2024 | 05/03/2024 |

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Interim Auditor's Annual Report on Coventry City Council

2022/23

February 2024



Contents

| Section | Page |
|--|------|
| Executive summary | 3 |
| Use of auditor's powers | 5 |
| Key recommendation | 6 |
| Securing economy, efficiency and effectiveness in its use of resources | 7 |
| The current LG landscape | 8 |
| Financial sustainability | 10 |
| Governance | 14 |
| Improvement recommendation | 17 |
| Improving economy, efficiency and effectiveness | 18 |
| Improvement recommendations | 21 |
| Follow-up of previous recommendations | 23 |
| Opinion on the financial statements | 26 |
| Other reporting requirements | 27 |
| Appendices | |
| Appendix A – Responsibilities of the Council | 29 |
| Appendix B – An explanatory note on recommendations | 30 |



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Executive summary



Value for money arrangements and key recommendation

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where we identify significant weaknesses in arrangements, we are required to make recommendations so that the Council may set out actions to make improvements. Our conclusions are summarised in the table below.

| Criteria | 2022/23 Risk assessment at planning stage | 2022/23 Auditor judgement after testing complete | 2021/22 Auditor judgement after testing complete | Direction of travel | |
|---|--|--|---|---------------------|---|
| Financial sustainability | Risk of significant weakness identified. We were aware during audit planning that an overspend of £6.7 million had been incurred during 2022/23. | A | Significant weakness not confirmed – on grounds the Council is taking steps to address its challenges and had some headroom in reserves. We note that the Council's position will be more challenged for 2023/24 and later years. | A | No significant weaknesses in arrangements identified, but two improvement recommendations made, and one still applies in December 2023 (Page 23). |
| Governance | Risk of significant weakness identified. We were aware during audit planning that the statutory accounting and audit timetable had been delayed. | R | Significant weakness around delayed accounts and audit timetable confirmed. Key recommendation from 2021/22 repeated (Page 6). One new improvement recommendation also made (Page 17). | R | Significant weakness identified and one key recommendation made around delayed accounts and audit. Five improvement recommendations also made. Four still apply in December 2023 (Pages 23 and 24). |
| Improving economy, efficiency and effectiveness | No risk of significant weakness identified. | A | No significant weaknesses in arrangements identified, but two new improvement recommendations made (Pages 21 and 22). | A | No significant weaknesses in arrangements identified, but two improvement recommendations made which both still apply in December 2023 (Page 25). |

No significant weaknesses in arrangements identified or improvement recommendation made.

No significant weaknesses in arrangements identified, but improvement recommendations made.

Significant weaknesses in arrangements identified and key recommendations made.

Executive summary (continued)

Page 24



Financial sustainability

Our Interim Auditor's Annual Report for 2021/22 identified that the Council was in a strong financial position. The Council had not incurred an overspend since 2016/17. 2022/23 was a challenging year and an overspend of £6.7 million was incurred, which posed for the first time a risk of significant weakness in arrangements. However, industrial action was one of the key drivers of the 2022/23 overspend and the Council had relatively strong balances on its reserves to cover the budget loss. At this stage, we do not consider there to be a significant weakness in the Council's arrangements for financial sustainability. 2023/24 is nevertheless currently forecast to be an even more difficult year (£11.5 million overspend forecast). Issues the Council faces include demand and supply pressures on social care; an increasing number of families needing temporary accommodation; and service cost inflation. The Council is taking active steps to mitigate these cost pressures. Our prior year improvement recommendation around considering scenarios for budgeting still applies.



Governance

Our Interim Auditor's Annual Report for 2021/22 made a key recommendation that the Council address the weaknesses in its financial statements preparation process which led to delays in the account preparation and audit cycle. The account preparation and audit cycle remains delayed by three years at the time of writing this report (December 2023) and we make the key recommendation again. We made a series of improvement recommendations in 2021/22 around internal audit; sharing the corporate risk register; and governance over companies. Four improvement recommendations still apply. In addition, we make one new improvement recommendation around reducing the time delay for budget monitoring reports being shared with Cabinet.



Improving economy, efficiency and effectiveness

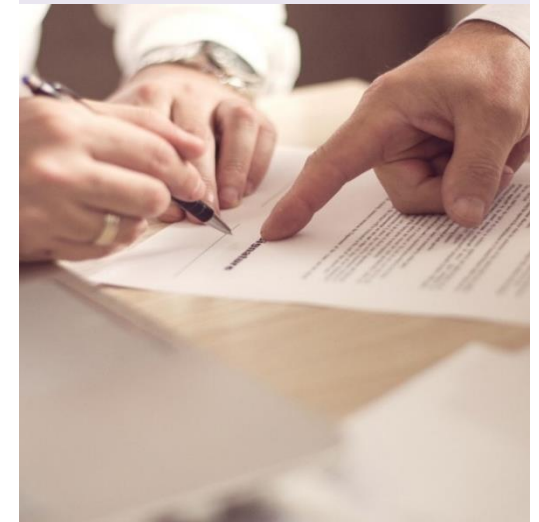
In the Interim Auditor's Annual Report for 2021/22, we found that the Council has a good understanding of its role in securing value for money in its use of resources. For 2022/23, we have one new improvement recommendation around increasing the frequency of key performance indicator reporting. Additionally, we recommend providing training for contract managers to avoid an over-reliance on emergency waivers to procurement rules. There are also improvement recommendations from 2021/22 around placement costs and the procurement strategy that still apply. Apart from these recommendations, we have no other new observations to make this year regarding the Council's arrangements for improving value for money.



Financial Statements opinion

We recently issued an unqualified audit opinion on the 2019/20 financial statements on 10 October 2023, following the Audit and Procurement Committee meeting on 09 October 2023. Accounts since 2019/20 have not yet been prepared by the Council for audit.

Our findings are set out in further detail on page 27.



Use of auditor's powers

We bring the following matters to your attention:

2022/23

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.

We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

As Page 27 of this report shows, we did consider using statutory powers in connection with delays to the 2019/20 accounts. This consideration will remain under review for future years.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not make an application to the Court.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

We did not issue any advisory notices.

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.


Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not make an application for judicial review.

Key recommendation

Page 26

| | |
|--|---|
| Key Recommendation | The Council should continue to address the weaknesses in the preparation of its financial statements as identified in our financial statements audit work that have caused delays to the publication of accounts. |
| Identified significant weakness in arrangements | Non-compliance with statutory financial reporting requirements and lack of assurance on the Council's financial accounts. |
| Summary findings | The annual accounts and audit cycle are three years behind at time of completing our value for money work for 2022/23. |
| Criteria impacted by the significant weakness |  Governance |
| Auditor judgement | Serious weaknesses in final accounts processes leading to material errors in historic draft accounts and failure to meet statutory reporting deadlines for the 2022/23 annual accounts. |
| Management comments | It is acknowledged that the Council is behind with a number of years statement of accounts and we have been in liaison with Grant Thornton partners in this regard, within the wider context of the back stop and reset timescales identified in the Government consultation. We have addressed the key issues experienced on the 2019/20 accounts with additional resource to provide both greater capacity and expertise to ensure we improve both quality and timeliness of the production of future years statements. |

The range of recommendations that external auditors can make is explained in Appendix B.

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the weaknesses identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place.

Securing economy, efficiency and effectiveness in the Council's use of resources

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:



Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:

- Review of Council, Cabinet and committee reports
- Regular meetings with senior officers
- Interviews with other members and management
- Attendance at Audit Committee
- Considering the work of internal audit
- Reviewing reports from third parties including Ofsted
- Reviewing the Council's Annual Governance Statement and other publications



Our commentary on the Council's arrangements in each of these three areas, is set out on pages 10 to 22.

The current LG landscape

Page 28



National context

Local government in England continues to face significant challenges as a sector. These include a high level of uncertainty over future levels of government funding, alongside delays to the Government's plans for reform of the local government finance system, impacting on medium-term financial planning. This is also a time of generationally significant levels of inflation – the UK inflation rate was 7.8% in April 2022, rising to a 41-year high of 11.1% in October 2022, then reducing to 10.1% in March 2023. Inflation levels put pressure on councils' revenue and capital expenditure, as well as the associated cost of living crisis impacting on local communities and businesses, leading to an increase in demand for council services such as children with special education needs with associated transport costs, debt advice, housing needs, and mental health, as well as impacting on some areas of council income such as car parking and the collection rates of council tax, business rates and rents. This follows a significant period of funding reductions by Government (2012 to 2017) and the impacts of Brexit and the COVID-19 pandemic which, for example, have contributed to workforce shortages in several council service areas, as well creating supply chain fragility risks.

The local government finance settlement for 2023/24 was better than many in the sector anticipated demonstrating a degree of understanding by Government of the financial challenges being faced by the sector. However, the Local Government Association, in July 2023, estimated that the costs to councils of delivering their services will exceed their core funding by £2bn in 2023/24 and by £900m in 2024/25. This includes underlying cost pressures that pre-date and have been increased by the pandemic, such as demographic pressures increasing the demand for services such as social care and homelessness.

Over the past decade many councils have sought to increase commercial activity to generate new sources of income which has increased the nature of financial risk, as well as the need to ensure there is appropriate skills and capacity in place to manage such activities.

Local government is coming under an increased spotlight in terms of how the sector responds to these external challenges, including the Government establishing the Office for Local Government (Oflog) and there has been an increase in the number of councils who have laid a Section 114 Notice, or are commenting on the likelihood of such an action, as well as continued Government intervention at several councils.

There has also been an increase in the use of auditors using their statutory powers, such as public interest reporting and statutory recommendations. The use of such auditor powers typically derive from Value for Money audit work, where weaknesses in arrangements have been identified. These include:

- a failure to understand and manage the risks associated with commercial investments and council owned companies
- a failure to address and resolve relationship difficulties between senior officers and members
- significant challenges associated with financial capability and capacity
- a lack of compliance with procurement and contract management processes and procedures
- ineffective leadership and decision-making.

Value for Money audit has an important role in providing assurance and supporting improvement in the sector.

The current LG landscape (continued)



Local context

Coventry was the UK City of Culture in 2021 and continued to host significant events in 2022, such as the International Children's Games (August 2022).

The Coventry Joint Strategic Needs Assessment in 2019 identified that the city's population has grown by a fifth since 2009, making it the second-fastest growing local authority outside of London. Growth was particularly strong in the 18 – 29 years age range.

There are a range on new and vibrant projects being championed by Coventry City Council in partnership with others. These include a new research project for a Very Light Railway and a new ten-years-plus strategic energy partnership.

However, there are underlying demographic issues that pose a challenge for the Council. The population is ageing rapidly and overall health for the city is below the national average. The Joint Strategic Needs Assessment identified that nearly 19% of Coventry neighbourhoods are amongst the 10% most deprived neighbourhoods in England.

Coventry City Council is made up of 18 wards and each ward is represented on Coventry City Council by three councillors. The city has a non-politically appointed Lord Mayor who chairs Council meetings; promotes the city; and performs ceremonial functions. Coventry City Council is a member of the West Midlands Combined Authority.

The external audit of Coventry City Council's statement of accounts for 2019-20 was completed in October 2023. There are no draft accounts for later years at present in the public domain.



Financial sustainability

Page 30



We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

Identifying financial pressure and achievable savings plans

Coventry City Council has a good track record for identifying and managing financial pressure. For 2021/22, we reported that the Council was in a strong position. However, the Council went on to incur a General Fund overspend of £6.7 million in 2022/23. This was the first year of overspend for the Council since 2016/17 and we recognise that one of the biggest factors driving the overspend (£9.4 million) was industrial action and the necessary costs of mitigation.

The Council does nevertheless face other emerging pressures around the costs of children and adult social care, as well as cost and inflation pressures across other services.

For the Children and Young People Services portfolio (£84.9 million budget), the Council overspent against its budget for 2022/23 by 4.8% and is forecasting a similar sized overspend of 4.5% for 2023/24. For the Adult Services and Housing portfolio (£99.6 million budget), the Council overspent in 2022/23 by a smaller rate of 2.7%, but the rate of overspend is forecast to grow to 5.3% for 2023/24.

For both services, Council data shows that driving factors behind the emerging pressure surround: More complex cases, requiring more resource; higher unit costs in supplier markets; dependency on agency staff; and the rising number of families needing temporary accommodation. These are national issues. Other cost pressures and inflation also face the Council. By the end of Quarter 2 of 2023/24, an overspend of £11.5 million was being forecast for the year.

Our audit work in respect of 2022/23 considered both whether the Council factors the increasingly challenging environment into the assumptions it makes for future planning; and whether the Council is doing enough to address the challenges.

Figure 1: Revenue and Capital Outturn (Source: Coventry City Council)

| | 2023/24 (Forecast Quarter 2) | 2022/23 | 2021/22 |
|---|------------------------------------|----------------|----------------|
| Revenue account transfer from/ (to) reserves | £11.5 million | £6.7 million | (£1.2 million) |
| Children and young people overspend | 4.5% | 4.8% | 3.1% |
| Adult services and housing overspend | 5.3% | 2.7% | N/A* |
| Planned capital programme at start of year | £159.2 million | £145.1 million | £220.4 million |
| Capital programme outturn net of rescheduling | £129.7 million | £146.9 million | £189.5 million |

* New portfolio analysis from 2022-23

Officers met with members in September 2023 to outline an updated 2024/25 budget position, and presented policy options worth £16m that could support progress towards a balanced

Financial sustainability (continued)

Making assumptions:

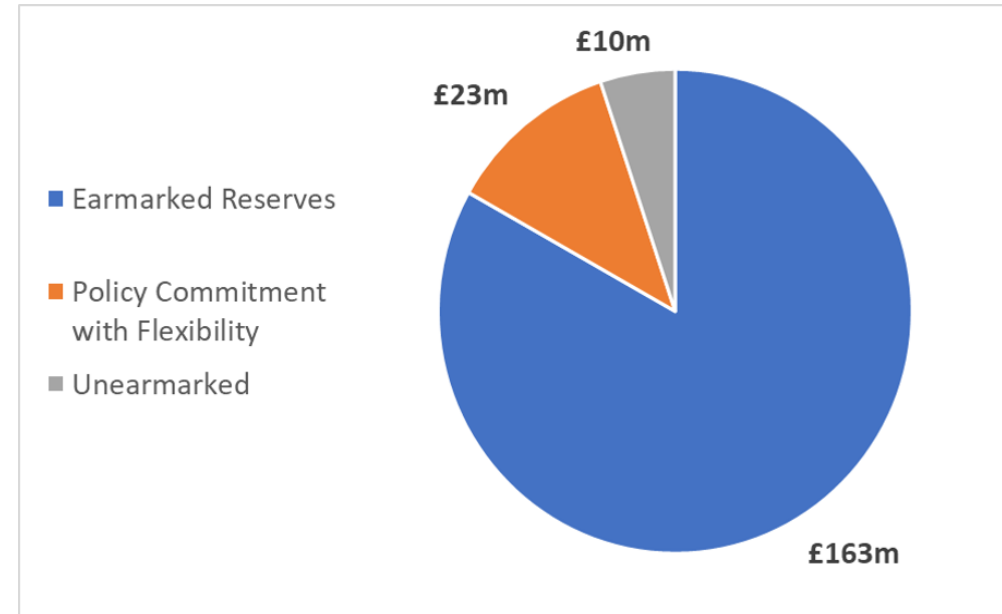
The Medium-Term Financial Strategy for 2023-26 (published in February 2023) included the assumption that the Council would make provision for budgetary growth “**as a result of uncontrollable demographic or service demand**” and recognised in information on the Financial Outlook the impact that changes in the Adult Social Care, Children’s Social Care, homelessness and inflation was having. At the time of publishing the Medium-Term Financial Strategy, the Council estimated that the impact would be a budget gap of £30.3 million in 2024/25 and £42.3 million in 2025/26. From this, we are satisfied that the Council did reflect the challenges it faces in its strategic financial planning.

Addressing the challenges:

For the 2022/23 overspend, the Council drew-down on Covid-19 legacy reserves to close the £6.7 million budget gap. In the past, Council “Budget Changes” (savings) from one year to another have been built into the main revenue budget and monitored locally. However, this is unlikely to be sufficient going forward. In September 2023, the Council estimated it had unearmarked balances left of £10 million (Figure 2).

Officers met with members in September 2023 to outline an updated 2024/25 budget position. They presented policy options worth £16 million that could support progress towards a balanced position. Two of these (green waste charges and street light switch off) were highlighted as immediately deliverable. The officer presentation to members also highlighted that new directorate and technical savings of £3.4 million had already been achieved ahead of 2024/25, which together with other confirmed resources would help offset additional inflationary pressures, resulting in a £20 million starting gap, against which the £16 million policy options could be considered.

Figure 2: Council data on the make-up of reserves, September 2023.



Financial sustainability (continued)

Page 32

Planning for the sustainable delivery of services and consistency with other plans

Coventry City Council has a strong suite of other plans supporting its financial planning. There is an over-arching workforce strategy (People Plans 2020-22 and 2023-25), supported by multiple objective and service specific workforce strategies. The Council's annual budget report includes the Capital Strategy and the Treasury Management and Commercial Investment Strategy. The Council maintained an under borrowed position through-out 2022/23 and is forecast to do so again in 2023/24.

The council's assessment of the resource constraints it faces in the coming year is realistic. The One Coventry Plan for 2022-2030 made it clear that **"the Council's role is changing"** and identified financial sustainability and the Council's role as a partner, enabler and leader as **"underpinning and essential"** to the delivery of strategic priorities. The Medium-Term Financial Plan for 2023-2026 has gone further and described the Council as **"faced with decisions about which are its core priorities"** and **"which services it may no longer be able to afford"**.

Both the One Coventry Plan and the Medium-Term Financial Strategy for 2023-2026 point to partnership working as an important way forward for the Council delivering on its priorities given the scale of the financial challenge it faces.

The Capital Programme and Capital Projects

We note that the Council has undertaken a comprehensive series of surveys of schools and other buildings to determine whether reinforced autoclaved aerated concrete (RAAC) is present in the buildings. The surveys are due to complete in January 2024 but by the time we completed our work (December 2023), the concrete had only been found in one city centre building which was anyway earmarked for demolition as part of the City Centre South regeneration project. The Council has recognised a contingent liability around the costs of dealing with RAAC in its statement of accounts for 2019/20.

The Council's capital programme was relatively stable during 2022/23 (planned capital spend for 2022/23 £145.1 million; capital programme outturn net of rescheduling 2022/23

£146.9 million) compared to 2021/22, when covid-impacts drove high value re-scheduling and delays.

We note that planned city centre regeneration work within the planned capital programme increased significantly in 2023/24 compared to 2022/23 (rising from £22 million to £52 million in one year). The City Centre South regeneration project has been subject to substantial delay as plans were re-specified after the pandemic – with a higher balance of housing and a lower balance of retail elements having been proposed in revised plans. Re-scheduling has had to continue with this project. For the £52 million planned spend for 2023/24, some £32.2 million has been further re-scheduled to later years to allow time to accommodate changes in national government policy in relation to dual stair cores. There is an effective governance structure in place for the project though and we have no other observations to make in respect of the capital programme.



Financial sustainability (continued)

Carbon reduction

Tackling the causes and consequences of climate change is one of Coventry City Council's strategic goals. Although the Council does not produce a formal carbon reduction budget, the Council does run multiple climate change related initiatives which are intended to lead to carbon reduction. These include the Very Light Railway project and other transport initiatives; street lighting and waste projects; and a new strategic energy partnership.

The Council has a Green Team and dedicated energy manager. The revenue costs of running the team and the initiatives have their own cost centres and are captured from there in the annual revenue budget in the same way as costs in other cost centres are.

For capital projects, climate change impacts are considered within business case approvals, and projects are then included within the capital programme in the same way as other projects.

The Council has a Climate Change Board (which is made up of both Council members and officer representatives and external partners) together with an internal Green Futures Steering Group of senior officers, which oversee the climate change projects and provides an additional level of governance. However, there is no dedicated Climate Change portfolio holder. Instead, the portfolio is combined with Jobs and Regeneration. However, capital projects with climate impacts are not always allocated to the Jobs, Regeneration and Climate Change portfolio for monitoring. They sometimes fall to the Housing and Communities portfolio for example. This is reasonable given the breadth of scope that "climate change" projects can have.

Managing risks to financial resilience

Coventry City Council has no historic deficit on its Dedicated Schools Grant reserve and did not need to draw on other reserves to fund budget shortfalls before 2022/23. Future budget gaps could make draws on reserves common if new policy options and savings plans are not implemented. However, it is difficult to estimate the potential impact without scenario testing being applied to the medium-term financial plan. Our interim auditor's annual report for 2021/22 recommended that the Council should consider other scenarios (i.e. best case or medium case) as part of its budget process, to determine the upper and lower thresholds that the budget gap could reach in future years. We repeat the recommendation on **Page 24** of this report.

Unaudited data does indicate that there is some headroom in the reserves in the short term for covering revenue budget loss. The general fund was valued at £10 million in March 2023 and within the Council's £163 million earmarked reserves, there were other reserves which could potentially have been drawn on, for example an "Other Directorate Reserve" of £14.617 million; and an "Other Corporate" Reserve of £5.843 million. With a forecast overspend for 2023/24 of £11.5 million, the forecast budget gap for 2024/25 of £20.1 million is almost covered even before any further budget efficiencies are introduced. However, it is not clear how budget gaps for 2025/26 would be funded. Our prior year improvement recommendation around considering different scenarios for budgeting not only still applies but will be more important as more draws are made on the reserves.



Carbon reduction

The UK government has a target of 100% reduction in 1990 greenhouse gas emissions by 2050. Many of the carbon budgets set by the government are relevant to Local Authorities. By June 2022, more than 250 English Local Authorities in England had declared Climate Change Emergencies and set carbon reduction targets of their own.

To deliver value for money whilst also implementing carbon reduction, Local Authorities need strong processes. Carbon reduction costs need to be reflected within medium-term financial plans; funding needs to be consistent with other strategic priorities; costs need to be accurately recorded and monitored; and the relative costs of acting versus not acting need to be evaluated on an ongoing basis.

Climate change is often already reflected in local authority risk registers and where local authorities set themselves strategic goals around carbon reduction, effective processes for monitoring progress against those goals is needed. Training should be kept up to date both for executives and for members overseeing climate change and carbon reduction risk and performance. As legal requirements are evolving and new sources of funding and grants continue to come forward, horizon scanning for new duties and opportunities will also need to be vigilant.



We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and member behaviour (such as gifts and hospitality or declaration of interests) and where it procures and commissions services.

Risk management and internal controls

Council operations

Our Interim Auditor's Annual Report for 2021/22 highlighted that Coventry City Council has well established processes in place for risk management and internal control over its own operations. The report made one improvement recommendation around risk management - that the risk register should be shared more often than annually with the Audit and Procurement Committee (with the date of last review shown and reasons provided where the Council is accepting risks that remain outside of risk appetite and where no further mitigating actions have been identified). We repeat this recommendation on **Page 25** of this report but in all other respects we are satisfied that the Council has effective arrangements for risk management in place.

The Council has an effective internal audit and counter fraud function. Our Interim Auditor's Annual Report for 2021/22 recommended that an external Public Sector Internal Audit Standards (PSIAS) review be undertaken, and we note that this has now been organised for winter 2023. For both 2021/22 and 2022/23, the Head of Internal Audit concluded that moderate assurance could be provided over the Council's framework of governance, risk management and internal control. For 56 internal audits conducted in 2022/23, only 3 had limited or no assurance and one of those was promptly revisited and upgraded to moderate assurance within months of issue.

Arrangements with subsidiary companies

The Council has separate arrangements for risk management and control over subsidiary companies. The Council holds a portfolio of wholly owned and joint venture companies. This is made up of two wholly owned companies; three joint ventures; one strategic interest in a special purpose vehicle; and a new holding company. Until 2021, the Council relied on decentralised legal and governance structures for its control over the companies – each company had its own individual governance arrangements and, in some cases, elected members sat on the Boards. Work to centralise governance and control has been on-going for some time now. In October 2021, the new holding company (Coventry Municipal Holdings Ltd) was incorporated to act as the single parent company and in 2022, work began to set up a shared Shareholder Committee.

The Shareholder Committee is now in place, and it forms a sub committee of the Cabinet. Management accounts for key entities are provided by Coventry Municipal Holdings Ltd to the Council finance officers each quarter; and the Council's Audit and Procurement Committee and Scrutiny Co-ordination Committee also receive consolidated financial performance reports. Financial reporting now routinely forms the key part of the agendas for six-monthly Shareholder Committee meetings and all Coventry Municipal Holdings Ltd entities have their own trading plans reviewed by the Shareholder Committee.

The Council now requires mandatory training for members of the Shareholder Committee. Training on companies has not so far been provided for members outside of this. The Council informs us that it now requires fit and proper person declarations from all company directors; and director recruitment is based on skills and experience.

Governance (continued)

Despite this good progress, there have been delays with some other aspects of consolidating governance arrangements over companies. It took until 1 April 2023 to move all companies onto the same accounting year (now resolved); company Boards have not reviewed risks formally in the past and it is only now that this is under discussion for 2024; there are still elements of dual role holding between Council officers and members and company directors; and there were delays in rolling out a conflicts of interest toolkit.

Our Interim Annual Auditor's Report for 2021/22 recommended that the new governance arrangements which the Council introduced for companies in 2022 now be subject to an independent assurance review. We repeat the recommendation on **Page 25** of this report. New commercial opportunities are under consideration at the Council, which makes assurance about the governance model even more important. Company awareness for members outside the Shareholder Committee may also be helpful. We note that the independent assurance review should consider wider training for other members.

Budget setting and monitoring

Coventry City Council has effective budget setting processes in place. In preparing the budget, forecast expenditure is subject to a high level of challenge and scrutiny from Cabinet. Revenue assumptions are only finalised after directives from central government on annual settlements have been received. There are effective processes in place for consultation with local businesses and residents.

Once the annual budget is agreed, the Council operates a framework founded on delegation and clear accountability. Budgets are managed by the designated budget holders who have access to live data. Outturn is reported upwards through Directorate Management Teams and Leadership Team to Cabinet; the Finance and Corporate Services Scrutiny Board; the Audit and Procurement Committee; and Council.

In the budget outturn reports, detailed explanations are provided for all variances against budget. Partnerships data is absorbed within the budgets and budget outturn reports rather than reported separately.

Reporting to Cabinet is quarterly. However, there is always a time delay of at least two months between a quarter end and the Cabinet meeting to review outturn. Given the Council's increasingly challenged position, the Council should consider reducing the time delay or make reporting more frequent (**Improvement Recommendation 1, Page 17**).

Making informed decisions

The Council's arrangements for decision-making are set out in the Constitution, which is kept up to date (last reviewed June 2023) and includes a scheme of delegation, including for employees.

For decisions made by Cabinet, papers supporting the decision-makers outline options; the results of consultation; impacts assessments from the s151 officer and the Director of Law and Governance; an equalities impact assessment; and consideration of the impact on climate change and the environment, and on partner organisations. This is evidence of arrangements within the Council working well.

Arrangements for delegating decisions to subsidiary company Boards also work well. The Tom White Waste Ltd loan decision provides an example of this. The Council's Cabinet decided in October 2022 to approve a loan facility of up to £22.7 million for Tom White Waste Ltd. The loan had been intended to finance the redevelopment of Tom White Waste Ltd's recycling infrastructure to reduce downtime at the company's recycling facility; reduce maintenance costs; and reduce dependency on landfill. The Board of Directors of Tom White Waste Ltd reviewed the business case for new facilities and decided that the risk to Tom White Waste Ltd from debt structure and cash flow management would be unmanageable. Further work by Tom White Waste Ltd established other options for making the site more cost effective and the offer of the loan was declined by the subsidiary's management in October 2023.

Governance (continued)

Page 36

Compliance

Financial reporting

At the time of completing our work (December 2023), the Council was three years behind on its audit cycle. The audit for 2019/20 accounts concluded on 10 October 2023. However, a significant number of misstatements were identified during the audit, meaning that draft accounts for 2020/21 need to be revised. Draft accounts for 2021/22 and 2022/23 have not been prepared.

When assessing critical issues such as financial sustainability, it is difficult to form a view on the robustness of reserves without up-to-date audited accounts. Scrutiny of other aspects of Council financial performance is also difficult.

Delays in preparing and publishing draft accounts reduce transparency and breach the Council's statutory duty. This is a significant weakness. We noted a Key Recommendation in our Interim Auditors Annual Report for 2021/22 and we repeat the recommendation on **Page 6** of this report.

We note that a draft Annual Governance Statement for 2022/23 is similarly not yet available. However, the

equivalent Statement for 2021/22 is available and gave "Reasonable Assurance" that governance was fit for purpose. Internal audit reports do not indicate any significant risk of change.

Other compliance

The Council's Audit and Procurement Committee has relatively stable membership and there is no evidence, from our review of papers, of issues with tone at the top, in Cabinet or in the Audit and Procurement Committee or in the various Scrutiny Boards.

The Audit and Procurement Committee did resolve to approve severance packages exceeding £100,000 during 2022/23. This followed the deletion of posts in the Streetscene and Regulatory services division. We note that to some extent, the deletion of posts was assessed as possible because of an increase in residents volunteering for street cleaning.

From our review of papers and from discussion with officers, we did not identify evidence of generalised non-compliance with laws and regulations. However, in common with other English Councils, Coventry City

Council has been subject to legal challenges around the nature of unaccompanied asylum seeker children age assessments and accommodation decisions for those awaiting age assessment. The Council has also been subject to legal challenge for not always correctly identifying Modern Slavery Act indicators for unaccompanied asylum-seeking children. The Council's legal team is currently re-assessing the way that age assessments are approached. A new Modern Slavery Coordinator has been appointed and a Modern Slavery Protocol is being developed.

Member and Officer relations

The Ethics Committee oversees member/ officer relations. The Committee received thirteen complaints during the municipal year 2022/23, none of which were upheld. One complaint did require independent investigation and then further consideration by the Ethics Committee. It resulted in the Member/ Officer Protocol being re-worded for clarification rather than any direct finding by the Committee against an individual member.

From our work, we have not identified any other issues with member and officer relations.

| | 2022/23 | 2021/22 |
|--|----------------------------|---|
| Annual Governance Statement (governance fit for purpose) | N/A* | Reasonable Assurance |
| Head of Internal Audit opinion | Moderate Assurance | Moderate Assurance |
| Ofsted inspection rating | Good (graded in June 2022) | Requires Improvement (graded in March 2017) |

* The draft Annual Governance Statement for 2022/23 was not available at the time we completed our work. Draft prepared in January 2024 provides "Reasonable Assurance".

Improvement recommendation

Improvement Recommendation 1

The Council should consider reducing the time delay for budget monitoring reports being shared with Cabinet or make reporting to Cabinet more frequent.

Improvement opportunity identified

More regular and timely reporting on budget outturn to Cabinet.

Summary findings

Reporting on budget outturn to Cabinet is quarterly. However, there is always a time delay of at least two months between a quarter end and the Cabinet meeting to review outturn. Given the Council's increasingly challenged position, the Council should consider reducing the time delay or making reporting more frequent

Criteria impacted



Governance

Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but we have raised a recommendation to support management in making appropriate improvements.

Management comments

Having previously produced more regular financial performance reports, the Council considers that the current quarterly report to members is fit for purpose, ensuring that officer resource focuses on any value added remedial action necessary, rather than process. The increasingly challenging financial position is acknowledged however, and we will therefore consider the feasibility of reducing the lead times for formal reporting within the wider schedule of formal political meetings.

Improving economy, efficiency and effectiveness

Page 38



We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

Use of financial and performance information

The Council's strategic plan ("One Coventry") was refreshed in March 2023. Under One Coventry, the Council's strategic priorities are to:

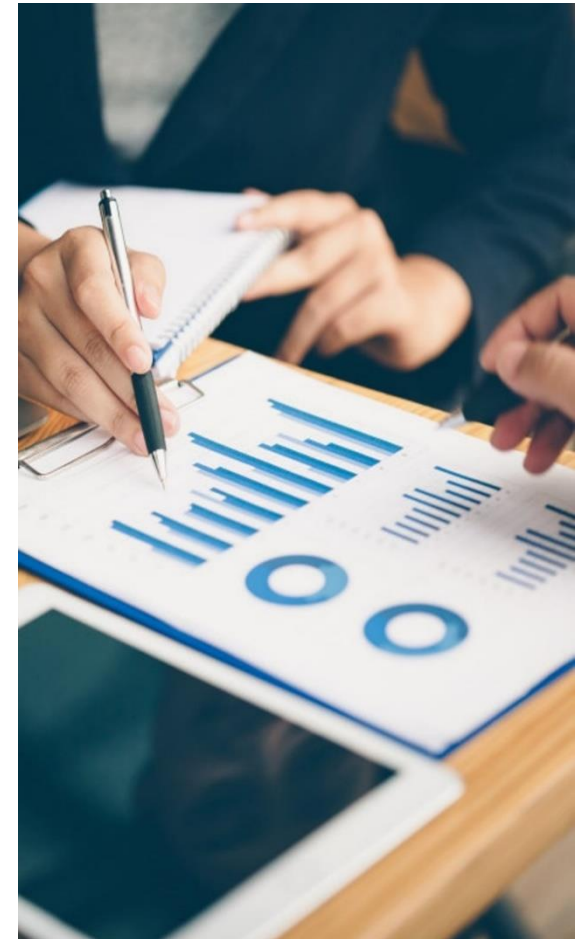
- Increase economic prosperity for the City;
- Improve outcomes and tackle inequality; and
- Tackle the causes and consequences of climate change.

Financial sustainability and the Council's role as partner, leader and enabler are shown in the One Coventry plan as essential enablers for achieving the strategic priorities.

When we completed our work for the Interim Auditor's Annual Report for 2021/22, corporate key performance indicators for the One Coventry plan were at the time being presented annually to Cabinet. Corporate key performance indicators for 2021/22, for example, were presented to Cabinet in July 2022. However, by the time we completed our work in respect of 2022/23 in December 2023, Cabinet had not yet received any key performance indicator reports for 2022/23. The July 2022 report remained the most recent corporate key performance indicator report that Cabinet had seen, although a 2022/23 report has since been shared with us.

Just as the One Coventry plan has been refreshed, supporting key performance indicator reporting arrangements are also being refreshed. By the time the report scheduled for later in December 2023 is presented to Cabinet, it will have been some seventeen months since corporate key performance indicators were last reported to Cabinet. We reviewed a sample of minutes for three of the Council's scrutiny committees where we might have expected performance metrics data to be sent in the meantime during 2022/23 (the Business, Economy and Enterprise Scrutiny Board; the Communities and Neighbourhoods Scrutiny Board; and the Scrutiny Co-ordination Committee). We found that detailed metrics had not been shared with the scrutiny committees either.

Once the refresh of corporate key performance indicators is completed, it will be important that regular reporting to Cabinet is re-instated. Whilst reporting



Improving economy, efficiency and effectiveness (continued)

has been annual in the past, many Councils make equivalent reports on a quarterly basis. As Coventry City Council is facing unprecedented budget gaps and considering whether it can afford services, regular and frequent key performance indicator reporting is more important now than ever. We raise one improvement recommendation to support management in embedding proposed improvements. **(Improvement Recommendation 2, Page 21).**

Evaluating financial and performance information

Coventry City Council uses external data to evaluate services and identify and action areas for improvement. We note an example of this from review of Ofsted gradings over time. Ofsted graded the Council’s Childrens’ Service as “Requires Improvement” in March 2017. Three focused visits have occurred since that date, with the Council working to refine arrangements after each. In June 2022, a formal re-inspection concluded that the Council’s Childrens’ Service was now “Good”.

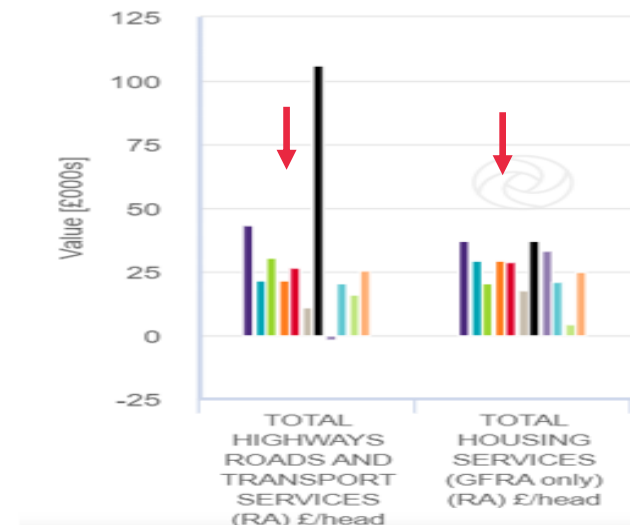
We also note that in July 2022, the One Coventry Annual Performance Report for 2021/22 showed that findings from both Ofsted and Ofqual have been used by the Council for pupil performance monitoring.

The Council has a good track record for benchmarking its performance data against peers and investigating/ actioning results. The July 2022 One Coventry Annual Performance Report drew on comparisons with averages for England, the West Midlands Combined Authority, the West Midlands Region, the Coventry and Warwickshire Local Enterprise Partnership, and statistical nearest neighbours for a range of performance metrics. This included metrics around employment, educational attainment; looked after children; and financial sustainability (including digital exclusion and workforce metrics). Our understanding is that benchmarking data will be included again when the annual Corporate Performance Report for 2022/23 is published.

We note that the Council has a Local Government Association peer review scheduled for January 2024.

As part of our testing for 2022-23, we conducted evaluation of our own. We compared the Council’s budgeted data for the year with ten other Councils – those being Coventry’s statistical nearest neighbours. Our benchmarking identified that Coventry City Council had the second highest budgeted spend per head for total highways, roads and transport services. The Council’s Revenue Outturn report for 2022/23 highlights that the Highways Development area budgeted for the recruitment of three new substantive staff in 2022/23. The budget document explained that the current team was insufficient to manage workload and to optimise s106 developer contributions and was relying on top up support from agency staff. The Council also had the second highest budgeted spend per head for total housing services. The Council’s own data to members in September 2023 highlighted its awareness of the growing number of families in the area needing temporary accommodation. From this work, we were satisfied that for there was no indication of significant weakness in Council arrangements.

Figure 3: Comparative costs. Source Grant Thornton CFOi



Page 40 Improving economy, efficiency and effectiveness (continued)

Partnership working

Subsidiary companies

Annual reports on the performance of companies are provided to the Council's shareholder committee and the scrutiny coordination committee. For example, recent reports (October 2023) were provided for the Coventry Municipal Holdings Ltd group; Sherbourne Recycling Ltd; and UKBIC Ltd. The Council plans to review how its subsidiary companies are operating against a local partnership toolkit and report findings to the shareholder committee in March 2024.

Other partnerships

Coventry City Council has a strong approach towards partnership working. The new One Coventry plan for 2022-30 recognises the Council's role with partners as a key enabler which is essential to the delivery of its core objectives. The Council has a Chief Partnerships Officer, who is a member of the Council's Special Educational Needs and Disability (SEND) Board; is represented on the Council's Capital Board; and will shortly be joining the Council's Procurement Board.

The Chief Partnerships Officer's team co-ordinates an informal forum for partners which meets around once every six weeks (the One Coventry Partnership) to discuss common issues. Representatives from education, universities, health and NHS bodies, Council directors and the police have standing invitations to the One Coventry Partnership meetings. The local water board and local businesses also attend by invitation. Although the One Coventry Partnership has no constitutional status, findings from meetings are reported back to the council's formal boards.

The Council works proactively with other Councils and the NHS outside of the One Coventry Partnership as well. For example, it is a member of Anchor Alliance, along with Warwickshire County Council, the local Integrated Care Board, and local hospital trusts. The Council's SEND Board is currently exploring opportunities for joint commissioning of SEND with the NHS. There is also an intention at the Council to transfer the governance of SEND to the Health and Wellbeing Board in a clear signal that addressing high needs demand pressure is as much an issue for the local health service as it is for the Council. Scrutiny of partnerships working currently lies with the Council's various scrutiny boards.

The Council recently (in September 2023) signed a high value strategic energy contractual joint venture partnership agreement with a new private sector partner. Many of the governance principals set out for subsidiary companies in our July 2022 report have been followed for setting-up new governance arrangements with this new partner. There is a contract "shareholder committee" which replicates the functions of the Council's main Shareholder Committee. Reporting to the contract shareholder committee, there is a Strategic Energy Partnership Board. Each anchor project within the contract has key performance indicators which are monitored by the Strategic Energy Partnership Board.

Commissioning and Procurement

Coventry City Council's Procurement Strategy is currently under review and a revised version is expected within 21 months. This will be aligned to the Council's key strategies.

Audit and Procurement Committee reports dating back to January 2022 show that the Council allows a high number of exceptions (waivers to procurement rules). In all, 206 exceptions have been reported to the Audit and Procurement Committee since January 2022. Exceptions valued over £100,000 are required to be approved by the Council's Procurement Services team, but under current arrangements there is no other central control – contract management is at present the responsibility of service lines.

Exceptions seem common across the Council. For the three summary reports raised since January 2022, the Housing and Transformation directorate had the highest number of exceptions on one; the Children and Young People's Services had the highest number of exceptions on another; and Transportation and Highways had the highest number on the third. Furthermore, reasons commonly cited for the exceptions include sole supplier; technical compatibility; extension to scope; and best interest.

Despite this, we note that it is still the case that 20 (10%) of the exceptions highlighted in the Audit and Procurement Committee reports we reviewed, cited "emergency" as the reason for needing an extension. Emergency exceptions indicate that the Council ran out of time for planning a full procurement – indicating weak contract monitoring. Our understanding is that the Council does plan to centralise monitoring over contracts. Whilst waiting for this, the Council should review training arrangements for staff in service lines monitoring contracts (**Improvement Recommendation 3, Page 22**).

Improvement recommendations

Improvement Recommendation 2

When corporate key performance indicator reporting is re-introduced to cabinet, the Council should consider an increase in the frequency of reporting in addition to embedding the changes already planned

Improvement opportunity identified

Increased regularity of corporate key performance indicator reporting to Council. Increased transparency and oversight over performance.

Summary findings

No key performance indicator report shared with Cabinet since July 2022, although a corporate performance report is scheduled to be shared with Cabinet later in December 2023 (after we are due to have completed our testing). Prior to July 2022, reporting was annual rather than quarterly.

Criteria impacted



Improving economy, efficiency and effectiveness

Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but we have raised a recommendation to support management in making appropriate improvements.

Management comments

The recommendation is accepted. The Council will review its current arrangements with a view to both embedding existing planned improvements, and also consider a more frequent formal reporting of indicators

Improvement recommendations

Page 42

Improvement Recommendation 3

The Council should review training arrangements for service line staff who are responsible for monitoring contracts.

Improvement opportunity identified

Improved planning for contract extensions and re-procurement or new procurement.

Summary findings

Some 10% of exceptions reported to the Audit and Procurement Committee since January 2022 have cited “emergency” as the reason for needing to by-pass procurement rules. This may indicate that the Council ran out of time for planning a full procurement – indicating weaker contract monitoring arrangements.

Criteria impacted



Improving economy, efficiency and effectiveness

Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but we have raised a recommendation to support management in making appropriate improvements.

Management comments

Management accept the recommendation and will review training requirements. We would indicate that a system change has already been implemented which will prevent multiple reasons (of which emergency is one) for exceptions being cited.

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Follow-up of previous recommendations

| Recommendation | Type of recommendation | AAR | Progress by December 2023 | Addressed? | Further action? |
|--|------------------------|------------------------|--|---|--|
| 1 The Council should address the weaknesses in the preparation of its financial statements as identified in our Financial Statements Audit work. | Key | 2021/22 | The audit for 2019/20 draft accounts has concluded. A significant number of mis-statements were identified during the audit, meaning that draft accounts prepared by the Council for 2020/21 require re-statement (not yet done). Draft accounts for 2021/22 and 2022/23 have not been prepared. | In progress We repeat our key recommendation on Page 6 of this report. | Yes Our 2021/22 recommendation still applies |
| 2 The Council should produce a documented cashflow forecast which is reviewed and updated on a regular basis throughout the year. | Improvement | 2021/22 and 2020/21 | Cash flow forecasts are updated on a daily basis – using standing information about expected cash inflows and outflows through the year and then adjusting with actual daily data. | Yes | No |
| 3 The Council could benefit from reporting other scenarios (i.e. best case or medium case) as part of the budget process. | Improvement | 2021/22 | Management recognises the value of considering different budget scenarios, up to the point of putting the budget forward to members. A single set of figures is put forward to members, based on all scenarios considered in the planning process. | Yes | No |
| 4 Internal audit should be subject to a PSIAS review at the earliest opportunity. Internal audit should cover the Council's subsidiaries. | Improvement | 2021/22 2020/21 | An independent assessment against PSAS standards has not taken place but is now scheduled for December 2023. The Council is still to decide what the role of Internal Audit should be for governance around the subsidiary companies. | In progress | Yes Our 2021/22 and 2020/21 recommendations still apply. The PSIAS review should be completed at the earliest opportunity. Internal audit's role in respect of subsidiary companies should be made clear. |

Follow-up of previous recommendations

Page 44

| Recommendation | Type of recommendation | AAR | Progress by December 2023 | Addressed? | Further action? |
|--|------------------------|---------|--|-------------|---|
| 5 Internal audit recommendations should be implemented promptly | Improvement | 2020/21 | A new recommendations tracker was shared with the Audit and Procurement Committee in January 2023 and is now monitored as part of business as usual. | Yes | No |
| 6 The Corporate Risk Register should be reviewed by the Audit and Procurement Committee on a more regular basis and the risk register should include details of the date the risk was last reviewed as well as any reasons why the Council is accepting risks that remain outside of risk appetite where no further mitigating actions have been identified. | Improvement | 2021/22 | Management agree that the Corporate Risk Register can be brought to the Audit and Procurement Committee twice a year subject to Committee's approval. Our requested changes to disclosure should be made when the next version of the risk register is shared. Our recommendations are not yet actioned. | In progress | Yes Our 2021/22 recommendation still applies |
| 7 An independent assurance review of the revised governance structure for the Council's subsidiary companies should be undertaken at the earliest opportunity. | Improvement | 2021/22 | Management confirm that they will arrange for a review of the governance structure to be undertaken at an appropriate point following the embedding of existing arrangements. Not yet actioned. | In progress | Yes Our 2021/22 recommendation still applies. The independent assurance review should include considering training for members outside the Shareholder Committee. We note that new commercialisation opportunities may further increase the importance of strong company governance. |
| 8 The Council should ensure that the website links to various strategies and plans are kept updated. | Improvement | 2021/22 | The issue with the strategies link has been resolved. There is a link checker in place to report any future issues and notify the relevant team. | Yes | No |

Follow-up of previous recommendations

| Recommendation | Type of recommendation | AAR | Progress by December 2023 | Addressed? | Further action? |
|--|------------------------|---------|---|--|--|
| 9 The Council should consider how to further avoid high placement costs whilst also ensuring the investment in its own children's home delivers the anticipated savings on placement costs. | Improvement | 2021/22 | Work is underway at the Council to ensure there are sufficient placements available locally, both in terms of numbers and quality, to meet the needs of children and young people who require care. Coventry is continuing to develop internal provision by approving further investment in its own children's homes and strengthening our internal fostering offer. Coventry is leading on the recommissioning of the West Midlands regional framework for both independent fostering agencies and residential care. There are robust internal governance arrangements in place to monitor the operational and financial impacts of these initiatives. | Ongoing On Page 10 of this report, we see that the rate at which overspend on children and young people growing is marginally diminishing (4.8% growth in 2022/23. 4.5% growth forecast for 2023/24). | Yes The Council should continue to be vigilant in its oversight of placement costs. |
| 10 Procurement Tender Waivers should be reported to the Audit and Procurement Committee on a quarterly basis. The Council should also ensure the new Procurement Strategy is aligned to the Council's Digital Transformation Strategy. | Improvement | 2021/22 | Reports to the Council's Audit and Procurement Committee now include information in relation to tender waivers (Exceptions to Contract Procedure Rules) as recommended. Six monthly reporting of this information is considered adequate and appropriate. The Council's Procurement Strategy is being reviewed and a revised version should be completed within 12 months. This will be aligned to the Council's key strategies. | In progress | Yes Our 2021/22 recommendation regarding the new Procurement Strategy still applies. We make a new Improvement Recommendation on Page 22 of this report around training for contract managers. |

Opinion on the financial statements

Page 46



Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2023 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

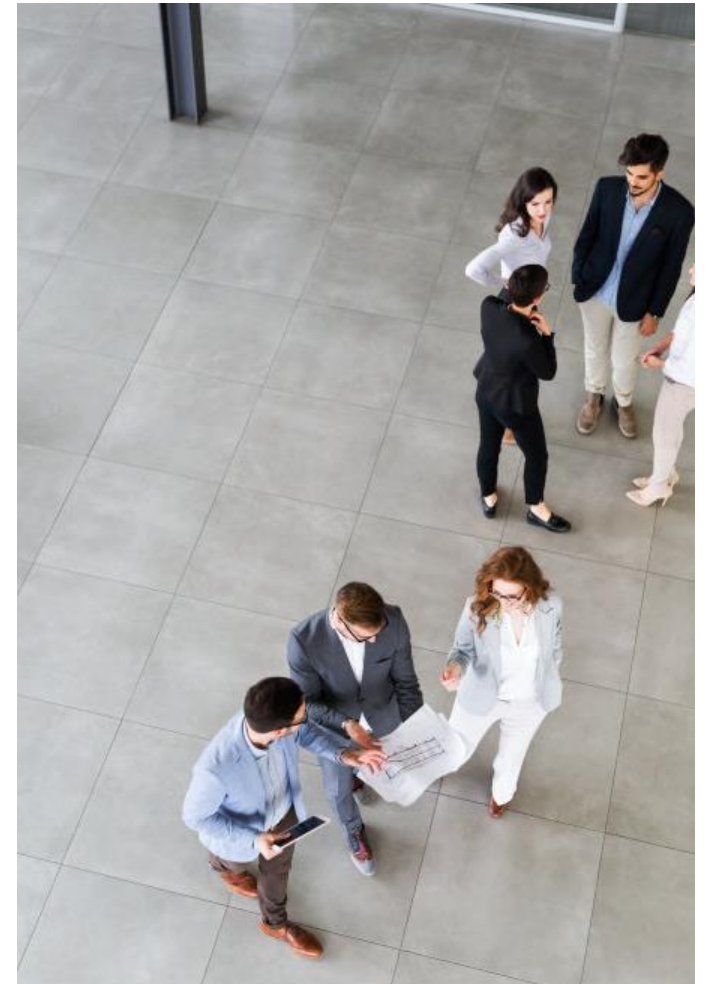
We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Audit opinion on the financial statements

The Council has been unable to provide draft financial statements for 2022/23 for audit due to historic accounting issues. We recently issued an unqualified audit opinion on the 2019/20 financial statements on 10 October 2023, following the Audit and Procurement Committee meeting on 09 October 2023. Financial statements since 2019/20 have not yet been prepared for audit.

The key reason for the overdue financial statements lies with accounting issues identified in the 2019/20 accounts, and the resulting time it has taken to resolve them. The significant accounting issues were in relation to the valuation of property, plant and equipment and in relation to accounting for the Council's group of companies.

More detailed findings are set out in our 2019/20 Audit Findings Report, which was presented to the Council's Audit and Procurement Committee on 09 October 2023. The report is available on the Council's website.



Other reporting requirements

Other opinion/key findings

We are required to report on certain matters by exception: If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit; and if we have applied any of our statutory powers or duties.

The Council has updated its Annual Governance Statement to reflect the delay in the 2019/20 accounts.

We considered the use of our statutory powers due to the delay in the 2019/20 financial statements. Officers have set out a clear plan to ensure that the outstanding accounts for future years are completed in as timely a manner as possible. As such we have determined that it is not necessary to utilise our statutory powers. We will monitor the implementation of the plan and will consider at future audits whether we need to utilise our statutory powers.

Audit Findings Report

Our Audit Findings Report was presented to the Governance and Audit Committee on 9th October 2023.

Whole of Government Accounts

Due to the extended time needed to complete the audit we are no longer required to undertake Whole of Government Accounts procedures.

Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

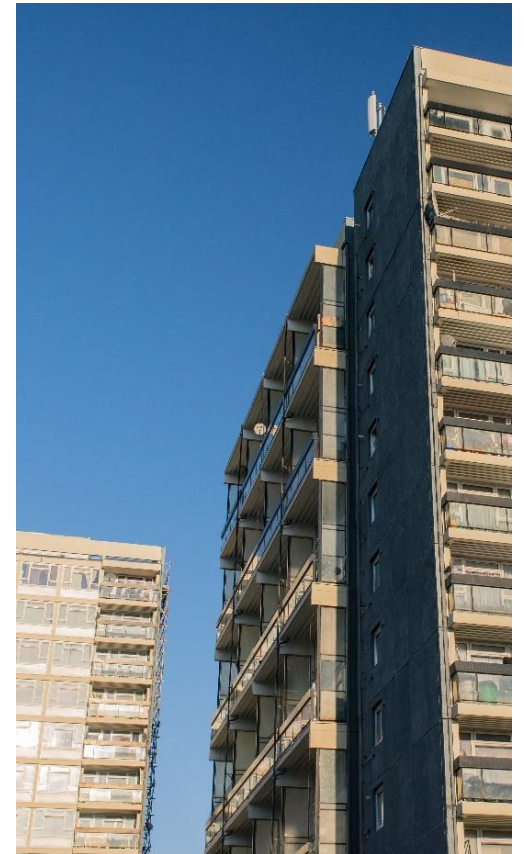
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B:

An explanatory note on recommendations

Page 50

A range of different recommendations can be raised by the Council's auditors as follows:

| Type of recommendation | Background | Raised within this report | Page reference(s) |
|------------------------|---|---------------------------|-------------------|
| Statutory | Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. | No | N/A |
| Key | The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of the Council's arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'. | Yes | 6 |
| Improvement | These recommendations, if implemented, should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements. | Yes | 17, 21, 22 |

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Cabinet
Audit and Procurement Committee

13th February 2024
18th March 2024

Name of Cabinet Member:

Cabinet Member for Strategic Finance and Resources - Councillor R Brown

Director Approving Submission of the report:

Director of Finance and Resources

Ward(s) affected:

City wide

Title:

2023/24 Third Quarter Financial Monitoring Report (to December 2023)

Is this a key decision?

No

Executive Summary:

The purpose of this report is to advise Cabinet of the forecast outturn position for revenue and capital expenditure and the Council's treasury management activity as at the end of December 2023. The net revenue forecast position after management action is a net overspend of **£8.5m**. At the same point in 2022/23 the projected overspend was £8.5m.

It should be recognised that the position above includes several largely one-off actions that have already been taken to reduce the overspend, which means that the underlying position is significantly higher than has been experienced in recent years. The Council has implemented a range of measures since quarter 1, to manage down the overspend to a less severe level. This included:

- Recruitment controls
- Discretionary spending controls
- Alternative funding opportunities

The Council continues to face budget pressure within both Adults and Children's social care, Housing, and Streetscene services. Other smaller but still significant overspends are also being reported in Transportation and Highways, and Business Investment and Culture. Financial pressures are being caused by a combination of continuing high levels of inflation, increased service demands, difficult conditions within social care markets and recruitment difficulties in some services.

During the year a number of councils with social care responsibilities have reported large in-year budgetary difficulties and it is clear that there are systemic problems for the whole sector which represent a serious threat to its financial sustainability.

The Council's capital spending is projected to be £127.6m 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. Inflationary pressures are also affecting capital projects. The assumption is that stand-alone projects that are already in-progress will be delivered as planned but that future projects that have not yet started may need to be re-evaluated to determine their deliverability within previously defined financial budgets.

The materiality of the emerging financial pressures, both revenue and capital, has renewed the imperative to maintain strict financial discipline and re-evaluate the Council's medium-term financial position. This is reflected in the Pre-Budget report which is currently out for consultation.

Recommendations:

Cabinet is requested to:

- 1) Approve the Council's Third Quarter revenue monitoring position.
- 2) Approve the revised forecast capital outturn position for the year of £127.6m incorporating £9.6m net increase in spending relating to approved/technical changes and £11.7m of net rescheduling of expenditure into future years.

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, 18th March 2024

Will this report go to Council?

No

Report title:

2023/24 Third Quarter Financial Monitoring Report (to December 2023)

1. Context (or background)

- 1.1 Cabinet approved the City Council's revenue budget of £260.5m on 21st February 2023 and a Capital Programme of £159.2m. This is the Third Quarterly monitoring report for 2023/24. The purpose is to advise Cabinet of the forecast outturn position for revenue and capital expenditure, recommending any action required, and also to report on the Council's treasury management activity.
- 1.2 The current 2023/24 revenue forecast is for net expenditure to be **£8.5m over budget** (after management action). The reported forecast at the same point in 2022/23 was an overspend of £8.5m which led to a deficit outturn of £6.7m and the use of reserves at year end to balance the position. Capital spend is projected to be £127.6m.
- 1.3 It is not unusual for the revenue position to reflect a forecast overspend at this stage which then improves over the remainder of the year. However, this is a significantly high figure by historical standards, and it should be recognised that the position above includes several largely one-off actions that have already been taken to reduce the overspend, which means that the **underlying position is significantly** higher than the £8.5m forecast. The Council has implemented a range of measures since quarter 1, in order to manage down the overspend to a less severe level. The overspend is caused largely by factors external to the Council and which can be expected to be ongoing, affecting future years' financial positions if the actions approved are not successful.
- 1.4 Following on from the £6.7m reported at 2022/23 outturn this indicates a serious financial trend for the Council which is not sustainable over the long-term. Section 2 of the report provides further detail on the revenue position and Section 5 sets out the Council's proposed approach to managing the position.
- 1.5 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, although it should be re-iterated that reserves are a finite resource and should only be applied sparingly to mitigate ongoing revenue overspends, and once a medium-term solution is in place.

2. Options considered and recommended proposal.

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

Table 1 Revenue Position - The revenue forecast position is analysed by service area below.

| Total Over / (Under) spend at Q2 | Service Area | Revised Net Budget | Total Forecast Spend | Total Over/ (Under) Spend at Q3 |
|----------------------------------|--|--------------------|----------------------|---------------------------------|
| £m | | £m | £m | £m |
| 6.0 | Adult Services & Housing | 115.4 | 121.1 | 5.7 |
| 1.2 | Business Investment & Culture | 8.3 | 9.5 | 1.2 |
| 4.2 | Children & Young People's Services | 95.0 | 98.9 | 3.9 |
| (2.0) | Contingency & Central Budgets | (35.2) | (39.3) | (4.1) |
| (0.7) | Education and Skills | 20.3 | 19.0 | (1.3) |
| 0.4 | Finance & Corporate Services | 9.7 | 10.5 | 0.9 |
| 0.0 | Human Resources | 1.4 | 1.5 | 0.1 |
| 0.2 | Legal & Governance Services | 8.2 | 8.3 | 0.1 |
| 0.2 | People Directorate Management | 0.9 | 1.2 | 0.2 |
| 0.1 | Project Management & Property Services | (8.4) | (8.5) | (0.1) |
| (1.3) | Public Health | 1.0 | (0.3) | (1.3) |
| 2.4 | Streetscene & Regulatory Services | 33.3 | 35.6 | 2.2 |
| 0.8 | Transportation & Highways | 10.6 | 11.6 | 1.0 |
| 11.5 | Total | 260.5 | 269.0 | 8.5 |

- 2.2 An explanation of the major forecast variances is provided below, the vast majority of which are of an ongoing nature if urgent action is not taken. Further details are provided in Appendix 1 to the report.

Directorate

Adult Services and Housing (£5.7m overspend)

Within Adult Services & Housing the largest element of overspend relates to Adult Social Care (£4.1M) which is due to an increase in the total number of packages of care, as well as increased activity across existing service users resulting in higher average costs. The increased activity reflects the complexity of the casework and the higher needs of those seeking our support with greater spend incurred in home care hours and supported living across adult services.

The other significant variance is an overspend on Housing & Homelessness (£2.2m) due to a greater than 40% increase in the number of people seeking assistance and being placed in temporary accommodation. During quarter 3 this upward trend has slowed over the final 2 months. Alongside this there has been a 15% increase in temporary accommodation fees which is required to ensure temporary accommodation continues to be available and mitigate the use of more expensive Bed and Breakfast accommodation.

Children's and Young People Services (£3.9m overspend)

£4.0m of the gross overspend relates to the cost of looked after children's placements. This overspend is caused by a lack of sufficiency in the market to meet the needs of young people in care which has significantly increased the average unit cost of those placements. There is a further overspend of £0.9m against staffing in Help and Protection due to high levels of cases requiring additional workers and agency staff. This is being offset by short

term one-off savings across the directorate from additional grants, and the use of earmarked reserves.

Streetscene & Regulatory Services (£2.2m overspend)

The Streetscene and Regulatory Service has seen a small, improved position leaving an overall forecast pressure of £2.2m. This is an accumulation of gate fees at the Waste to Energy Plant & additional vehicle safety costs to meet safety standards. The lingering impact of COVID influencing the number of major planning applications, and cost of agency staff to cover overtime and vacancies continues to create a pressure for the service.

Business Investment & Culture (£1.2m overspend)

There is no material change in this area since the quarter 2 position. The majority of the overspend (£0.8m) relates to one-off holding costs for the Cultural Gateway building, sponsorship income, Godiva Festival and St Marys income shortfall.

Transport & Highways (£1m overspend)

This overspend is made up of the current planned cost of addressing the backlog in highways defects and pressure with recruitment (£0.7m). As well as the PFI energy costs increase covering the high usage Winter period (£0.7m). There are income pressures in Bus Lane and Parking Enforcement attributed to temporary bus gates closures, however the enforcement at Hales Street and the Burges/Trinity Street cameras has seen £500k improvement in the income projections since quarter two. These pressures are being offset by savings (£0.9m) generated by foregoing expenditure and utilising grant for scheme development costs as well as increased income from higher car park usage.

Education & Skills (£1.3m underspend)

£0.65m of underspend relates to Customer Services which is due to the management of a significant number of vacancies to facilitate structural change and support improved long term service delivery via Coventry Connects. There is also a smaller underspend on Transformation Programme Office (£0.25m) which is a result releasing some one-off reserve funding and an on-going review of activity. This is being offset by an underspend of £0.3m in Education Entitlement which is as a result of reduced expenditure on school bus passes and efficiencies in the Virtual School due to staff vacancies and additional grant income.

Public Health (£1.3m underspend)

Underspends in both Public Health and Migration are due to the use of some one-off reserve funding as well as using additional grants to support costs.

Corporate

Contingency and Central (£4.1m Underspend)

There is a forecast overspend for pay inflation contingencies (£1.6m) reflecting the final agreed local government employers' pay award. This is more than offset by favourable variances for other contingency budgets (£1.7m), anticipated controls to reduce discretionary expenditure (£1m), a delayed need to replace DSG funded education expenditure (£0.6m) and other minor underspends.

2.3 Capital

The 2023/24 quarter 3 capital outturn forecast is £127.6m compared with the second quarterly outturn of £129.7m. Table 3 below updates the budget at quarter 3 to take account of £9.6m of new approved/technical changes and £11.7m of rescheduling 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 2023/24. It shows 79.6% of the programme is funded by external grant monies, whilst 11.1% is funded from borrowing. The programme also includes funding from capital receipts of £11.4m.

Table 3 – Movement in the Capital Budget

| CAPITAL BUDGET 2023/24 MOVEMENT | Qtr 3 Reporting £m |
|---|-----------------------|
| Revised Programme (Reported at Q2) | 129.7 |
| Approved / Technical Changes (see Appendix 2) | 9.6 |
| “Net” Rescheduling into future years (See Appendix 3) | (11.7) |
| Revised Estimated Outturn 2023-24 | 127.6 |

| RESOURCES AVAILABLE: | Qtr 3 Reporting £m |
|---|-----------------------|
| Prudential Borrowing (Specific & Gap Funding) | 14.2 |
| Grants and Contributions | 101.6 |
| Capital Receipts | 11.4 |
| Revenue Contributions and Capital Reserve | 0.4 |
| Total Resources Available | 127.6 |

The inflationary pressures affecting the Council’s revenue budget are also present within capital schemes although the pattern with which this takes effect 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 will need to be reduced in size over time reflecting higher prices.

2.4 Treasury Management

Interest Rates

Inflation remains the key driver for setting interest rates with headline Consumer Price Index running at 4% in December – a slight increase on the previous month. The Bank of England’s Monetary Policy Committee has maintained the Bank Rate at 5.25% despite some of its members voting for a further increase of 0.25%. Further rises in Bank Rate are now unlikely given the reducing trend in headline CPI and wider economic weakness. Arlingclose, the authority’s treasury advisor, predict that Bank Rate will remain at 5.25% for some time. Rates may begin to fall in the mid to late part of 2024.

Long Term (Capital) Borrowing

The Council's long-term borrowing requirement for the Capital Programme is forecast to fall by £0.7m in 2023/24, taking into account borrowing set out in Section 2.3 above (total £14.2m), less amounts to be set aside to repay debt, including non PFI related Minimum Revenue Provision (£14.9m). In the current interest rate climate, the Council has no immediate plans to take any further new long-term borrowing although this will continue to be kept under review.

The Public Works Loan Board (PWLB) remains 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 in 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) between 2nd of October and 29th of December 2023 have varied within the following ranges:

| PWLB Loan Duration (maturity loan) | Minimum 2023/24 to Q3 | Maximum 2023/24 to Q3 | As at the End of Q3 |
|---|------------------------------|------------------------------|----------------------------|
| 5 year | 4.33% | 5.69% | 4.39% |
| 50 year | 4.72% | 5.94% | 4.88% |

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 daily 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.

Returns provided by the Council's short-term investments again yielded an average interest rate of 5.36% over the last quarter. This rate of return reflects low risk investments for short to medium durations with UK banks, Money Market Funds and other Local Authorities.

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

| | As at 30th September 2023 | As at 29th December 2023 |
|------------------------------|---|--|
| | £m | £m |
| Banks and Building Societies | 0.0 | 0.0 |
| Local Authorities | 33.0 | 11.0 |
| Money Market Funds | 28.08 | 31.03 |
| Corporate Bonds | 0.0 | 0.0 |
| HM Treasury | 0.0 | 0.0 |
| Total | 61.08 | 42.03 |

External Investments

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

Returns provided by the Council’s pooled funds yielded an average of 5.10% over the last 12 months. At 31st December 2023, the pooled funds were valued at £27.3m (£26.9m at 30 September 2023), against an original investment of £30m (a deficit of £2.7m). All seven pooled funds show a deficit, mainly because of dropping property prices and volatility in bonds and equities. Six of the seven funds made a significant increase in their capital value in the last quarter. The outlier being the property fund which decreased further in capital value although it is hoped that values should begin to increase in 2024. 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. This override was due to change in April 2023 but a further extension to 31st March 2025 has been granted by the government. These investments will continue to be monitored closely and are likely to be redeemed when they reach par value.

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 2023 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 2023/24. 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 31st December 2023 the value is -£68.8m (minus) compared to +£96.2m within the Treasury Management Strategy, reflecting the fact that the Council has more variable rate investments than variable rate borrowings at the current time.
- The Upper Limit on Fixed Interest Rate Exposures (indicator 9) sets a maximum amount of net borrowing (borrowing less investments) that can be at fixed interest rates. At 31st December 2023 the value is £245.7m compared to £480.9m within the Treasury Management Strategy, reflecting both the level of actual borrowing and 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 for 2023/24 is £146m, against which there are £110m of existing commitments: -

| | Limit | Actual 31st March 2023 | 2023/24 Committed and Planned | Total | Headroom |
|--------|--------------|------------------------|-------------------------------|--------------|-------------|
| | £m | £m | £m | £m | £m |
| Shares | 55.0 | 52.1 | 0.0 | 52.1 | 2.9 |
| Loans | 91.0 | 53.8 | 4.1 | 57.9 | 33.1 |
| | 146.0 | 105.9 | 4.1 | 110.0 | 36.0 |

The committed or planned total of £4.1m includes a number of loan facilities to lend 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 Director of Finance and Resources and the Director of Law and Governance

5.1 Financial implications

Revenue

The net quarter 3 forecast continues to reflect an extremely serious and concerning position for the Council although this has improved marginally from quarter 2. The net forecast, after significant management action is a **£8.5m revenue overspend** and incorporates a range of intractable ongoing issues and the continuation of inflationary pressures which will have an impact beyond the current financial year.

At this stage of the monitoring cycle, it is expected that the Council will not be able to balance its revenue position by year-end without the use of reserve contributions. This in-year pressure contributes the 2024/25 budget gap as set out in the Pre-Budget Report. The improvement in the 2023/24 forecast since quarter 2 does not change the 2024/25 pre-budget position.

These circumstances are common to councils across the country with instances of financial stress being widely reported. Alongside authorities that have already been in difficult financial circumstances due to a variety of largely local reasons, 2023 has seen an increasing number of councils give dire warnings about their ability to balance their 2023/24 budgetary positions and beyond. The failure of the local government finance system to tackle issues around social care funding plus the continued impact of inflation in excess of that anticipated in the 2023/24 budgets, have put many councils in a perilous financial position.

The cost of service delivery has reflected an upwards trajectory for some time as a result of prevailing inflation and market conditions. However, the unprecedented levels of inflation in the last 2 calendar years have affected all service delivery costs creating a very steep upward trend for the Council's key service costs.

Difficulties in the external markets for both children and adults are well documented but issues including the cost of highly complex cases and higher than planned levels of inflationary increases in placement costs have exceeded the additional budgetary provision included within the Council's budget. In addition, very significant increases in demand for housing have developed through the year.

Management Action

Services have been implementing the budgetary responses outlined in the quarter 1 report to mitigate the overall budgetary position although it is not possible to disaggregate the impact of this from other aspects of the Council's budgetary position. In addition to these primarily one-off solutions, the focus has also turned to other actions with a forward-looking perspective to identify options and the service impact of reducing ongoing spend levels to within budget for political decision. Senior managers have undertaken review work looking at service and policy options to feed into the 2024/25 budget process and the result of this work is included within the Pre-Budget Report currently out to public consultation.

In totality, this work gives sufficient assurance that the Chief Operating Officer does not need to take any extra-ordinary action at this stage to respond to the financial position such as issuing a Section 114 Notice (a self-imposed limit on making any non-statutory expenditure as result of financial distress). However, Cabinet is reminded above that the underlying position for 2023/24 is incredibly challenging and that the Council will face some difficult choices in the future.

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, Very Light Rail, the Air Quality programme, disabled facilities grant (DfG), the A45 Overbridge Eastern Green, City Centre South and support to the Friargate Hotel development.

Legal implications

None

6. Other implications

6.1 How will this contribute to the One Coventry Plan?

<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>

The Council monitors and reports separately on the quality and level of service provided to the citizens of Coventry and the key objectives of the One Coventry 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 within a tight resource envelope.

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 a greatly increased level of risk in this area, described in section 5. Good financial discipline through budgetary monitoring continues to be paramount in managing this risk and this report is a key part of the process. A range of urgent actions has been set out in response to the Council's financial position. It is vital that Council officers and members are aware of the current financial challenge and that activity across the remainder of the year is successful. This in turn will dictate the extent to which the bottom line can be moved significantly closer to 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. The Council may be forced to make some difficult policy choices in the forthcoming Budget process especially in areas that do not have a strict statutory basis, and which involve material levels of discretionary and flexible expenditure.

6.4 Equalities / EIA

No current policy changes have been proposed but the possibility remains that the Council may need to consider changes to existing services. If this is the case, the Council's equality impact process will be used to evaluate the potential equalities impact of any proposed changes.

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

Appendix 1

Revenue Position: Detailed Directorate Breakdown of Forecasted Outturn Position

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

| Service Area | Revised Net Budget | Forecast Spend | Centralised Variance | Budget Holder Variance | Total Variance |
|---|--------------------|----------------|----------------------|------------------------|----------------|
| | £m | £m | £m | £m | £m |
| Adult Services & Housing | 115.4 | 121.1 | (1.7) | 7.5 | 5.7 |
| Business Investment & Culture | 8.3 | 9.5 | (0.0) | 1.2 | 1.2 |
| Children & Young People's Services | 95.0 | 98.9 | (2.7) | 6.6 | 3.9 |
| Contingency & Central Budgets | (35.2) | (39.3) | 0.0 | (4.1) | (4.1) |
| Education and Skills | 20.3 | 19.0 | (0.8) | (0.5) | (1.3) |
| Finance & Corporate Services | 9.7 | 10.5 | (0.3) | 1.1 | 0.9 |
| Human Resources | 1.4 | 1.5 | 0.0 | 0.1 | 0.1 |
| Legal & Governance Services | 8.2 | 8.3 | (0.7) | 0.8 | 0.1 |
| People Directorate Management | 0.9 | 1.2 | (0.1) | 0.3 | 0.2 |
| Project Management & Property Services | (8.4) | (8.5) | (0.4) | 0.3 | (0.1) |
| Public Health | 1.0 | (0.3) | 0.0 | (1.3) | (1.3) |
| Streetscene & Regulatory Services | 33.3 | 35.6 | (1.1) | 3.3 | 2.2 |
| Transportation & Highways | 10.6 | 11.6 | (0.4) | 1.4 | 1.0 |
| Total | 260.5 | 269.0 | (8.2) | 16.7 | 8.5 |

Budget Holder Forecasts

| Service Area | Reporting Area | Explanation | Budget Holder Variance £m |
|-------------------|----------------------------------|--|------------------------------|
| Adult Social Care | Strategic Commissioning (Adults) | Underspend relates to New Homes for Old PFI due to additional client fee income and the continuation of lower transport costs to day opportunities. | (0.7) |
| Adult Social Care | Housing and Homelessness | There are a number of reasons why the service is currently forecasting a significant overspend. The number of people seeking assistance with housing issues and subsequently the number being placed in Temporary Accommodation (TA) has increased by over 40% during 2023. During quarter 3 the upward trend has slowed and the number of households in | 2.2 |

| | | | |
|-------------------|---|---|-------|
| | | TA has plateaued during the last 2 months. The cost of TA with private providers has increased by 15% from the 1st April (the first increase since the rates were set in 2019). A number of mitigations including purchasing additional TA, working with a Registered provider to provide us with an additional 50 flats for TA and new contracts with private providers are being progressed. The service has also developed and is implementing a detailed TA reduction plan. The increase in TA is a national issue with the highest number of households in TA in England being reported in Jun 2023. The overall overspend is partially offset by application of £0.6M migration grant resource against relevant additional costs. | |
| Adult Social Care | Adult Social Care Director | Overspend relates to an increase in bad debt provision of £0.9m and additional spend on joint health initiatives to improve provision across Health and Social Care of £1.1m partly off-set by iBCF grant underspend of -£0.3m. | 0.8 |
| Adult Social Care | Enablement & Therapy Services | Increased capitalisation of relevant salaries against Disabled Facilities Grant resulting in reduced revenue costs. Also, there are overspends on equipment purchases due to high inflation which have been offset by centralised underspends in salaries due to vacancies. | (0.3) |
| Adult Social Care | Internally Provided Services | Overspends on casual and overtime costs which have been offset by centralised underspends in salaries due to vacancies. | 0.2 |
| Adult Social Care | Community Purchasing Mental Health | The community purchasing budget is managed as a whole - please refer to the explanation against 'Community Purchasing Other'. | (0.4) |
| Adult Social Care | Adult Social Care Business & Financial Management | The over-spend comprises the CM2000 (Access 2000) implementation fees and back-dating of the contractual price increase equivalent to £1,300 per month to June 2022. | 0.1 |
| Adult Social Care | Partnerships and Social Care Operational | Overspends relating to additional agency costs which have been partly offset by centralised underspends due to staff vacancies. | 0.5 |
| Adult Social Care | Localities and Social Care Operational | Overspends relating to additional agency costs more than offset by centralised underspends due to staff vacancies. | 0.4 |

| | | | |
|---|--|--|------------|
| Adult Social Care | Community Purchasing Other | The budget for purchasing packages of care for adults and older people in adults social care continues to see significant pressures. The service has seen an increase in the total number of packages of care, as well as increased activity across existing service users resulting in higher average costs to the budget. The increased activity reflects the complexity of the casework and the higher needs of those seeking our support with greater spend incurred in home care hours and supported living across adult services. | 4.1 |
| Adult Social Care | Mental Health Operational | There remains significant pressures in Deprivation of Liberty Assessment demand leading to additional assessment costs (£0.3m) in particular, doctors' assessment costs. Additional agency costs have been partly offset by underspends on centralised salaries due to vacancies. | 0.6 |
| TOTAL Adult Social Care Variance | | | 7.5 |
| Business Investment and Culture | Sports, Culture, Destination & Bus Relationships | The position is likely to be improved by year end but can't be prudently quantified at this stage due to ongoing legal drafting on a negotiated income line. Budget holder variance of £0.8m at quarter 3 is mainly made up of: 1. £790k Collection Centre non-pay spending without budget pending entering construction contract (£74k staffing costs on Centralised variance so total £864k pressure on collection centre spending); 2. £20k Brandon Wood golf course (BWGC) overspend on professional fees etc. incurred in options appraisal (total BWGC cost could be £110k but the overspend is likely to be absorbed by underspend from other Service budget (e.g. energy budget). 3. Godiva Festival overspend £78k due to a mix of reasons including income underachieved from sale of premium tickets (although sale of standard tickets performed well), shortfall from sponsorship income target, overspend on production costs etc. 4. £200k St Mary's projected income under achievement. Action has been taken to improve the position, but impact not yet evidenced. | 0.8 |

| | | | |
|---|-------------------------------------|---|------------|
| | | <p>5. £166k sponsorship income underachieved although plan is in place to achieve income target from 2024-25</p> <p>6. Other net underspends offset most overspend on staffing costs (in centralised variation) mainly due to (£351k) budget for restructure with actual costs on staffing codes (in centralised variation); a further (£150k) budget for events this year, for restructure from 2024-25 not fully spent. Budget will be realigned when new structure is finalised (post-Service Review).</p> | |
| Business Investment and Culture | Employment & Adult Education | Reserve contribution from underspend in grant funded programmes. Net Overall variation is £18k underspend, centralised underspend due to vacancies not filled before new structure agreed. Majority underspend is grant related to be put into reserve for future programme spend in line with grant condition | 0.5 |
| Business Investment and Culture | Other Variances Less than 100K | | (0.1) |
| TOTAL Business Investment and Culture Variance | | | 1.2 |
| Children and Young People's Services | Children's Services Management Team | This unbudgeted income is as a result of a successful grant bid to the Department for Education. | (0.4) |
| Children and Young People's Services | Commissioning, QA and Performance | The Safeguarding Children's Service is forecasting a budget holder overspend of £0.2M. There are overspends arising from agency staffing spend for Independent Reviewing Officers, Child Protection Chairs and Local Authority Designated Officer, given pressures arising from vacancies and caseloads. In addition, income from Safeguarding in Education training is £80K below the budgeted target set. There is a further budget holder overspend as a result of development of a Placements Portal. The overall position is mitigated in part by underspends across other areas of the service. | 0.2 |
| Children and Young People's Services | Help & Protection | There is a £2.6M budget holder overspend in the Area Teams, offset by a £1.7M underspend against centralised salaries. This overall £0.9M overspend is linked to staff costs, with high levels of cases | 2.6 |

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| | | <p>requiring additional workers and agency staff.</p> <p>There is a £0.5M budget holder overspend in Section 17 spend is attributable to high costs to commissioning services from private providers to support children with complex needs to remain safely at home. There has also been growth with specialist assessments which is met from S17 budget, drug testing, psychiatric / psychological, Parent Assess / PAMS, Cognitive Assessment, Aims assessment etc. as part of front loading assessments within Public Law Outline</p> <p>There are short-term one-off savings which are currently offsetting the budget pressures from additional grants and the use of earmarked reserves.</p> | |
| Children and Young People's Services | LAC & Care Leavers | <p>There is a £4M overspend on looked after children's (LAC) placements. This figure takes into account our expected increase in income from central government for unaccompanied asylum-seeking children which ensures these children do not contribute to the budgetary pressure. The overspend relates to external residential and is linked to increasing unit costs for placements due to a lack of sufficiency in the market to meet the needs of young people in care. This is despite a decrease in the number of looked after children and placement mix being in line with targets. There is a further budgetary pressure of £0.3M within the Children's Disability Service. This overspend relates to increased costs for short breaks & 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. We are currently in the process of retendering our short breaks contracts to ensure 'best value' and reduce high-cost support spend.</p> <p>There is a budget pressure of £0.1M due to staffing challenges within the LAC Permanency Service and the need for agency staff to ensure that care proceedings continue to be progressed.</p> | 4.2 |

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| | | <p>This situation has now improved, and no agency workers remain. There is an overspend of £0.2M in the Internal Fostering Service due to a high number of staff taking maternity leave and agency cover being required.</p> <p>There is an overspend of £0.3M on Adoption Central England (ACE) that relates to an increase in interagency fees and pay increases. Work is being undertaken to address this and clarify the budgetary needs of ACE moving forwards. These pressures are offset in part by underspends across the service, including £0.2M in Through Care which is mainly due to vacancies.</p> | |
| TOTAL Children and Young People's Services Variance | | | 6.6 |
| Corporate & Contingency | Corporate Finance | <p>There is a forecast overspend for pay inflation contingencies (£1.6m) reflecting the final agreed local government employers' pay award. This is more than offset by favourable variances for other contingency budgets including (£2.7m) for AMRA due largely to higher cash flow interest receipts, anticipated controls to reduce discretionary expenditure (£1m), a delayed need to replace DSG funded education expenditure (£0.6m) and other minor underspends.</p> | (4.1) |
| TOTAL Corporate & Contingency Variance | | | (4.1) |
| Education and Skills | Customer and Business Services | <p>Customer Services is forecasting a budget holder underspend of £172K. Where possible the service has reviewed spending and applied constraints through the identification of alternative funding from time limited grants and the release of reserves.</p> <p>The underspend associated with the centralised forecast has resulted from the management of vacancies to facilitate structural change and support improved long term service delivery. The service area is starting to fill vacancies that have been on hold for a time, due to recruitment the impact is not yet showing in the centralised forecast.</p> | (0.2) |

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| Education and Skills | Transformation Programme Office | Transformation Office is forecasting a budget holder underspend of £256K. The majority of this is a result of work undertaken earlier in the year to identify a saving of £143k via a release from reserves. Further on-going review of activity on professional fees has also allowed a further saving (£60k) to be released. | (0.3) |
| Education and Skills | SEND & Specialist Services | The quarter 2 SEN Travel Assistance forecast identified a budget pressure of £478k. This has reduced by £200k at quarter 3 as a direct consequence of management action to control the use and cost of taxis. In addition, an offset of £200k has been applied from reserves. Additional expenditure in external Educational Psychology costs has been offset by an equivalent under spend against centralised staffing costs. | 0.2 |
| Education and Skills | Education Entitlement | A proportion of the underspend is as a result of reduced expenditure on school bus passes. The number of pupils eligible for bus passes is based on statutory criteria and policy and has not reduced, but we are now only charged where passes are used. There is also an underspend against the interpreter service as a result of cost review and increased efficiencies. There is also an underspend against the Virtual School as a result of utilising additional pupil premium grant funding. | (0.2) |
| TOTAL Education and Skills Variance | | | (0.5) |
| Finance & Corporate Services | Revenues and Benefits | There is a net Housing Benefit subsidy pressure of £0.7m 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 are higher than expected levels of local authority benefit overpayments. Pressures elsewhere (£0.5m) are primarily attributable to the cost of temporary staffing as a result of increased levels of work being received, cover for a higher than normal level of staff absence and increased underlying work levels in council tax. | 1.3 |

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| Finance & Corporate Services | Other Variances Less than 100K | | (0.2) |
| Finance & Corporate Services Variance | | | 1.1 |
| Human Resources | Employment Services | Employment Services has a forecast overspend of £107K. This relates to a reduction in income from external organisations. It has not been possible to reduce costs further as a range of legislation and regulatory changes has created an increase in overall workload | 0.1 |
| Human Resources | ICT & Digital | Digital Services is forecasting a Budget Holder underspend of £151K. A decision to slow down the refresh cycle of laptops has created significant one-off savings. The shortfall on schools income of £433K due to reduced buy in as schools convert to academies and academies join larger MATs is an on-going and increasing problem. Additional contract and security costs are being offset by a range of spending reductions. | (0.2) |
| Human Resources | Other Variances Less than 100K | | 0.2 |
| Human Resources Variance | | | 0.1 |
| Legal & Governance Services | Legal Services | Recruitment of staff (particularly lawyers) into vacant positions remains a challenging situation within the service despite numerous attempts made to advertise vacancies. As a consequence, there is a significant amount of expenditure (circa £700k) on agency staff which is offset in part by vacancies within the Legal Services team. The service is also managing additional workload in the children's social care sector which has made it difficult to end locum contracts. | 0.5 |
| Legal & Governance Services | Procurement | The variance is due to improved income performance from the early payment scheme | (0.1) |
| Legal & Governance Services | Regulatory Services | The variance is largely due to the use of external suppliers to cover vacancies in the Emergency Services Unit. In addition, there are income pressures in Building Control due to staff resourcing issues. | 0.3 |
| Legal & Governance Services | Democratic Services | Additional resource required to manage subject access requests whilst a permanent solution is investigated to | 0.1 |

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| | | manage and process the significant number of complex and large cases. | |
| Legal & Governance Services Variance | | | 0.8 |
| People Directorate Management | | | 0.3 |
| People Directorate Management Variance | | | 0.3 |
| Project Management and Property Services | Commercial Property and Development | <p>£1.4m is made up of:</p> <ol style="list-style-type: none"> 1. Overspend of £176k mainly on agency staff in Property Development is funded by vacant posts budget which includes budget to cover costs for one-year only; 2. Commercial Property BAU £569k rental property mainly due to income shortfall, void costs etc; 3. £125k retail market pressure as external supplies and services costs are higher than existing budget available 4. £136k City Centre South related mainly due to void NNDR charge, with former Aviva sites (£25K) net additional income received after the property handover date for development is delayed and cost for insurance. 5. £291k overhead overspend mainly due to agency costs higher than budget from vacant posts 6. £110k overspend on the major city centre development projects includes costs for former Aviva sites insurance charge and agency staff to be partially funded by budget in Property Development this year only. | 1.4 |
| Project Management and Property Services | Facilities & Property Services | <p>£1.3m is made up of:</p> <ol style="list-style-type: none"> 1. (£560k) Energy underspend 2. (£650k) Operational Property R&M programme delayed controlling cost in this year 3. (£265k) R&M service income overachieved by (£200k) with saving from vacancies (£65k) 4. (£194k) savings from Business Rates 5. Pressure on rents £190k and £170k Fairfax L.C | (1.3) |
| Project Management and Property Services | PMPS Management & Support | relates to additional A60 income target to be achieved | 0.2 |

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| Project Management and Property Services Variance | | | 0.3 |
| Public Health | Public Health Staffing & Overheads | A result of the release of funding previously held in reserve | (0.3) |
| Public Health | Public Health - Migration | A result of some grant flexibility | (0.4) |
| Public Health | Public Health - Insight | A result of utilising some additional grant to support relevant public health costs. | (0.6) |
| Public Health Variance | | | (1.3) |
| Streetscene & Regulatory Services | Planning Services | There has been an overall reduction in planning applications since COVID which reflects the national trend. This is partly mitigated by an increase in fees effective from 1st October 2023. | 0.2 |
| Streetscene & Regulatory Services | Streetpride & Parks | The net variation across Street pride and Parks is £1.36m overspend due to a number of factors including: a) shortfalls in income - activities c£271k - in the parks (includes car park) b) Set up costs and non-achievement of (historic) savings target - Coventry Funeral Services c£330k c) Pressures in Urban Forestry of £208k due to Tree Surveys/Remedial works and inflationary pressures d) Various spend pressures across Parks c£190k e) A net overspend of c£274k on Street pride as a result of using Agency/Overtime to cover vacancies whilst the new structure is being implemented and, f) Traveller incursions c£100k | 1.3 |
| Streetscene & Regulatory Services | Waste & Fleet Services | Commercial Waste is currently under review and is forecasting a deficit of c£312k. A decision was made for a 3rd party to deliver the Waste Collection service alongside CCC staff at an additional net cost of £681k. There are also pressures in this area relating to Fleet (Spot Hires) due to HSE recommendations. Waste disposal is forecasting an o/spend of £439k partly due to higher than expected gate fee increases (mainly at WEP), increases in tonnages and additional costs associated with the WTS. | 1.4 |

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| | | (Anticipated savings related to SRL have been factored in to this.) PTS are forecasting an overspend of c£170k as a result of high sickness levels and additional Fleet costs. These pressures are all partly offset by a surplus in Fleet of c£288k which has arisen as a result of a combination of additional (one-off) income and savings on capital finance (time limited) as a result of the EV Programme. | |
| Streetscene & Regulatory Services | SSGS Management & Support | This relates to Legal costs associated with HSE and Equal Pay claims. | 0.2 |
| Streetscene & Regulatory Services | Environmental Services | Vacancies in Street Team Enforcement are being covered by O/time/Agency c£85k. There are also pressures in Pest Control relating to cover for vacancies c£29k, Kennel Safety Improvements c£17k and costs associated with re-homing pets c£15k (XL Bullies) | 0.2 |
| Streetscene & Regulatory Services Variance | | | 3.3 |
| Transportation & Highways | Traffic | The contract price for Street Lighting energy has risen during the highest period of usage (winter). In addition, contractual payments made to the PFI company have also been affected as they are partly based on energy rates. | 0.7 |
| Transportation & Highways | Highways | There is a pressure largely due to the anticipated costs to be incurred to address highways defects (£350k) together with the delayed achievement of some MTFS savings targets (£250k). | 0.7 |
| Transportation & Highways | Transport Policy | Savings have been made by forgoing expenditure and utilising grant funding for scheme development costs | (0.1) |
| Transportation & Highways | Other Variances Less than 100K | | 0.1 |
| Transportation & Highways Variance | | | 1.4 |
| Ringfenced Funding | SEND & Specialist Services | Dedicated Schools Grant Variance: The number of Education Health and Care Plans maintained by the Council grew by circa 15% during 2023 against a forecast of 10%. Consequently, the Dedicated Schools Grant is absorbing a further £1.5 million of unplanned expenditure. Demand for specialist provision now exceeds locally available provision for some types of need | 1.0 |

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| | | in specific age ranges. Coventry has therefore increased its use of external / out of City placements to ensure children's needs are met. This is at a significantly higher unit cost compared to publicly funded schools. Any opportunity to increase the number of in-year commissioned special school placements has been taken and medium-term plans are evolving to expand local provision further. An offset of £0.4M under spend in respect of vacancy savings in SEN Support Services has been applied. | |
| Ringfenced Funding | Schools | Dedicated Schools Grant Variance: This underspend primarily relates to the Council's High Needs holding pot. This is budget that has been earmarked to support the Council's overall SEND Strategy and fund known provision cost pressures that will arise in future years. | (2.1) |
| Ringfenced Funding | Financial Strategy | Technical adjustment to remove total Dedicated Schools Grant Variance from the General Fund position. | 1.2 |
| Ringfenced Funding | Education Improvement & Standards | Dedicated Schools Grant Variance: This is a pooled fund for primary maintained schools that supports the funding of maternity leave for teachers. The number of staff taking maternity leave (including shared paternity leave) in the 23/24 financial year is lower than was estimated when the level of the fund was set resulting in an in-year underspend. We have adjusted and reduced the level of the fund for the 24/25 financial year, and any underspend will be ringfenced within the DSG reserve for de-delegated services. | (0.1) |
| Ringfenced Funding Variance | | | 0.0 |
| Total Non-Controllable Variances | | | 16.7 |

Appendix 2

Capital Programme Approved / Technical Changes

| SCHEME | EXPLANATION | £m |
|---|---|------------|
| Highways Investment | The Prime Minister's Network North announcement on 4 October 2023 included a commitment to an additional £8.3 billion for local highway maintenance from 2023/24 - 2033/34. This equates to £439k additional funding that the Council will receive this financial year. | 0.4 |
| Eastern Green - A45 Overbridge | The awarded £15.6m from Homes England for the delivery of the A45 Overbridge at Eastern Green has now been fully drawn down and passported over to the developer. As Coventry City Council (CCC) are the accountable body for the delivery of the scheme, there is a legal agreement that the process moving forward will entail the developer re-imbursing CCC all invoiced amounts prior to CCC paying these funds over to the contractor. This ensures no financial risk to CCC. | 6.0 |
| Education Programme - Basic Need | Further S106 funds have been paid by Developers on completion of housing developments for Pickford Lane and Paragon park | 1.1 |
| Devolved Formula Capital Energy Eff | This is a new Grant - Eligible schools and sixth-form colleges will receive an allocation from an additional £447 million of capital funding to improve energy efficiency in 2022 to 2023. This is part of an additional £500 million of capital funding for schools and further education institutions in England. | 0.5 |
| MRF (Sherbourne Recycling Loan) | The technical change is due an overstated forecast of interest payments | (0.5) |
| UKSPF - Coventry UK Shared Prosperity Fund - Job Shop | Re-profiled after additional grant funding, an additional £200k from UKSPF, £150k from WMCA and £150k from Landlord Contribution | 0.5 |
| Green Homes Grant Phase 3 | Technical change of re-profiling across the capital 5 year programme to reflect the latest reported position. | 0.5 |
| Cultural Gateway | Report taken to Cabinet on 14 th March 2023 – City Centre Cultural Gateway Project with an approval of capital expenditure up to £48.6m. The £0.8m change to the programme reflects the first drawn down of these funds to cover professional fees towards the Collection Centre Development. | 0.8 |
| Miscellaneous | Schemes below £250k threshold | 0.3 |
| TOTAL APPROVED / TECHNICAL CHANGES | | 9.6 |

Appendix 3

Capital Programme: Analysis of Rescheduling

| SCHEME | EXPLANATION | £m |
|--|---|-------|
| Coventry Very Light Rail | The process of securing funding approvals from the Department for Transport has taken longer than initially programmed, which has in turn meant that work on the City Centre Demonstrator (CCD) project has been delayed with delivery now programmed for 2024/25 financial year. Work has progressed on the development and testing of the prototype vehicle, which is well advanced, and on the testing of the track, with test sites at the Whitley Depot, University of Warwick and the VLR National Innovation Centre at Dudley. The re-profiling of funding reflects the revised programme for the CCD project. | (5.0) |
| Friargate Building 2 | Report taken to Cabinet on 25th August 2020 - Funding and Delivery of Friargate 2. The £362k acceleration of spend relates to the specific report recommendation of capital expenditure up to a capped amount of £17m from prudential borrowing to fund the grant of the 250 years long leasehold interest in the land to the Council and the delivery of the building to be constructed on Two Friargate. | 0.4 |
| Local Network Improvement Plan (LNIP) | <p>Schemes identified for delivery through the Local Safety Schemes (LSS) were intended to stretch across multiple years due to the size and complexity of the schemes to be delivered. Year 1 has focused and prioritised on scheme investigation and development with design work taking place to enable delivery of schemes from April 2024.</p> <p>The UTMC LNIP programme is aligned with service resources and delivery priorities in 2023/24 which has focused on delivery of the Binley Cycle Scheme, Air Quality Programme and Key Route Network schemes which sit separate to the LNIP programme. It is also noted that in quarter 3 the DfT announced a bidding opportunity for funding to refresh existing signals assets which aligns with priorities in our existing LNIP programme and as such delivery has been paused and proposed to be rescheduled into 2024/25 to tie in with the funding announcement which is now expected in March 2024.</p> | (0.6) |
| City Region Sustainable Transport Settlement (CRSTS) - Foleshill Transport Package | Process to submit business case has taken longer than initially planned and resource switching to secure Active Trave for England extension (ATF4e) bid funding for the scheme. Work has progressed on the design of the scheme; business case for Blue Ribbon Roundabout submitted; consultation exercise completed and £2.15m provisionally secured through ATF4e. The re-profiling of funding reflects the revised programme for the Foleshill Transport Package. | (1.1) |
| City Region Sustainable Transport Settlement | Process to submit the business case and detailed design work; took longer than initially planned due to resource limitations and changes following feedback from stakeholders. The first package of work (Abbey Road / London Road junction) is in construction, | (2.4) |

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| (CRSTS) - Coventry South Transport Package | business case submitted, and design of other works packages are underway. The re-profiling of funding reflects the revised programme for the Coventry South Transport Package. | |
| Loans -Duplex | The drawdown of the loan is dependant on the demand for on lending | (0.6) |
| Children with disabilities new build home | The build programme time slippage, and this is mainly due to the procurement of the build contractor taking longer than expected and costs coming back higher than expected. All of this pushed the build programme back, and as such costs have slipped into the next financial year. | (0.6) |
| Provision of Temporary Accommodation | As approved at Cabinet on 15th March 2022, phase 2 £7m to purchase, refurbish and manage properties to use as Temporary Housing for homeless families. Due to the success of the programme, following the delivery of phase 1 we are now in a position to accelerate the proposed funding sitting in next financial year. | 0.9 |
| Residential Home (Short Term) | An element of the works that were due be completed by the end of the financial year have started later than anticipated, therefore the works will now be completed in 2024-25 financial year. | (0.5) |
| Multi Storey Car Parks - New Union Street Car Park Demolition | The rescheduling is due to Contractors not being on site until end of year so payments will not be made until the first quarter of 24/25 | (0.5) |
| Woodlands | Project delayed due to planning pre-commencement conditions issues and change of requirement by Sidney Stringer Multi Academy Trust in relation to the temporary accommodation to rehouse pupils out of building scheduled for demolition | (1.8) |
| Basic Need | A few projects have been brought forward from their originally envisaged cashflow, this being due to starting projects earlier than designed and some additional enabling works have been undertaken before the formal start of projects so that on official start all/most of the information required is readily available. | 0.5 |
| Miscellaneous | Schemes below £250k rescheduling | (0.4) |
| TOTAL RESCHEDULING | | (11.7) |

Appendix 4

Prudential Indicators

| Indicator | per Treasury Management Strategy 2023/24 | As at 31 Dec 2023 |
|--|--|--|
| Ratio of Financing Costs to Net Revenue Stream (Indicator 1) , This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. | 14.98% | 14.60% |
| Gross Borrowing should not, except in the short term, exceed the total of the Capital Financing Requirement (CFR) at 31st March 2023 plus the estimates of any additional CFR in the next 3 years (Indicator 2) , illustrating that, over the medium term, net borrowing (borrowing less investments) will only be for capital purposes. The CFR is defined as the Council's underlying need to borrow, after taking account of other resources available to fund the capital programme and is the amount of capital expenditure that has not yet been financed by capital receipts, capital grants or contributions from revenue. | Estimate / limit of £546.2m | £312.7m Gross borrowing within the limit. |
| Authorised Limit for External Debt (Indicator 5) , This statutory limit sets the maximum level of external borrowing on a gross basis (i.e. excluding investments) for the Council. Borrowing at this level could be afforded in the short term but is not sustainable. The Authorised limit has been set on the estimated debt with sufficient headroom over and above this to allow for unexpected cash movements. | £534.8m | £312.7m is less than the authorised limit. |
| Operational Boundary for External Debt (Indicator 6) , This indicator refers to the means by which the Council manages its external debt to ensure it remains within the statutory Authorised Limit. It differs from the authorised limit as it is based on the most likely scenario in terms of capital spend and financing during the year. It is not a limit and actual borrowing could vary around this boundary for short times during the year. | £514.8m | £312.7m is less than the operational boundary. |
| Upper Limit on Fixed Rate Interest Rate Exposures (Indicator 9) , These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The Upper Limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could impact negatively on the overall financial position. | £480.9m | £245.7m |
| Upper Limit on Variable Rate Interest Rate Exposures (Indicator 9) , as above highlighting interest rate exposure risk. | £96.2m | -£68.8m |
| Maturity Structure Limits (Indicator 10) , This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to | | |

| | | |
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| <p>protect against excessive exposures to interest rate changes in any one period, thereby managing the effects of refinancing risks. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.</p> <p>< 12 months 12 months – 24 months 24 months – 5 years 5 years – 10 years 10 years +</p> | <p>0% to 50% 0% to 20% 0% to 30% 0% to 30% 40% to 100%</p> | <p>4% 13% 9% 12% 62%</p> |
| <p>Investments Longer than 364 Days (Indicator 11), 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.</p> | <p>£30m</p> | <p>£0.0m</p> |

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Public report

Audit and Procurement Committee

18 March 2024

Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Councillor G Duggins

Director Approving Submission of the report:

Director of Finance and Resources

Ward(s) affected:

City Wide

Title:

Corporate Risk

Is this a key decision?

No – This is a monitoring report.

Executive Summary:

The purpose of this report is to provide the Audit and Procurement Committee with the outcome of the review of the Corporate Risk Register 2024-25 in Appendix 1 to the report. 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).
- 3) Approve the bringing of a further risk management report to the Audit and Procurement Committee in September 2024.

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 2024-25.
- 1.4 The Grant Thornton value for money report recommended that the Corporate Risk Register be reviewed by the Audit and Procurement Committee on a more regular basis.

2. Options considered and recommended proposal

- 2.1 The Corporate Risk Register at Appendix 1 to the report has been reviewed in consultation with the 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. In addition, a further column has been added identifying what the risk score was when the Committee last received a report in March 2023.
- 2.2 The Corporate Risks and the control measures in place to address them are more fully described in Appendix 1 to the report. 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 33 – Equal pay claims and the impact on budgets and the delivery of services.

Risk 34 – Successful investments in companies.

Risk 35 – The threat of Cyber-attack to the delivery of One Coventry priorities - In previous iterations of the Corporate Risk Register, this risk was covered under Risk 3 together with other IT risks. It is proposed that the risk of cyber-attack is a sufficient threat to warrant its own risk due to the potential impact on the organisation and the delivery of services.

Risk 36 – Managing any loss of reputation and public trust.

Risks removed:

No risks have been removed from the Corporate Risk Register.

Risks where the inherent risk score has changed but the residual risk score remains the same.

Risk 1 – Inability to deliver a balanced budget in the medium term. The inherent risk score has increased from 20 to 25.

Risk 25 – Education and the link to inequalities. The inherent risk score has increased from 12 to 16.

Risks where the residual risk score has decreased.

Risk 21 – Business growth and investment. The inherent risk score has reduced from 16 to 9 and the residual risk score from 9 to 4.

Risk 22 – Childrens Services Workforce stability. The residual risk score has reduced from 20 to 16.

Risk 28 – A deterioration in industrial/employee relations affects the Council's ability to deliver vital services. The inherent risk score has reduced from 25 to 16 and the residual risk score from 16 to 12.

Risk 29 - The continued implementation of the Elections Act 2022. The residual risk score has reduced from 20 to 15.

Risks where the residual risk score has increased.

Risk 26 – Increases in demand for specialist school placements for children with an Education Health and Care Plan. The residual risk score has increased from 9 to 16.

Risk 31 – 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. The residual risk score has increased from 6 to 9.

- 2.4 It is proposed that the Corporate Risk Register be reviewed by the Audit and Procurement Committee next in September 2024.

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 Director of Finance and Resources and the Director of Law and Governance

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?

<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-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

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Corporate Risk Register – 18 March 2024

Date last reviewed by Audit and Procurement Committee – 20 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. <https://www.coventry.gov.uk/strategies-plans-policies/risk-management-policy/4>

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 | Previous year's residual risk score |
|----|---|--|--|--|--|--|--|
| 1 | <p>Inability to deliver a balanced budget in the short and medium term.</p> <p>There is a risk that the Council will not be able to achieve its priorities whilst at the same time balancing its budget. This is because of a combination of increased pressure on all sources of funding, increased</p> | <p>With stretched resources it becomes harder to meet the complex needs of vulnerable people, address inequalities and work towards climate change commitments.</p> <p>Difficult decisions about resource allocation will be</p> | <p>Likelihood Score</p> <p>5</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> | <p>A rigorous structure exists to oversee budgetary processes.</p> <p>In addition to the Council's financial position for 2023-2024 there are gaps in future years. Work was carried out to identify actions to address areas of overspend, apply grant funding to fund costs, hold non-essential vacancies, cease any non-essential spend, hold any proposals for new expenditure, review corporate reserves, identify any opportunities for switching capital to</p> | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> | <p>Director of Finance and Resources</p> | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> |

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| <p>demand and complexity in services, including in Adults and Children's services, the continued heightened impact of inflationary pressures across many areas of the budget and the overspend position reported within the 2023-2024 budgetary control process.</p> <p>This resulted in difficult decisions being made by Members and senior officers about which services to support, with consequences for residents and the city, during the 2024-2025 budget setting process. Further action will be required to deliver an ongoing balanced budget.</p> | <p>required from Members and senior officers.</p> <p>Short-term announcements and increased volatility of funding make it difficult to obtain value for money, plan, consult and report within required timeframes.</p> | 25 | <p>fund revenue and undertake a balance sheet review.</p> <p>Most of this early work was targeted at 2023-2024 but options to identify solutions with a medium-term impact were also presented and examined by Directors.</p> <p>A detailed piece of work has been carried out by all service areas as well as line by line meetings between the Directors and the Chief Executive. Leadership Team have undergone peer review challenge on the options resulting from this work and these formed the basis of proposals set out in the pre-budget report in December 2023.</p> <p>Specific programmes are in place to identify commercial opportunities and optimise service delivery models to produce a medium-term programme of transformation and ensure future financial sustainability.</p> <p>This approach improves the Council's ability to find significant savings and mitigate a significant proportion of the pressure in the medium-term.</p> <p>The Council's aim is to implement medium-term planning, which is not over-reliant on reserve contributions,</p> | 15 | | 15 |
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| | | | | <p>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. However, despite all the difficult decisions and positive action taken to deliver a balanced budget for 2024-2025, the Council will still require the use of reserves to balance the 2023-2024 outturn position and budget gaps remain for financial years 2025-2026 and 2026-2027.</p> <p>Once the 2024-2025 budget has been approved, appropriate governance will be applied to the various actions required to performance manage the delivery of savings. Officers will also commence work early to start to plan for 2025-2026 and beyond.</p> <p>Similar pressures are being reported across the local government sector, and there was no additional funding distributed in the Provisional Settlement (December 2023) to support the mounting pressure across Local Government, outside of what had already been announced. Action was, and will continue to be taken as opportunities arise, to lobby the Government directly and through organisations such as SIGOMA, ALATS</p> | | |
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| | | | | and the LGA to highlight the Council's (and the sector's) financial position. | | | |
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One Coventry Priorities and Enablers: ICT and Digital impacts the delivery of all priorities and enablers

Service Area: Digital Services

| No | Risk description | Impact | Inherent risk score | Measures to mitigate risk | Residual risk score | Risk owner | Previous year's residual risk score |
|----|---|---|--|--|--|--------------------------|--|
| 3 | <p>ICT & Digital services and their contribution to the delivery of One Coventry Priorities</p> <p>If the programme of ongoing development and the implementation of the ICT and Digital Strategies 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. 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>Increasingly ICT & Digital supply chains present a risk. A number of suppliers across systems,</p> | <p>If the programme of ongoing development and the implementation of the ICT & Digital 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>Supply chain challenges result in financial pressures and risks as suppliers increase their charges. Where suppliers withdraw products from the market this could represent a significant business risk depending on the notice period given and the time</p> | <p>Likelihood Score</p> <p>5</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>25</p> | <p>The ICT & 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. Supply chain risks are also monitored through this with extra focus given to core/critical systems.</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</p> | <p>Likelihood Score</p> <p>4</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>12</p> | Head of Digital Services | <p>Likelihood Score</p> <p>4</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>12</p> |

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| | <p>infrastructure and services are either struggling in the current economic climate or altering their business models to be able to adapt to the challenging trading conditions. This has meant increasing costs to the Council and in some cases solutions that are used being scheduled to be withdrawn from the market, meaning that the Council needs to find replacements.</p> | <p>to find an alternative solution.</p> | | <p>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 | Previous year's residual risk score |
|----|---|--|--|---|---|-----------------------------|---|
| 5 | <p>A workforce that delivers the Council's priorities</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 and Medium-Term Financial Strategy priorities.</p> <p>The Council will be less able to deliver positive differences to the lives of residents 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</p> | <p>Likelihood Score</p> <p>4</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>12</p> | <p>The People Plan focuses on organisational development, pay, reward and recognition, workforce planning, information management, support, and sustainability.</p> <p>One Coventry values are embedded into the recruitment and appraisal processes and form the cornerstone of the recognition scheme.</p> <p>Work with Public Health and Trades Unions, on health and well-being, uses evidence including feedback from staff to develop appropriate responses and actions to support a healthier workforce.</p> <p>Stress, anxiety, and depression are the leading reasons for absence. New initiatives supporting mental health have been introduced, including Mental Health Clinics, Well-Being Wednesdays, U Ok? and BoB – build your own resilience training.</p> <p>A podiatry clinic and Musculoskeletal support is also in place and well-being</p> | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>2</p> <p>Total Score</p> <p>6</p> | Director of Human Resources | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>2</p> <p>Total Score</p> <p>6</p> |

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| | | <p>culture of respect for differences.</p> <p>The Council might not be legally compliant in payroll, and employment processes, such as right to work, and this 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 and 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>kiosks will be introduced in key locations. Work to secure a Silver Thrive accreditation is near completion.</p> <p>The sickness process – Enabling Attendance at Work has been in place for more than a year, it has been well received and absence has reduced slightly. Audit have made a number of recommendations to improve the process and consistency.</p> <p>Human Resources continue to work in partnership with Trades Unions to review, revise and implement policies, procedures, and training, with a number agreed in the last year.</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. Application numbers from diverse candidates has improved, and the number shortlisted has increased but work is still needed to increase the number of successful candidates. To this end the Council is introducing reflective workforce panels.</p> | | | |
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| | | | <p>The Employee Engagement Plan has achieved better and greater engagement through the recognition scheme, employee newsletter and information sessions. The last part of the plan to recognise employees for the contribution they make has now been implemented and showcases great work and organisational storytelling.</p> <p>A supportive learning culture is being established. The Council's apprenticeship offer has a good reputation and has built better links with schools, but it is seeking to widen this.</p> <p>The Council will retain and develop talented staff with effective succession planning.</p> <p>Leadership and management capability is being strengthened. The Council has access to a mentorship scheme, plus Coaching Culture. In 2023 the Leadership Hub was introduced. This is a one stop site for information on leadership and management development.</p> <p>The Council has developed better and greater use of social media and has a positive rating on 'Glass Door'. It has increased apprenticeship pay and</p> | | |
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| | | | | regularly reviews the benefits package. This contributes towards improving the wider offer. The Council has also introduced a Market Supplement Policy and has a subscription to market data, and it responds 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 | Previous year's residual risk score |
|----|--|--|--|--|--|--------------------------------|--|
| 6 | <p>Supporting people who may require services from Adult Social Care to remain safe.</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 requiring support 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</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. This is more an issue for people in receipt of care and support who may be experiencing a</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. Decisions are made on the information that presents.</p> <p>Outstanding cases where further work is required are monitored and there is liaison between Service Managers and Team Leaders to agree priorities. Additional staffing secured to make regular contact with people waiting and build a schedule of contact based on risk and priority.</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, a number 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>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>4</p> <p>Total Score</p> <p>12</p> | Director of Adults and Housing | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>4</p> <p>Total Score</p> <p>12</p> |

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| | <p>suffering worsening physical and mental health.</p> | <p>change in circumstances because the Council is comparatively quick to respond to people not previously known to it.</p> <p>Vulnerable adults may deteriorate, becoming mentally or physically unwell, lose confidence, fall, or suffer unreported or concealed abuse or neglect.</p> <p>Opportunities for prevention are missed, as are opportunities to work with people over a longer period of time to improve outcomes. As a result, intervention may become 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.</p> | | <p>Audits of safeguarding activity to ensure thresholds are being appropriately applied.</p> <p>Application of 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> <p>To support effective management of resources the Council will focus more on personal budgets when care is reviewed, or new support packages commence.</p> | | | |
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| | | <p>Some choose to leave the sector.</p> <p>The reputation of the Council is reduced because they have failed to assess, safeguard, or protect.</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 | Previous year's residual risk score |
|----|---|--|--|---|--|---|--|
| 7 | <p>Childrens Services statutory safeguarding responsibilities</p> <p>If the Council and its partners fail to discharge their statutory safeguarding responsibilities and regulatory obligations, 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 and wellbeing, leaving them less able to lead happy and fulfilling lives.</p> <p>Potential for complaints and litigation.</p> <p>Children's circumstances and outcomes will not improve, they 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</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 and tracker to include assurance of the recommendations as they are completed.</p> <p>Re-invigoration of quality assurance framework and performance management 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. Deliver purposeful interventions to reduce the likelihood of children escalating into statutory services.</p> <p>Deliver a 'Good' quality Children's Services so that there is identification and early assessment of those children who need immediate protection. Identification of risks and actions taken to protect them are</p> | <p>Likelihood Score</p> <p>4</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>20</p> | Interim Director of Children's Services | <p>Likelihood Score</p> <p>4</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>20</p> |

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| | | <p>have failed to safeguard or protect.</p> | | <p>appropriate and effective. Assessment and planning are strengthened using a risk management model to support child-focused practice.</p> <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.</p> <p>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.</p> <p>Effective plans are in place to manage the increase in demand and the increase in complexity of caseloads.</p> <p>There are clear and accessible policies (including supervision), procedures, and practice standards in place alongside learning and development opportunities that support effective practice and decision making across the Children's Services workforce.</p> | | | |
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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 | Previous year's residual risk score |
|----|--|---|--|--|--|--------------------------------|--|
| 19 | <p>An increase in families in temporary accommodation and street homelessness</p> <p>If the cost-of-living crisis continues, including increases in rent and interest rates 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. A significant increase was realised in 2023.</p> | <p>The number of households approaching as homeless and those placed into temporary accommodation increased significantly in 2023.</p> <p>Increased numbers of families in temporary accommodation and an increase in street homelessness will have a detrimental impact on the well-being of residents.</p> <p>Levels of deprivation and inequality in the city will increase and the Council will fail to deliver its One Coventry priority.</p> <p>The Council may fail in its housing duties.</p> | <p>Likelihood Score</p> <p>5</p> <p>Impact Score</p> <p>4</p> <p>Total Score</p> <p>20</p> | <p>Additional funding for rough sleeping has been provided by the Department for Levelling Up, Housing and Communities.</p> <p>Funding for additional accommodation for rough sleepers has been secured for an 18-bed unit.</p> <p>Maximising the internal and external support of partners to help people to remain in accommodation.</p> <p>The Council has purchased 92 units within houses in multiple occupation with a further 2 schemes totalling 53 beds progressing. Approval to purchase 50 large family houses for temporary accommodation was given in March 2022. 41 have been purchased with a further 9 either in conveyancing or have had offers made on them.</p> <p>The service has developed and are implementing a temporary accommodation reduction plan.</p> | <p>Likelihood Score</p> <p>5</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>15</p> | Director of Adults and Housing | <p>Likelihood Score</p> <p>5</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>15</p> |

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| | | <p>Businesses may struggle to grow if employees cannot find the right housing.</p> <p>The reputation of the city as a great place to live and work will suffer.</p> <p>An increased financial burden on the Council.</p> | | <p>The Council works with Registered Providers and 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 very difficult. However, the Government has increased Local Housing Allowance rates from April 2024 which should have a positive impact.</p> <p>The Council has procured a number of family sized houses for temporary accommodation through contractual arrangements.</p> <p>The Council is working with a Registered Provider in the city to deliver circa 50 flats for homeless families as temporary accommodation to be delivered in mid-2024.</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 | Previous year's residual risk score |
|----|---|---|---|--|---|--------------------------------------|---|
| 21 | <p>Business growth and investment</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 stagnant economic performance which is forecast to persist during 2024.</p> <p>Underlying challenges are the prevailing high cost of doing business, despite inflation falling (notably in energy and costs of goods and services), labour shortages driving up wages, the cost-of-living crisis (which weakens demand), and ongoing</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, and in growth sectors.</p> <p>Downsizing or closure of businesses, particularly as government has reduced spending on the overall Coventry & Warwickshire business support ecosystem after European</p> | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>9</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 (some are at advanced stages) and Government to accelerate the project. The WM Gigapark has also now been confirmed as a tax incentive and Business Rate retention site in the WMCA Investment Zone, which should help to improve the attractiveness of the area to investment in both production and research and development activities in future mobility and batteries in particular. The Council is working with WMCA to ensure that the supply chain, innovation/research and development and skills development interventions to be delivered through the Investment Zone</p> | <p>Likelihood Score</p> <p>2</p> <p>Impact Score</p> <p>2</p> <p>Total Score</p> <p>4</p> | Director of Regeneration and Economy | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>9</p> |

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| <p>increased interest rates, which raises the cost of borrowing. These are constraining business investment levels. The challenging international trade environment and higher administration requirements for exporters and importers post Brexit is also constraining the growth and competitiveness of those businesses with products and services that can be traded internationally.</p> | <p>Regional Development Fund funding ended in June 2023. The replacement fund (UKSPF) is 43% smaller in size and the availability of innovation support is significantly reduced.</p> <p>Many small businesses are still repaying COVID loans and are tackling challenges with higher interest rates. This continues to restrict their ability to generate sufficient revenue and profit.</p> <p>Redundancies could result in increases in unemployment, with unemployment numbers having increased gradually as 2023 progressed. This will put pressure on welfare systems. Lack of growth in the economy also reduces availability of opportunities to get the economically inactive</p> | | <p>funding are targeted and focused in a way that will accelerate growth of the region's low emission vehicles and battery supply chain.</p> <p>Collaboration with local business support partners (fronted by CW Growth Hub) to develop an evidence base and lobby Government on local business needs, and to shape future interventions and secure the necessary public funds. This could include some of the additional £4.5bn that the government has announced to support the development of advanced manufacturing nationally.</p> <p>A new business support offer, through the UK Shared Prosperity Fund, fronted by the Council (with CW Growth Hub and further organisations to be procured as key partners) as part of the Business Growth WM service, which was launched in September 2023. This is supporting businesses (through non-financial support and grants) with barriers to growth and innovation, with specialist support services in decarbonisation and investment readiness (all up to March 2025). This will link with other regional and national business support products (e.g. Help to Grow, British Business Bank, WM Co-investment Fund and upcoming WM</p> | | | |
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| | | <p>back into the labour market.</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>Supply Chain and High Growth programmes).</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, particularly from growth sectors such as advanced manufacturing (including low emission vehicles and batteries), creative industries and professional services.</p> <p>The Coventry City Council Employer Hub will continue to match Coventry residents with vacancies in businesses, so recruitment needs are tackled.</p> <p>Support for major events and conferences in the city that bring both short-term and longer-term benefits to business, including ensuring that the Council builds strong economic and social legacies from UK City of Culture 2021 and the 2022 Commonwealth Games. This includes capitalising on the £127m of media coverage and increased profile of the city, as well as</p> | | | |
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| | | | | building on 2022 as a record year for tourist numbers and spend in Coventry. | | | |
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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 | Previous year's residual risk score |
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| 22 | <p>Childrens Services workforce stability</p> <p>If Children's Services fails to retain and develop its workforce to reflect the way it needs to operate, this might result in staff, particularly social workers, 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 impacting upon the understanding of children's circumstances.</p> <p>A need to recruit expensive agency social workers to meet statutory requirements and demand.</p> <p>A higher proportion of less experienced newly qualified social workers who require greater supervision, with reduced experience in</p> | <p>Likelihood Score</p> <p>5</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>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 and management development strategy (programme) 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. A range of social media platforms, recruitment campaigns, and other innovative approaches are deployed and considered, drawing upon the recent success of the Kids TV programme.</p> <p>Changes to the workforce offer have been implemented. They included the</p> | <p>Likelihood Score</p> <p>4</p> <p>Impact Score</p> <p>4</p> <p>Total Score</p> <p>16</p> | Interim Director of Children's Services | <p>Likelihood Score</p> <p>4</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>20</p> |

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| | | <p>the service to coach, develop and grow social workers in the early stages of their career.</p> <p>Impact on grant funding and ability to meet grant criteria to access continued funding. For example, being unable to recruit Early Help staff.</p> | | <p>offer of a retention payment for Social Workers/Senior Practitioners to be paid in April 2024 as an incentive to remain in employment. The Social Work Team Manager job role has been job evaluated, alongside the Independent Reviewing Officers and Chairs which took the job in line with competitive rates of pay within the region.</p> <p>The above actions are helping to minimise the number of vacancies and stabilise a permanent workforce.</p> <p>A review of the Progression Framework pathway is underway and will be effective from April 2024. This will be the exit strategy for replacing the retention payment in the future.</p> <p>The second Social Work Academy Team continues to significantly contribute to building short and medium-term workforce stability in the social worker roles.</p> <p>Regular monitoring and review of agency social workers takes place to identify reasons for cover matched against service needs, providing robust challenge where necessary.</p> | | | |
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| One Coventry Priority: Tackling the causes and consequences of climate change | | | | | | | |
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| Service Area: Climate Change and Sustainability | | | | | | | |
| No | Risk description | Impact | Inherent risk score | Measures to mitigate risk | Residual risk score | Risk owner | Previous year's residual risk score |
| 24 | <p>Tackling the causes and consequences of climate change and promoting sustainability</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 residents' health and wellbeing as well as to biodiversity.</p> | <p>Carbon emissions will not reduce in line with mandatory targets.</p> <p>An 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>Increasing energy costs which are exacerbated through energy inefficient homes below EPC C (currently 110,000 homes in the city).</p> <p>Increased costs to business, for energy,</p> | <p>Likelihood Score</p> <p>5</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>25</p> | <p>Development of the climate change strategy and action plan, measured by performance indicators to track progress.</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"> • Low Carbon • Circular Economy • Nature Based (biodiversity) • Adaptation and Resilience • Fairer Green Futures <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>Feeding into the Local Plan Review, strengthening the planning policy</p> | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>4</p> <p>Total Score</p> <p>12</p> | Director of Regeneration and Economy | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>4</p> <p>Total Score</p> <p>12</p> |

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| | | <p>fuel, and waste management. This would have a detrimental impact on the local economy.</p> <p>An increase in floods and flood damage to infrastructure, homes, businesses, and the natural environment.</p> <p>The Council may fail to deliver its One Coventry priority.</p> | | <p>framework to deliver more sustainable future development.</p> <p>Development, adoption and implementation of a Council wide adaptation and resilience plan.</p> <p>Improvements in energy efficiency and use of low carbon technologies. This will be led by the procurement and development of a fifteen-year Strategic Energy Partnership with E.ON, to increase the scale and pace of decarbonisation projects across the city.</p> <p>Investing in technologies to make the city a global market leader in clean and green transport, such as the development of Very Light Rail and drone technology. Roll out of All-Electric Bus City by 2025.</p> <p>Increased use of low carbon transport, active travel, and public transport.</p> <p>Reducing waste by supporting businesses, schools, communities, and the development of a circular economy. Promotion of the new Materials Recycling Facility to educate residents on domestic recycling and boost recycling rates.</p> | | | |
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| | | | | <p>Measures to improve air quality such as promoting modal shift and active travel, introducing more green space and infrastructure schemes.</p> <p>Sustainable urban drainage and green and blue initiatives to create more high quality and accessible green and blue infrastructure across the city.</p> <p>Protecting and developing existing and new biodiversity, including through Biodiversity Net Gain, and developing a Local Nature Recovery Strategy.</p> <p>Community engagement and campaigns to promote behaviour change. This has started with consultation on the draft Climate Change Strategy and a targeted engagement plan is being developed to deliver positive action working with communities and businesses across the city.</p> | | | |
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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 | Previous year's residual risk score |
|----|---|--|--|---|---|--|---|
| 25 | <p>Education and the link to inequalities</p> <p>If the Council does not meet its sufficiency duties, enabling children to take up their education entitlement, then there is a risk that their educational achievement will 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> | <p>Quality education is key to raising attainment and reducing inequalities and gaps in achievement for vulnerable 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>Inequalities will not reduce in line with the Council's One Coventry priorities.</p> | <p>Likelihood Score</p> <p>4</p> <p>Impact Score</p> <p>4</p> <p>Total Score</p> <p>16</p> | <p>A joined up One Coventry approach (including locality prototypes) to enable families to access support as early as possible.</p> <p>Launch of Early Help Strategy 2023-2025 and close working arrangements between Schools, Education and Children's Services to understand how family support can impact positively on the lives of children and young people.</p> <p>Doing It together: Getting a Good Education workstream has representation from headteachers across the city and feeds into the Coventry Safeguarding Partnership.</p> <p>Co-ordination and facilitation of the Coventry Education Partnership including school improvement, school to school support, collaboration, to support quality education and whole school improvement.</p> | <p>Likelihood Score</p> <p>2</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>6</p> | Director of Partnerships and Performance | <p>Likelihood Score</p> <p>2</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>6</p> |

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| | | | | <p>Management of supply and demand of school places across Coventry to fulfil the local authority's statutory duty in providing sufficient school places. Review of the Fair Access Protocol to ensure that the Council can continue to allocate school places for unplaced children and young people. The introduction of schemes and funding for bulge classes across the city to respond to significant increases in in-year admissions.</p> <p>Management of education capital investment in school buildings. This includes the delivery of the One Strategic plan, including Secondary and Special School expansion, and capital expansion to support the delivery of bulge classes across the city.</p> <p>Life-pathway approach including effective commissioning of the service supporting people Not in Education, Employment or Training. Tracking for young people, after the age of 16, to ensure appropriate pathways are identified.</p> | | | |
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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 | Previous year's residual risk score |
|----|---|---|--|---|--|--|---|
| 26 | <p>Increases in demand for specialist school placements for children with an Education Health and Care Plan</p> <p>Persistent year on year increases in demand for specialist school placements for children with an Education Health and Care Plan, is exceeding supply both locally and nationally. Consequently, the Council is becoming increasingly reliant on the independent sector to meet its statutory sufficiency duty.</p> <p>Alternative out of city placements, represent a significant unit cost increase in terms of</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 increase volume and unit costs, resulting in a potential in-year deficit of the High Needs Block and increased pressures on the home to school transport budget.</p> | <p>Likelihood Score</p> <p>5</p> <p>Impact Score</p> <p>4</p> <p>Total Score</p> <p>20</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 in the medium term.</p> <p>The capacity of special schools for learning disability will be maximised in the short term, through a programme of capital expansion.</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. This will include a series of enhanced resourced provisions (units) within mainstream schools.</p> <p>A co-produced workforce strategy will support the development of skills and expertise, enabling schools to further develop inclusive practice and increase capacity to meet a broader range of complex needs,</p> | <p>Likelihood Score</p> <p>4</p> <p>Impact Score</p> <p>4</p> <p>Total Score</p> <p>16</p> | Director of Partnerships and Performance | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>9</p> |

both fees and travel. The quality of external provision is lower than within City publicly funded schools and children achieve poorer outcomes.

underpinned by a training programme.

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 | Previous year's residual risk score |
|----|--|--|--|---|--|---|--|
| 27 | <p>Reducing health inequalities</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 healthy, 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 might increase.</p> | <p>Likelihood Score</p> <p>5</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>25</p> | <p>A financial strategy which seeks to apply the Council's resources systematically to reduce inequalities and protects the ring-fenced public health grant.</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"> • An Economic Prosperity approach which seeks to integrate the reduction of inequalities. • Improve the quality of jobs across the economy. • Work to reduce inequality in the education system, especially in the early years. | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>15</p> | Director of Public Health and Wellbeing | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>15</p> |

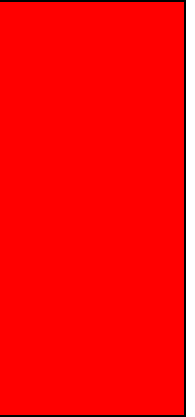
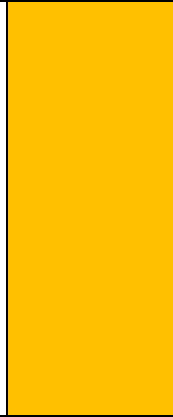
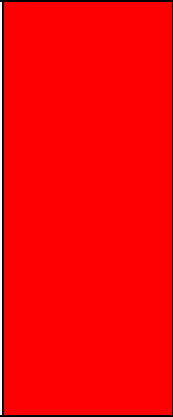
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| | | | <ul style="list-style-type: none">• Support the vulnerable, including the homeless, those with mental illnesses, refugees, and migrants.• Tackle violence.• Helping those on low incomes to access housing, heating, and insulation. <p>Work with our partners within the Integrated Care System and voluntary and community groups to tackle healthcare 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. Prioritise prevention as the first part of any clinical or care pathway.</p> <p>Having a collaborative approach with residents and communities (One Coventry) enabling and building leadership capacity within identified communities.</p> | | |
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One Coventry Enablers: 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 | Previous year's residual risk score |
|----|--|--|--|--|--|-----------------------------|--|
| 28 | <p>A deterioration in industrial/employee relations affects the Council's ability to deliver vital services.</p> <p>The Council was subject to an industrial dispute in 2022 and there was further action from teachers and support staff in 2023. The Trades Unions have a mandate for strike action within waste services.</p> <p>Cost of living and inflation remain a challenge in the city and there is potential for deterioration in employee relations resulting in wider disruption or cessation of operations and the Council being unable to</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</p> <p>4</p> <p>Impact Score</p> <p>4</p> <p>Total Score</p> <p>16</p> | <p>Effective industrial action management to cope locally with the impact of strikes.</p> <p>Continued negotiation with the Trades Unions to find solutions 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>The national pay award discussions on pay.</p> | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>4</p> <p>Total Score</p> <p>12</p> | Director of Human Resources | <p>Likelihood Score</p> <p>4</p> <p>Impact Score</p> <p>4</p> <p>Total Score</p> <p>16</p> |

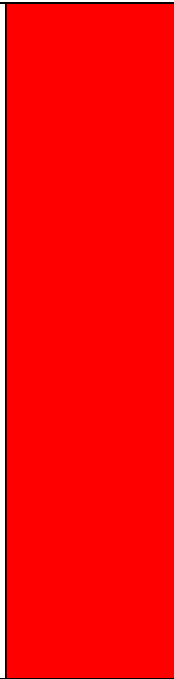
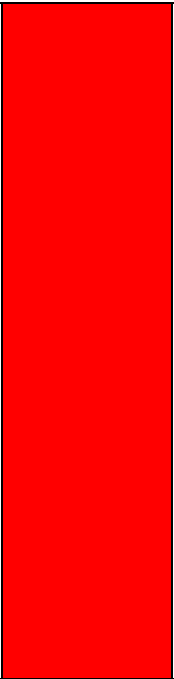

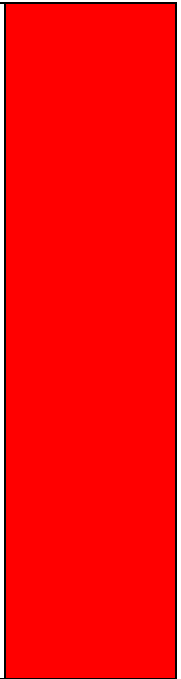
provide services as planned.



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 | Previous year's residual risk score |
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| 29 | <p>The continued implementation of the Elections Act 2022</p> <p>The late provision of guidance has impacted the normal planning of elections, including a possible general election, if one is called at short notice. In addition, the uncertainty around the Police and Crime Commissioner elections is having significant impact on planning assumptions.</p> <p>If the Council does not successfully implement the Act, including the tranche 2 changes, the Electoral Registration Officer / Returning Officer may be unable to deliver the required changes and some voters may be dis-</p> | <p>The implementation of the second tranche of changes takes place during 2023 and 2024. The cumulative impact of these changes, along with the ongoing requirements relating to voter ID and accessibility is considerable, at a time of limited resources for implementation.</p> <p>Elections 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</p> | <p>Likelihood Score</p> <p>5</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>25</p> | <p>Some new funding has been received. If this is insufficient the Council will have to make a justification led bid for further funds.</p> <p>A One Coventry approach is being taken so that the wider Council can provide support.</p> <p>The Council Elections project plan and risk register has a planning assumption that the May 2024 elections include the Police and Crime Commissioner election and a general election. They are updated to reflect the impact of the new provisions.</p> <p>The Head of Electoral Services is reporting to the Chief Legal Officer regarding staffing due to current vacancies in the team, to ensure that postal votes and Voter Authority Certificates etc can be processed successfully both online and in paper format. Also, to ensure that the administration of the regional elements can be delivered.</p> | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>15</p> | Director of Law and Governance | <p>Likelihood Score</p> <p>4</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>20</p> |

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| <p>enfranchised leading to a lack of confidence in election results.</p> <p>In addition, the Returning Officer is also the Combined Authority Returning Officer and Police Area Returning Officer and is responsible for co-ordinating the regional elections.</p> | <p>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 and training cannot be provided.</p> |  | <p>Training for staff on the impact of legislative changes has commenced with more to follow. The training includes practical training about how to process new applications. This will be supported by updated FAQs, processing instructions and training notes.</p> <p>Preparation of a communications plan so that everyone who is eligible can register to vote and take part in elections.</p> <p>The Head of Electoral Services is part of the Business Change Network facilitated by the 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 | Previous year's residual risk score |
|----|--|--|--|--|---|--|---|
| 30 | <p>Building community cohesion</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>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,</p> | <p>Likelihood Score</p> <p>2</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>6</p> | Director of Partnerships and Performance | <p>Likelihood Score</p> <p>2</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>6</p> |

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| | | <p>Refugee and migrant communities are adequately supported leading to cultural cohesion between groups, and better outcomes for individuals. The city's diversity and community wellbeing are enriched.</p> | | <p>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, 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</p> | | | |
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| | | | | <p>communities together in a positive environment.</p> <p>The Migration Team works closely with partners to provide key services to facilitate integration of refugee and migrant communities, including support services, English for speakers of other languages, promoting cross-cultural dialogues and events, education, induction to the city, life in the UK awareness, volunteering opportunities, employment assistance etc.</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 | Previous year's residual risk score |
|----|---|---|--|--|---|-----------------------|---|
| 31 | <p>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.</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</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 the increasing demand on Public Services.</p> <p>Tom White Investment:</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, less waste to landfill, a reduction in the use of raw materials in UK</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. The role of the Coventry Municipal Holdings Ltd (CMH) and Coventry Shareholder Committee strengthen the governance structure in place in relation to management of the investments and scrutiny of the performance against approved plans.</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>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>9</p> | Managing Director CMH | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>2</p> <p>Total Score</p> <p>6</p> |

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| | <p>and provide services to vulnerable residents.</p> | <p>industry, and the promotion of the circular economy. A reduction of 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>Coombe Abbey Park investment:</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>The hospitality sector has faced a challenging period caused by the impact of COVID on trading performance, inflation from suppliers and customers having less disposable income</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. Training has been provided to Directors and Members of the Coventry Shareholder Committee, so they understand their legal responsibilities and the role they play in the governance framework.</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 company, CMH for decision, and what is reserved back to Coventry Shareholder Committee and/or Full Council.</p> <p>There is at least one Council Director on each company board, at least two Directors from CMH on each company board and regular reports to Coventry Shareholder Committee (a subcommittee of Cabinet).</p> <p>Each company prepares a robust annual business plan and financial budget that is approved by the respective company Board, CMH and</p> | | | |
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| | <p>which affects demand for services. The business is focused on balancing the impact of cost recovery against prices charged for services provided in the market and is working with a revenue manager to understand the impact of price/occupancy.</p> <p>General Financial:</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 Council by the investment companies.</p> <p>The protection of rent payments to the Council.</p> <p>The risk on loan repayments to subsidiary companies</p> | | <p>Coventry 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. Coombe Abbey has a Non-Executive Director sector expert on the Board to provide challenge to the management team and information alongside other Board members.</p> <p>The CMH board reviews and challenges company performance every quarter. The Coventry 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 audited company accounts (if available), 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 decision making (contained within the Group Governance Agreement) means that financial</p> | | | |
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| | | rests with the Council as shareholder. | | <p>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 Coventry 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 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 | Previous year's residual risk score |
|----|---|---|--|---|--|-----------------------------|--|
| 32 | <p>A workforce that is healthy and safe</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</p> <p>5</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>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>The Council has invested in health and safety in the last year, by recruiting a further two health and safety advisors.</p> <p>Implement specific health and safety policy, procedures, guidance, and safe systems of work across the Authority at service level.</p> | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>4</p> <p>Total Score</p> <p>12</p> | Director of Human Resources | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>4</p> <p>Total Score</p> <p>12</p> |

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| | | <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>Audit, inspection and monitoring of health and safety compliance across the Authority and in the next year the Council will be introducing a new recording system for Incidents, accident and near misses - IAN.</p> <p>Awareness raising campaigns involving regular communications to staff promoting a range of health and safety topics to develop a positive safety culture.</p> <p>The Council has undertaken targeted work on violence and aggression at work.</p> <p>Effective Health and Safety risk assessments. Undertaking a review of the Health and Safety Committee arrangements to consider strengthening governance and gaining wider engagement.</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 | Previous year's residual risk score |
|----|---|--|--|--|--|-----------------------------|-------------------------------------|
| 33 | <p>Equal pay claims and the impact on budgets and the delivery of services.</p> <p>The number of equal pay claims already received are a significant financial risk if successful. If the claims continue to increase, there will be a significant impact on the Council's reserves and revenue budget. Meeting liabilities may result in spending reductions and a deterioration in service delivery to vulnerable residents.</p> | <p>There are currently approximately 180 claims under consideration.</p> <p>If the Council needs to meet the liability, including potential additional pension fund contributions, this may necessitate further spending reductions in service budgets.</p> <p>A challenging employee relations climate due to the claims and the subsequent action needed to stop the unfair practice, including industrial action.</p> <p>Reputational damage.</p> | <p>Likelihood Score</p> <p>5</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>25</p> | <p>Claims are being defended at Tribunal.</p> <p>The Council is committed to equal pay principles and practice and equitable pay arrangements for all staff.</p> <p>Posts are subject to Job Evaluation by internal trained panels of staff to ensure that job descriptions accurately reflect duties and responsibilities and are graded fairly.</p> <p>The results of decisions made by other authorities are monitored to ensure that relevant lessons are learnt.</p> <p>Expert legal advice is obtained to ensure compliance with legislation.</p> <p>Consultation with both Trades Unions and employees is underway to address the potential underlying practice which has created the potential inequality.</p> | <p>Likelihood Score</p> <p>4</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>20</p> | Director of Human Resources | Not Applicable |

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 | Previous year's residual risk score |
|----|--|--|---|---|---|-----------------------------------|-------------------------------------|
| 34 | <p>Successful investments in companies</p> <p>If there is inadequate governance of companies, the Council may sustain a depreciation in the value of its investments, be unable to drive income to raise revenue for services and deliver its One Coventry Plan priorities.</p> | <p>Investments have made significant returns through income generation and cost cutting.</p> <p>Investments make a significant contribution to the local and regional economy contributing to growth and employment.</p> <p>Investments have an impact on the regeneration of the city.</p> <p>The Council will be better able to navigate a deteriorating financial backdrop to local government funding caused by inflation and this will help the Council to deliver services to residents.</p> | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>9</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>Governance structures have been approved at Cabinet. A subcommittee of Cabinet, the Coventry City Council Shareholder Committee oversees companies in which the Council is a shareholder.</p> <p>In November 2023, the external auditors Value for Money Report (for 2021/22) on company governance maintained that the structures for the companies in the scope of the audit were appropriate and would enable the Council to have oversight of its companies and investments. They have suggested that the Council seeks an independent assurance review once the arrangements are embedded, which is planned for the Spring of 2024.</p> | <p>Likelihood Score</p> <p>2</p> <p>Impact Score</p> <p>2</p> <p>Total Score</p> <p>4</p> | Director of Finance and Resources | Not Applicable |

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| | | <p>Investment in Sherbourne Recycling will help the Council pursue its climate change priority.</p> <p>Other investments contribute to increasing the economic prosperity of the city and region.</p> | | <p>Suitably experienced or qualified Board Directors are in post in each of the company boards.</p> <p>The Council receives an annual independent valuer's report on long term investment value.</p> <p><u>Birmingham Airport</u> The Council is one of seven Councils which are shareholders, and they sometimes act as a block to increase influence.</p> <p>The Council has a representative on the Shareholder Advisory Board.</p> <p>The Airport has voluntarily adopted a Governance Framework that is assessed against the Wates Principles.</p> <p>There are policies in place to manage financial risk alongside a risk management programme that is regularly reported to the Board.</p> <p><u>Sherbourne Recycling</u></p> <p>The Council has Director representation on the Board.</p> <p>Impacts of financial guarantees given to contractors are mitigated through shareholder agreements.</p> | | | |
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| | | | <p>A competent project team has been established.</p> <p>A comprehensive risk register is maintained. The greatest risk to project viability has been mitigated through engagement with partner Councils.</p> <p><u>Coventry and Solihull Waste Disposal Company</u></p> <p>The Council has Director representation on the Board. The Articles of Association establish the requirement for unanimous decision making.</p> <p>Coventry City Council has the majority shareholding.</p> <p><u>Friargate Joint Venture Project Limited</u></p> <p>The Council is represented by 2 out of 5 Directors on the Board.</p> <p>Once the loan provided by the Council is paid off, the assessment of profits available for distribution shall be made by an independent auditor.</p> | | |
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| | | | | <p><u>University of Warwick Science Park Business Innovation Centre Limited</u></p> <p>The Council has Director representation on the Board.</p> | | | |
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One Coventry Priorities and Enablers: ICT and Digital impacts the delivery of all priorities and enablers

Service Area: Digital Services

| No | Risk description | Impact | Inherent risk score | Measures to mitigate risk | Residual risk score | Risk owner | Previous year's score |
|----|---|---|--|--|--|--------------------------|--|
| 35 | <p>The threat of Cyber-attack to the delivery of One Coventry priorities</p> <p>If the Council fails to deliver its ICT and Digital Strategies the likelihood of a large-scale failure of ICT & Digital services due to cyber-attack will increase. This could have a fundamental and significant impact on the delivery of the One Coventry priorities, the day-to-day operation of the Council and the provision of services to vulnerable people and the residents of the city.</p> | <p>If there was a large-scale failure of the services and technology that ICT & Digital provide 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>Likelihood Score</p> <p>5</p> <p>Impact Score</p> <p>5</p> <p>Total Score</p> <p>25</p> | <p>The ICT & 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. Supply chain risks are also monitored through this, with extra focus given to core/critical systems.</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</p> | <p>Likelihood Score</p> <p>4</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>12</p> | Head of Digital Services | <p>Likelihood Score</p> <p>4</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>12</p> |

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| | | | | <p>and firewall devices are patched and maintained.</p> <p>Patching and maintenance of laptops is on a 14-day cycle in line with the recommendation of the National Cyber Security Centre.</p> | | | |
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| One Coventry Enabler: Council's role as a partner, enabler, and leader | | | | | | | |
|--|---|---|--|---|---|-------------------------------------|---------------------|
| Service Area: Communications | | | | | | | |
| No | Risk description | Impact | Inherent risk score | Measures to mitigate risk | Residual risk score | Risk owner | Previous year score |
| 36 | <p>Managing any loss of reputation and public trust</p> <p>If the Council continues to face substantial ongoing financial challenges through the historic and unsustainable funding it receives, then increasingly unpalatable decisions will need to be made that might result in a reduction in services leading to reduced public trust and a loss of reputation.</p> | <p>Residents will have reduced trust in the Council because they may not receive services that they had previously, or charges for them may increase.</p> <p>Tension may increase between different communities if one feels it is being dealt with unfairly compared to others.</p> <p>Residents will withdraw from engaging with the Council, meaning that policy will not be based on the best information.</p> <p>Disinformation might be spread, based upon opinion and not facts.</p> | <p>Likelihood Score</p> <p>5</p> <p>Impact Score</p> <p>3</p> <p>Total Score</p> <p>15</p> | <p>The Council will continue to prioritise those who are most in need of services through the decisions it makes.</p> <p>The Council will be transparent about the financial challenges it faces and how it is trying to mitigate them.</p> <p>The Council will listen to the concerns of residents and respond to them.</p> <p>There is regular communication with residents of the city, but channels used, and their effectiveness will be regularly reviewed, led by experienced communications and engagement teams.</p> <p>The Council is seeking to work in new ways and in partnership, so that it can do more with less resources.</p> <p>The Council will challenge inaccuracies that are reported, including on social media, ensuring that facts are presented.</p> | <p>Likelihood Score</p> <p>3</p> <p>Impact Score</p> <p>2</p> <p>Total Score</p> <p>6</p> | Strategic Lead for Policy and Comms | Not Applicable |

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Coventry City Council

Public report

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

20 November 2023
14 December 2023
18 March 2024

Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Councillor G Duggins

Director approving submission of the report:

Chief Executive

Ward(s) affected:

All

Title:

Complaints to the Local Government and Social Care Ombudsman 2022/23

Is this a key decision?

No

Executive summary:

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

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

Every year, the LGSCO issues an annual letter to the Leader and Chief Executive of every Council, summarising the number and trends of complaints dealt with in each Council that year. The latest letter, issued 19 July 2023, covers complaints to Coventry City Council between April 2022 and March 2023 (2022/23) (see Appendix 1).

This report sets out the number, trends and outcomes of complaints to the LGSCO relating to Coventry City Council in 2022/23. It focuses on upheld complaints, compliance with Ombudsman's recommendations, where the Council had provided a satisfactory remedy before the complaint reached the LGSCO, and how we compare to previous years and other local authorities.

Recommendations:

The Cabinet Member for Policy and Leadership is recommended to:

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

The Ethics Committee is recommended to:

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

The Audit and Procurement Committee is recommended to:

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

List of appendices included:

Appendix 1: Local Government and Social Care Ombudsman Annual Review Letter 2023
Appendix 2: Local Government and Social Care Ombudsman Investigation Decisions in 2022/23 for Coventry City Council

Background papers:

None

Other useful documents

Local Government and Social Care Ombudsman Annual Review of Local Government Complaints 2022-23

Has it been or will it be considered by Scrutiny?

No

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

Yes – Ethics Committee on 14 December 2023 and Audit and Procurement Committee on 29 January 2024.

Will this report go to Council?

No

Report title:

Complaints to the Local Government and Social Care Ombudsman 2022/23

1 Context (or background)

- 1.1 The Local Government and Social Care Ombudsman (LGSCO) is the final stage for complaints about councils, all adult social care providers (including care homes and home care agencies) and some other organisations providing local public services. It is a free service that investigate complaints in a fair and independent way; and provides a means of redress to individuals for injustice caused by unfair treatment or service failure.
- 1.2 Coventry City Council's complaints policy published on the Council's website at www.coventry.gov.uk/complaints/, sets out how individual members of the public can complain to the Council, as well as how the Council handle compliments, comments and complaints. The Council informs individuals of their rights to contact the LGSCO if they are not happy with the Council's decision after they have exhausted the Council's own complaints process.
- 1.3 Every year, the LGSCO issues an annual letter to the Leader and Chief Executive of every Council, summarising the number and trends of complaints dealt with in each Council that year. The latest letter, issued 19 July 2023, covers complaints to Coventry City Council between April 2022 and March 2023 (2022/23). The letter can be found in Appendix I.
- 1.4 This report sets out the number, trends and outcomes of complaints to the LGSCO relating to Coventry City Council in 2022/23. This report focuses on upheld complaints, compliance with Ombudsman's recommendations, where the Council had provided a satisfactory remedy before the complaint reached the LGSCO,, and how we compare to previous years and other local authorities.
- 1.5 The Council has a robust policy for handling complaints. In addition to this annual report, the Council also produces formal reports on complaints about adult social care and children's social care, to Cabinet Member Adult Services and Cabinet Member Children and Young People respectively.

2 Options considered and recommended proposal

- 2.1 Across all councils, the LGSCO received 15,488 complaints and enquiries in 2022/23 down from 15,826 the previous year. The areas receiving the greatest number of detailed investigations was Children's Services (1263), Adult Services (898), and Housing (535).
- 2.2 For Coventry City Council, the LGSCO received 73 complaints and enquiries in 2022/23, which is less than the previous year 2021/22 that had a total of 93 complaints year.

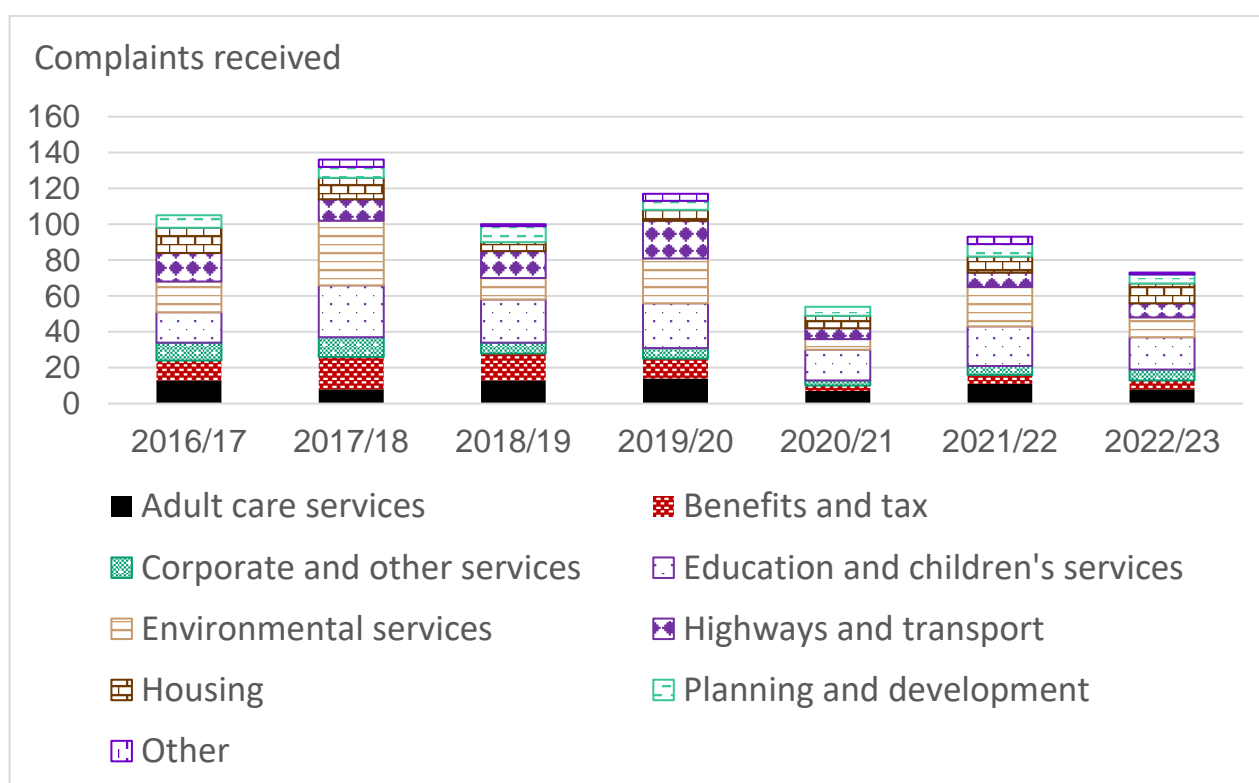
2.3 Figure 1.

Figure 1: Complaints and enquiries received by category

| Category (as defined by LGSCO) | Complaints in 2021/22 | Complaints in 2022/23 |
|---|--------------------------|--------------------------|
| Adult care services | 11 | 8 |
| Benefits and tax | 5 | 5 |
| Corporate & other services | 5 | 6 |
| Education & children’s services | 22 | 18 |
| Environmental Services & Public Protection & Regulation | 22 | 11 |
| Highways & transport | 8 | 8 |
| Housing | 9 | 11 |
| Planning & development | 7 | 5 |
| Other | 4 | 1 |
| Total | 93 | 73 |

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

Figure 2: Complaints and enquiries received in last 7 years



- 2.5 In 2022/23 there was a slight decrease in complaints and enquiries. There was a significant decrease from 22 to 11 complaints in Environmental Services enquiries and complaints. The category with the highest number of complaints and enquiries was Education and Children's Services with 18 (down from 22 in 2021/22).
- 2.6 It is not possible to comment on the Council's overall performance based solely upon the number of complaints or enquiries to the LGSCO. Interpretation is challenging in relation to number as a high number of complaints may indicate that a council has been effective at signposting people to the LGSCO through their complaints handling process. Equally it could be argued that a high number of complaints may highlight that a council needs to do more to resolve issues through its own complaints process.
- 2.7 When dealing with an enquiry, the LGSCO can choose to investigate cases where it sees merit in doing so. Following an investigation, the LGSCO can decide if a complaint is: **upheld** – where a council has been at fault and this fault may or may not have caused an injustice to the complainant; or where a council has accepted it needs to remedy the complaint before the LGSCO makes a finding on fault; or **not upheld** – where, following investigation, the LGSCO decides that a council has not acted with fault.
- 2.8 In 2022/23 the LGSCO made **81** decisions down from 87 the previous year:
- **1 x** incomplete/invalid.
 - **4 x** advice given;
 - **24 x** referred back for local resolution.
 - **32 x** closed after initial enquiries; and
 - **20 x** complaints investigated, of which **17** were upheld and **3** were not upheld.
- 2.9 The number of complaints investigated (20 complaints in 2022/23) were up from previous years (14 in 2021/22, and 13 in 2020/21).
- The LGSCO upheld a larger proportion of complaints they investigated than in previous years: 85% of complaints were upheld (17 out of 20) in 2022/23, compared to 71% (10 out of 14) in 2021/22, 77% (10 out of 13) in 2021/20, and 50% (11 out of 22) in 2020/19.
 - This compares to the Chartered Institute of Public Finance and Accountancy (CIPFA) statistical neighbours upheld rate of 74% and West Midland Combined Authority (WMCA) upheld rate of 81% and a national upheld rate of 74% for 2022/23.
 - The tables below, sets out how Coventry compares to its CIPFA statistical neighbours (Figure 3) and with the West Midlands Combined Authority (WMCA) constituent authorities (Figure 4).

Figure 3: Complaints investigated: comparison with CIPFA nearest neighbours 2022/23

Overall, **74%** of complaints were upheld among Coventry and its 15 statistical neighbours. The authority with the highest percentage of complaints upheld in 2022/23 is Bolton (94%) and lowest is Oldham (33%). Coventry has the second highest upheld rate (85%).

| Local Authority | Not Upheld | Upheld | % Upheld | Total |
|------------------------|-------------------|---------------|-----------------|--------------|
| Bolton | 1 | 17 | 94% | 18 |
| Coventry | 3 | 17 | 85% | 20 |
| Medway | 3 | 14 | 82% | 17 |
| Wolverhampton | 2 | 9 | 82% | 11 |
| Leicester | 5 | 21 | 81% | 26 |
| Sandwell | 4 | 17 | 81% | 21 |
| Salford | 2 | 7 | 78% | 9 |
| Bradford | 8 | 26 | 76% | 34 |
| Sheffield | 7 | 19 | 73% | 26 |
| Derby | 4 | 10 | 71% | 14 |
| Newcastle upon Tyne | 3 | 7 | 70% | 10 |
| Kirklees | 5 | 11 | 69% | 16 |
| Bristol | 14 | 31 | 69% | 45 |
| Blackburn and Darwin | 4 | 3 | 43% | 7 |
| Rochdale | 5 | 3 | 38% | 8 |
| Oldham | 4 | 2 | 33% | 6 |

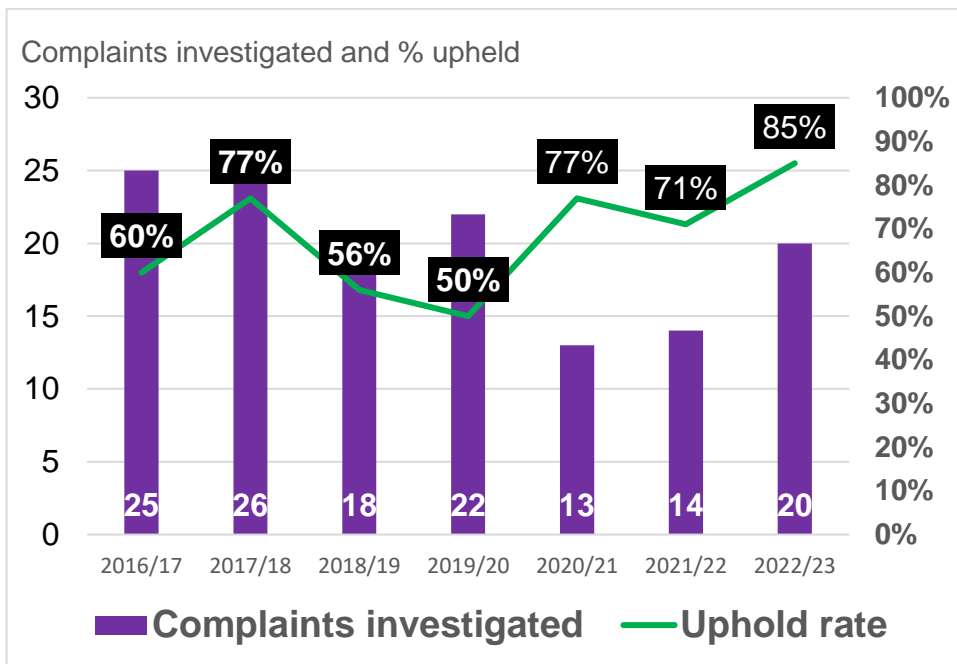
Figure 4: Complaints investigated: comparison with WMCA constituent authorities 2021/21

There were 259 complaints investigated across the WMCA area, of which 211 were upheld and 48 were not upheld. That means, 81% of complaints were upheld among the seven constituent authorities of the WMCA. The authority with the highest percentage of complaints upheld in 2022/23 is Walsall (86%), lowest is Solihull (54%). Coventry is the second highest out of seven on (85%). However, the ombudsman has made us aware that they are more selective about the complaints they look at in detail, prioritising where it is in the public interest to investigate. This has meant that changes in uphold rates this year are not solely down to the nature of the cases going to the ombudsman. The ombudsman is less likely to carry out investigations on ‘borderline’ issues, so they are naturally finding a higher proportion of fault overall. Although 85% is a high upheld rate it is still based on a low number of cases (17 cases in total)

| Local Authority | Not Upheld | Upheld | % Upheld | Total |
|-----------------|------------|-----------|------------|-----------|
| Walsall | 2 | 12 | 86% | 14 |
| Coventry | 3 | 17 | 85% | 20 |
| Birmingham | 25 | 128 | 84% | 153 |
| Wolverhampton | 2 | 9 | 82% | 11 |
| Sandwell | 4 | 17 | 81% | 21 |
| Dudley | 6 | 21 | 78% | 27 |
| Solihull | 6 | 7 | 54% | 13 |

Figure 5: Complaints investigated, and percentage upheld over the last 7 years

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



2.10 Of the 17 upheld complaints for Coventry, 15 complaints were remedied by the LGSCO and 2 the LGSCO found that Coventry had provided a satisfactory remedy before the complaint reached them (12%). This compares to an average of 10% in similar authorities. 12 complaints resulted in some form of financial redress or reimbursement.

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

2.12 In 2022/23 the Ombudsman issued Coventry City Council with a formal report, the report was issued - upheld, maladministration and injustice. The report was considered at full Council on the 21 June 2022. The Ombudsman found our policy regarding issuing a Community Trigger to be unacceptable. The remedies were completed and satisfied on 29 September 2023. The Ombudsman were satisfied with the Council's response in accordance with section 31(2) of the Local Government Act 1974. Further details in Appendix 2.

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

Figure 6: Complaints investigated by service area in 2021/22 compared to 2022/23

| Service area | 2021/22 | | | | 2022/23 | | | |
|--------------------------------------|-----------|------------|------------|----------------------|-----------|------------|------------|----------------------|
| | Upheld | Not upheld | % upheld | Response time (days) | Upheld | Not upheld | % upheld | Response time (days) |
| Adult social care | 3 | 1 | | 18 | 4 | 1 | | 18 |
| Bereavement Services | | | | | 1 | | | 0 |
| Children's services | 3 | | | 20 | 1 | | | 18 |
| Council tax | 1 | | | 15 | | | | |
| Highways | | 1 | | 15 | | 1 | | 23 |
| Household waste assisted collections | 1 | | | 0 | 3 | | | 12 |
| Household waste collections | | | | | 2 | | | 9 |
| Housing services | 1 | | | | 3 | | | 16 |
| Housing Benefit | 1 | | | 5 | | | | |
| Parking Services | | 1 | | 15 | | | | |
| Planning | 1 | | | 0 | 2 | 1 | | 10 |
| Regulatory Services | | | | | 1 | | | 10 |
| Total | 10 | 4 | 71% | 15 | 17 | 3 | 83% | 13 |

- 2.14 This year saw an increase in the number of detailed investigations completed 20 compared to 14 in 2021/22. There was an increase in detailed investigations relating to Adult Social Care, Bereavement Services, Household waste collections, Household waste assisted collections, Housing Services, Planning and Regulatory services in 2022/23.
- 2.15 The LGSCO typically expects councils to respond to investigation enquiries within 20 working days. This target was reached in 2022/23.
- 2.16 Satisfactory remedy decisions are complaints where the Ombudsman has decided, while the authority did get things wrong, the authority had offered a satisfactory way to resolve it before the complaint was referred to the Ombudsman. In 2022/23 the LGSCO found 12% of upheld cases Coventry had provided a satisfactory remedy before the complaint reached the Ombudsman. This compares to 10% in 2021/22, 10% in 2020/21 and 18% in 2019/20.

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

211 complaints were upheld in WMCA area and on 19 complaints the Ombudsman considered that the authority provided a satisfactory remedy before the complaint reached them (9%).

| Local Authority | Upheld cases where the authority had provided a satisfactory remedy before the complaint reached the Ombudsman | | Total Number of complaints upheld |
|-----------------|--|----------|-----------------------------------|
| | % | Number | |
| Solihull | 43% | 3 | 7 |
| Wolverhampton | 22% | 2 | 9 |
| Walsall | 17% | 2 | 12 |
| Coventry | 12% | 2 | 17 |
| Birmingham | 7% | 9 | 128 |
| Sandwell | 6% | 1 | 17 |
| Dudley | 0% | 0 | 21 |

- 2.17 The LGSCO Annual Review Letter includes a statistic- compliance with Ombudsman’s recommendations. The [interactive data map of council performance](#) shows performance data for all councils in England. In 2022/23 the Ombudsman was satisfied we successfully implemented all of their recommendations 100%. This was based on 17 compliance outcomes. 7 Environmental Services & Public Protection & Regulation. 4 Adult Care Services, 3 Housing, 2 Planning & Development, 1 Education & Children’s services.

Figure 8: Compliance with Ombudsman recommendations

| Local Authority | Complaints where compliance with the recommended remedy recorded | |
|-----------------|--|---|
| | Number | % where remedy successfully implemented |
| Birmingham | 122 | 98% |
| Dudley | 16 | 100% |
| Sandwell | 13 | 100% |
| Coventry | 11 | 100% |
| Walsall | 8 | 100% |
| Wolverhampton | 7 | 100% |
| Solihull | 6 | 100% |

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

2.19 Figure 9: Learning from complaints

| Service Area | Summary of actions agreed |
|-------------------|--|
| Adult Social Care | The Council has made sure that it has procedures in place to give people information about the care system and how it works when they initially approach the Council for assistance. |
| Housing | Relevant staff have been reminded of the proactive duty to make reasonable adjustments under the Equality Act and ensure this is communicated to applicants. |

| | |
|---|---|
| <p>Household Waste Collection and Assisted Waste Collection</p> | <p>The Council's published information states it will attempt to collect a missed bin within one working day, where an owner or resident makes a valid missed bin report. The Council will send the Ombudsman details of the actions it will take to ensure it complies with its published information.</p> <p>The Council agreed to review its policies and procedures for assisted refuse collections to ensure: refuse workers are properly alerted to new assisted collections; and arrangements remain clear to refuse workers throughout the duration of the assisted collection.</p> <p>The Council agreed to review its policies and procedures for missed refuse collection reports to ensure: reports are properly recorded, responded to, and monitored for repeated issues; refuse workers and supervisors are alerted to repeated issues; and follow-up actions are recorded.</p> <p>The Council agreed to review its policies and procedures for complaints about refuse and recycling to ensure: complainants receive considered responses and are told how to escalate their complaint, both within the Council's complaints procedure and to the Ombudsman; complaints are monitored for repeated issues; and promised actions are followed up on.</p> |
| <p>Regulatory Services</p> | <p>The Council reviewed the Community Trigger Policy and procedures with its partners, to ensure that it reflects a pro-active approach in constructive consultation with partner agencies, looking at what more might be done by any of the partners to tackle the problem. Ensure that the relevant officers and Members receive training on how to effectively complete a Community Trigger review.</p> |
| <p>Planning</p> | <p>The Council reminded its staff and crematorium management to consider the impact intensification of use within a council site may have on neighbours, and whether noise or other assessments should be completed before the changes take place.</p> |

3 Results of consultation undertaken

3.1 None identified or undertaken.

4 Timetable for implementing this decision.

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

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

- complaints to the LGSCO will continue to be formally reported to the Cabinet Member for Policy and Leadership and the Audit and Procurement Committee every year (this report) – and in addition, this report is also being considered by the Ethics Committee.
- complaints about adult social care and children's social care, including cases investigated by the LGSCO, will also continue to be reported through an annual report to the Cabinet Member Adult Services and Cabinet Member Children and Young People respectively.
- where an investigation has wider implications for Council policy or exposes a more significant finding of maladministration, the Monitoring Officer will consider whether the implications of that investigation should be individually reported to relevant members; and
- should the Council decide not to comply with the LGSCO's final recommendation following an upheld investigation with a finding of maladministration or should the LGSCO issue a formal report (instead of a statement), the Monitoring Officer will report this to members under section 5(2) of the Local Government and Housing Act 1989.

5 Comments from the Director of Finance and Resources and the Director of Law and Governance

5.1 Financial implications

There are no direct financial implications associated with this report. Financial remedies resulting from any complaints are typically paid out of service budgets. In 2022/23 there were 13 complaints which resulted in some form of financial remedy or reimbursement. This is detailed in Appendix 2. These were paid out of budgets from the relevant service areas. The amount paid out in 2022/23 was £15,920.69.

5.2 Legal implications

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

from members of the public alleging they have suffered injustice as a result of maladministration and/or service failure.

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

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

6 Other implications

6.1 How will this contribute to the One Coventry Plan

(<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>)

The One Coventry Plan the Council's vision and priorities for the city. The vision: One Coventry – Working together to improve our city and the lives of those who live, work and study here. Effective management and resolution of complaints, as well as learning from complaints, help ensure that Council services meet the needs of local residents and communities and helps build a foundation of trust in order for the Council to have new conversations with residents, communities and partners to enable people to do more for themselves as active and empowered citizens.

6.2 How is risk being managed?

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

6.3 What is the impact on the organisation?

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

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

6.4 Equalities/EIA

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

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

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

This year, a number of upheld complaints include an equality dimension, for instance, three related to assisted household waste collections provided to people experiencing poor health, mobility issues or disability. In this context, meeting the public sector equality duty would mean having due regard to the need to advance equality of opportunity between people who share a protected characteristic and those who do not; in practical terms this would require the Council to remove or minimise disadvantages suffered by people due to their protected characteristics and taking steps to meet the needs of people with certain protected characteristics where these are different from the needs of other people. Therefore, ensuring improvements are made to delivery of services for customers with protected characteristics is essential to ensure that the Council meets its statutory obligations in relation to equalities.

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

None

6.6 Implications for partner organisations?

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

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

Isaac Hawi Opondo
Customer Services Ombudsman Liaison Officer

Contact:

<mailto:Ombudsman@coventry.gov.uk>

Enquiries should be directed to the above person.

| Contributor/ approver name | Title | Service Area | Date doc sent out | Date response received or approved |
|---|---|-----------------------------------|------------------------------|---|
| Andrew Walster | Director of Streetscene & Regulatory Services | Streetscene & Regulatory Services | 11/10/2023 | 27/10/2023 |
| Andy Williams | Director of Business, Investment & Culture | Business, Investment & Culture | 11/10/2023 | 27/10/2023 |
| Colin Knight | Director of Transportation & Highways | Transportation & Highways | 11/10/2023 | 27/10/2023 |
| Rachael Sherwood | Customer Service Manager- Improvement and Development | Customer Services | 11/10/2023 | 31/10/2023 |
| Jaspal Mann | Policy, Equalities & Diversity Officer | Public Health & Wellbeing | 11/10/2023 | 18/10/2023 |
| Kirston Nelson | Chief Partnerships Officer | Education & Skills | 11/10/2023 | 27/10/2023 |
| Alison Duggal | Director of Public Health & Wellbeing | Public Health & Wellbeing | 11/10/2023 | 27/10/2023 |
| Pete Fahy | Director of Adults & Housing | Adult Services& Housing | 11/10/2023 | 27/10/2023 |
| Richard Moon | Director of Property Services & Development | Property Services & Development | 11/10/2023 | 27/10/2023 |
| Susanna Newing | Chief People Officer | Human Resources | 11/10/2023 | 27/10/2023 |
| Suzanne Bennett | Governance Services Co-ordinator | Law & Governance | 27/09/2023 | 27/09/2023 |
| Names of approvers for submission: (officers and members) | | | | |
| Barry Hastie | Director of Finance and Resources | Finance & Resources | 02/11/2023 | 09/11/2023 |
| Oluremi Aremu | Head of Legal & Procurement Services | Law & Governance | 02/11/2023 | 07/11/2023 |
| Julie Nugent | Chief Executive | | 02/11/2023 | 06/11/2023 |
| Councillor G Duggins | Cabinet Member for Policy and Leadership | | 07/11/2023 | 07/11/2023 |

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19 July 2023

By email

Dr Nugent
Chief Executive
Coventry City Council

Dear Dr Nugent

Annual Review letter 2022-23

I write to you with your annual summary of complaint statistics from the Local Government and Social Care Ombudsman for the year ending 31 March 2023. The information offers valuable insight about your organisation's approach to complaints. As always, I would encourage you to consider it as part of your corporate governance processes. As such, I have sought to share this letter with the Leader of your Council and Chair of the appropriate Scrutiny Committee, to encourage effective ownership and oversight of complaint outcomes, which offer such valuable opportunities to learn and improve.

The end of the reporting year, saw the retirement of Michael King, drawing his tenure as Local Government Ombudsman to a close. I was delighted to be appointed to the role of Interim Ombudsman in April and look forward to working with you and colleagues across the local government sector in the coming months. I will be building on the strong foundations already in place and will continue to focus on promoting improvement through our work.

Complaint statistics

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

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

Over the past two years, we have reviewed our processes to ensure we do the most we can with the resources we have. One outcome is that we are more selective about the complaints we look at in detail, prioritising where it is in the public interest to investigate. While providing a more sustainable way for us to work, it has meant that changes in uphold rates this year are not solely down to the nature of the cases coming to us. We are less likely to carry out investigations on 'borderline' issues, so we are naturally finding a higher proportion of fault overall.

Our average uphold rate for all investigations has increased this year and you may find that your organisation's uphold rate is higher than previous years. This means that comparing uphold rates with previous years carries a note of caution. Therefore, I recommend comparing this statistic with

that of similar organisations, rather than previous years, to better understand your organisation's performance.

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

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

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

Your annual data, and a copy of this letter, will be uploaded to our interactive map, [Your council's performance](#), on 26 July 2023. This useful tool places all our data and information about councils in one place. You can find the detail of the decisions we have made about your Council, read the public reports we have issued, and view the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

Your organisation's performance

During the year, we [issued a public report](#) about your Council's role in an antisocial behaviour case review (also known as a community trigger review). Our investigation found the Council failed to properly engage with the aim of the case review and the opportunity to proactively consider what action it could take. Your Council's faults left the complainant uncertain that, had it conducted the case review properly, it might have acted to tackle the antisocial behaviour the complainant was suffering.

We recommended, and the Council agreed, to undertake staff training and a policy review. It was unfortunate that it took longer than expected to review the policy, but this was to allow the Council to agree changes with the Police, a key partner in tackling antisocial behaviour. The Council and its partners have ensured the new policy includes oversight by an elected member to increase independence and puts the victim at the centre of the process.

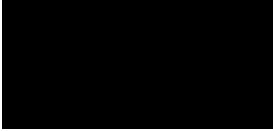
At the time of writing the agreed training has not yet taken place. We urge your Council to ensure that this takes place as soon as possible.

Supporting complaint and service improvement

I know that complaints offer organisations a rich source of intelligence and insight that has the potential to be transformational. These insights can indicate a problem with a specific area of service delivery or, more broadly, provide a perspective on an organisation's culture and ability to learn. To realise the potential complaints have to support service improvements, organisations need to have the fundamentals of complaint handling in place. To support you to do so, we have continued our work with the Housing Ombudsman Service to develop a joint complaint handling code that will provide a standard for organisations to work to. We will consult on the code and its implications prior to launch and will be in touch with further details.

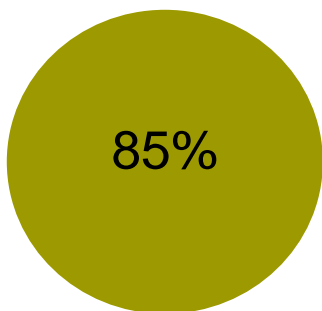
In addition, our successful training programme includes practical interactive workshops that help participants develop their complaint handling skills. We can also offer tailored support and bespoke training to target specific issues your organisation might have identified. We delivered 105 online workshops during the year, reaching more than 1350 people. To find out more visit www.lgo.org.uk/training or get in touch at training@lgo.org.uk.

Yours sincerely,



Paul Najsarek
Interim Local Government and Social Care Ombudsman
Interim Chair, Commission for Local Administration in England

Complaints upheld



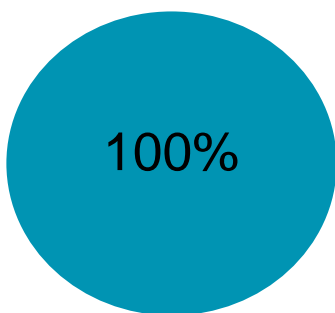
85% of complaints we investigated were upheld.

This compares to an average of **77%** in similar organisations.

17
upheld decisions

Statistics are based on a total of **20** investigations for the period between 1 April 2022 to 31 March 2023

Compliance with Ombudsman recommendations



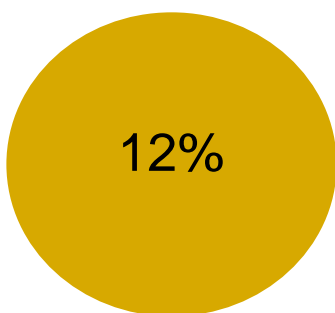
In **100%** of cases we were satisfied the organisation had successfully implemented our recommendations.

This compares to an average of **99%** in similar organisations.

Statistics are based on a total of **11** compliance outcomes for the period between 1 April 2022 to 31 March 2023

- Failure to comply with our recommendations is rare. An organisation with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

Satisfactory remedy provided by the organisation



In **12%** of upheld cases we found the organisation had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **10%** in similar organisations.

2
satisfactory remedy decisions

Statistics are based on a total of **17** upheld decisions for the period between 1 April 2022 to 31 March 2023

Appendix 2 Decisions in 2022/23 (detailed investigations carried out)

| Service Area | Decisions Upheld (17) | Monetary Settlement |
|---|---|---------------------|
| 1 - Complaint Report issued: Upheld; Fault and injustice | | |
| Regulatory Services 1 Report | <p>Mr A complained about how the Council dealt with his Community Trigger request. He says it conspired with his landlord and failed to take account of all the information or include him in the review. Mr A also complained that the Council changed the date on an email so that it appeared he sent it later, and it failed to respond to his complaint.</p> <p>Mr A says the Council's shortcomings have caused him upset and distress and he felt discriminated against. He says he has had to move home because the Council failed to take any action to tackle the ASB behaviour he was experiencing.</p> <p>The Council reviewed the actions taken to date, alongside its partners. However, it did not consider if there was anything it could do to tackle the ASB under its powers, either individually or working with other agencies.</p> <p>Overall, there is fault by the Council. It did not consider the aim of the Community Trigger review and the opportunity it presents to proactively consider what action it could take; it did not consider whether it should invite Mr A to the Panel meeting; and the Council's records of Mr A's email are not accurate.</p> <p>To remedy the injustice identified in this report, the Council has agreed to:</p> <ul style="list-style-type: none"> • apologise to Mr A for the frustration and uncertainty it has caused him. • seek to review the Community Trigger Policy and procedures with its partners, to ensure that it reflects a pro-active approach in constructive consultation with partner agencies, looking at what more might be done by any of the partners to tackle the problem; and • ensure that the relevant officers and Members receive training on how to effectively complete a Community Trigger review so that this fault does not reoccur. • The Council published public notices regarding the report and considered the report at full Council. <p>The remedy actions for this case were sent to the Ombudsman in September. The remedies were completed and satisfied on 29 September 2023. The Ombudsman were satisfied with the Council's response in accordance with section 31(2) of the Local Government Act 1974.</p> | |

| Service Area | Decisions Upheld (17) | Monetary Settlement |
|--|---|-------------------------|
| 14 - Complaints Upheld: Fault and Injustice | | |
| Adult Social Care 4 complaints upheld | <p>1. Mr and Mrs B complained about a delay in their son Mr C's diabetes being diagnosed, and about a care provider destroying Mr C's care records. We found fault by the care provider in destroying Mr C's records and in how it responded to the complaint. We did not find fault with the care provider about the timeframe of Mr C's diabetes diagnosis, or by the Council and NHS Trust also involved in Mr C's care.</p> <p>The care provider, in liaison with the Council, has agreed to take action to improve its services, and to pay a financial remedy to Mr and Mrs B</p> <p>Agreed action:</p> <ul style="list-style-type: none"> • Write to Mr and Mrs B to apologise for the impact on them of the faults identified in relation to destruction of care records and poor complaint handling. • Explain what action it has and will take to learn from the failings highlighted in this decision, to improve its services and to prevent a recurrence of these problems. • Pay Mr and Mrs B £350 to recognise the prolonged inconvenience, distress, and frustration they have experienced. • Pay £250 to a charity for people living with diabetes. <p>2. Ms D complained there was a lack of continuity in the homecare support provided to meet her partner's care needs. This meant he was not supported with the equipment he needed for his medical condition. Ms D said as a result her partner's life could have been at risk and because she was the only person who could use the equipment, her return to work was delayed. There were failings in the care provider's communication with Ms D and in the Council's failure to provide a copy of the revised care plan. They will apologise to Ms D and pay her £200 to recognise her distress and inconvenience.</p> <p>Agreed action:</p> <ul style="list-style-type: none"> • There was fault by Allied Healthcare and the Council which caused injustice to Ms D. They will apologise to Ms D and pay her £200 (£100 each) to recognise her distress and inconvenience. | <p>£600</p> <p>£200</p> |

| Service Area | Decisions Upheld (17) | Monetary Settlement |
|--------------|---|-------------------------------|
| | <p>3. We have not found fault in the Council's safeguarding actions relating to alleged emotional abuse, but the Council should have made more enquiries regarding the financial abuse allegation. There was no fault in the Council's provision of an interpreter and advocate to Mrs E overall. But the Council should have tried to speak to Mrs E with an interpreter on one occasion when there were conflicting reports on whether Mrs E wanted her son to visit her home. The Council's failure to do so was fault. And there were faults in the Council's communications relating to the best interest meeting.</p> <p>Agreed action:</p> <ul style="list-style-type: none"> • Apologise to Ms E and Mrs E for the faults that I have identified. • Pay Mrs E £150 for any distress she has suffered as a result of the fault. • Amend the minutes of the best interest meeting on 1 July 2021 to reflect the fact that Ms E prepared a statement for the meeting. <p>4. The Council was at fault for not providing Mrs F with information about the care process and explaining how the care assessment would work when she asked for care for her mother. As a result, her mother paid for private care and did not realise she could have received help towards the costs of care. The Council agreed to apologise, make a payment, and ensure it has procedures in place to give people information about the care system when they initially approach the Council for assistance.</p> <p>Agreed action:</p> <ul style="list-style-type: none"> • Apologise to Mrs F for not giving her information about how the care assessment process works and for not telling her it had closed Mrs G's case. • Pay Mrs F, for the benefit of Mrs G, the backdated amount of Mrs F's Direct Payments from 1 November 2021 to 27 May 2022. 1 November 2021 is an appropriate start date as this would have been an appropriate time for the Council to have completed its assessments by. • Ensure that it has procedures in place to give people information about the care system and how it works when they initially approach the Council for assistance. • The Council should provide us with evidence it has complied with the above actions. | <p>£150</p> <p>£12,170.69</p> |

| Service Area | Decisions Upheld (17) | Monetary Settlement |
|--|---|---------------------|
| Children & Education Services 1 complaint upheld. | <p>1. Mr H complained the Council did not tell him about a child protection investigation concerning his son. The Council accepts it acted with fault and has offered Mr H a suitable remedy.</p> <p>Agreed action:</p> <ul style="list-style-type: none"> • In response to my investigation, the Council offered to apologise to Mr H and pay him £500 to recognise the distress its actions caused. • I consider the Council's offer to be a suitable remedy. The Council agreed to complete those actions within four weeks of the final decision. | £500 |
| Planning 2 complaints upheld. | <p>1. Mrs I complained the Council failed to consider a planning application or take her objections into account. She says the Council failed to provide measurements or respond effectively to her complaint. The Council says it has completed all the processes correctly. We find no fault in the Council's consideration of the planning application or Mrs I's objection. We find fault with the Council for failing to upload the revised plans and in failing to distinguish between the planning enforcement and complaint process. However, this did not cause Mrs P a significant injustice.</p> <p>2. Mr J complained about the Council's activities within its crematorium's yard. He said it had failed to obtain relevant planning permissions and caused a noise disturbance to its neighbours. We found the Council failed to ensure its activities within the yard did not cause neighbours a noise disturbance, and it failed to assess if it caused a statutory nuisance. We cannot criticise the merits of the Council's decision that no material changes or intensification of use took place, only a court can do so. The Council should apologise to Mr J, make payment to acknowledge the distress it caused, and assess whether a statutory noise nuisance exists.</p> <p>Agreed action:</p> <ul style="list-style-type: none"> • apologise in writing to Mr J, and pay him £500 for the distress and uncertainty he experienced as a result of the Council's failure to ensure its activities in its crematorium yard did not cause him a statutory noise nuisance, or an unacceptable adverse impact; and • pay Mr J a further £300 to acknowledge the significant time and trouble he faced to bringing his concerns to the crematorium management, Council's and the Ombudsman's attention. • Within three months of the final decision the Council should also: remind its staff, and crematorium management, to consider the impact intensification of use within a council site may have on neighbours, and whether noise or other assessments should be completed before the changes takes place; and assess whether its crematorium is causing Mr J a statutory noise nuisance, or arrange for such assessment to be completed, and notify Mr J of | £800 |

| Service Area | Decisions Upheld (17) | Monetary Settlement |
|---|---|-------------------------|
| | <p>the outcome of its findings. If a statutory nuisance exists, it should use the best practicable means to remove or mitigate the impact and propose a suitable remedy for the distress this caused Mr J since 2019.</p> | |
| <p>Waste Services 4 Complaints upheld</p> | <p>1. Miss K complained about the Council's general waste collection service and poor communication. The Council was at fault for repeated missed bin collections, failing to carry out recollections and for poor complaints handling. This caused Miss K avoidable frustration and meant she had to go to undue time and trouble reporting missed collections and pursuing her complaint. The Council will apologise and pay Miss K £100. It will also monitor her bin collections for twelve weeks and consider what actions it should take to improve its recollection service.</p> <p>Agreed action:</p> <ul style="list-style-type: none"> • apologise to Miss K and pay her £100 in recognition of the avoidable time and trouble she went to and frustration she experienced because of the faults identified in this decision; and • visit Miss K's property to identify if there is a reason for the missed collections. • The Council will also monitor Miss K's general refuse collections for a period of twelve weeks. The Council's waste collection staff are currently on indefinite strike. It will therefore carry out the monitoring within one month of the end of the strike. • By 31 December 2022 the Council will send the Ombudsman details of the actions it will take to ensure it carries out recollections within one working day of a valid missed bin report. <p>2. Mrs L complained the Council repeatedly missed her assisted refuse collections. The Council failed to properly deliver this agreed service or resolve the issues when Mrs L reported this several times over a prolonged period. This caused Mrs L avoidable distress, time, and trouble, for which the Council agreed to apologise and pay a financial remedy. It will also ensure it collects Mrs L's bins as agreed and review its relevant policies and procedures.</p> <p>Agreed action:</p> <ul style="list-style-type: none"> • apologise to Mrs L for the faults identified above, from an appropriate senior Council officer. • ensure a relevant service manager: <ul style="list-style-type: none"> i. visits Mrs L's property to assess the agreed collection point and understand the issues involved; ii. provides Mrs L with details of an appropriate member of staff she can contact directly to report any future issues with missed collections; and iii. ensures refuse workers and supervisors are fully informed of the specific circumstances of Mrs L's property and the arrangements for her assisted collection. • monitor Mrs L's bin collection for a period of three months to check it is being collected, and report its findings to Mrs L; • pay Mrs L £300 to recognise the avoidable distress caused by its failure to deliver her assisted collection service; and | <p>£100</p> <p>£450</p> |

| Service Area | Decisions Upheld (17) | Monetary Settlement |
|--------------|--|---------------------|
| | <ul style="list-style-type: none"> • pay Mrs L £150 to recognise the avoidable time and trouble she spent pursuing the complaint. • assisted collections to ensure: <ol style="list-style-type: none"> i. refuse workers are properly alerted to new collections; and ii. arrangements remain clear to refuse workers throughout the duration of the assisted collection. <ul style="list-style-type: none"> • missed bin collection reports to ensure: <ol style="list-style-type: none"> i. these are properly recorded, responded to, and monitored for repeated issues; ii. refuse workers and supervisors are alerted to repeated issues; and iii. follow-up actions are recorded. <ul style="list-style-type: none"> • complaints for refuse and recycling to ensure: <ol style="list-style-type: none"> i. complainants receive considered responses and are told how to escalate their complaint, both within the Council's complaints procedure and to the Ombudsman; ii. complaints are monitored for repeated issues; and iii. promised actions are followed up on. <p>3. Mr M complained the Council failed to collect his household refuse for 16 weeks causing distress and unnecessary trips to a tip to dispose of his refuse. We found fault by the Council as it failed to collect Mr M's household refuse and have recommended a suitable remedy in this case. So, we have completed our investigation.</p> <p>Agreed action:</p> <ul style="list-style-type: none"> • The Council will apologise to Mr M again and pay him £100 in recognition of the frustration and unnecessary time and trouble Mr M has been put to. And for the repeated failure to make regular household refuse collections. Final decision 4 • The Council should provide us with evidence it has complied with the above actions within one month of my final decision. <p>4. The Council was at fault, because it repeatedly failed to collect the complainant's bins under an assisted waste collection service. The Council was also at fault because it failed to respond when it received a formal complaint about the matter. The Council has agreed to offer a small financial remedy to each complainant to reflect the injustice these faults caused them.</p> <p>Agreed action:</p> <p>Within one month of the date of my final decision, the Council has agreed to:</p> <ul style="list-style-type: none"> • offer to pay Ms N £100, to reflect that its fault repeatedly left her with uncollected waste; and | £100 |

| Service Area | Decisions Upheld (17) | Monetary Settlement |
|--|--|-------------------------------------|
| | <ul style="list-style-type: none"> offer to pay Mrs O £150, to reflect the frustration, inconvenience and time and trouble she has endured attempted to resolve the fault. | £250 |
| <p>Housing 3 Complaints upheld</p> | <p>1. The Council took too long to determine Mr P's housing application and missed an opportunity to explain to him that he needed to re-apply. This caused Mr P uncertainty and distress. The Council has agreed to take the action I have recommended to remedy this.</p> <p>Agreed action: Within one month of the date of this decision, the Council will show the Ombudsman it has:</p> <ul style="list-style-type: none"> apologised to Mr P for the distress and uncertainty its delay caused him; and paid him £200 in recognition of the impact on him. <p>2. We will not investigate this complaint about the Council's failure to issue Mr Q with a decision letter about his homelessness. This is because the Council has accepted it was at fault and has agreed to take action, we have recommended to remedy the injustice caused to Mr Q.</p> <p>Agreed action: The Council has agreed to take the following action to remedy the injustice Mr Q was caused:</p> <ul style="list-style-type: none"> Reopen Mr Q's homeless application. Pay Mr Q £200 to acknowledge the uncertainty he has been caused. <p>The Council has gone further and taken the following action to improve its services:</p> <ul style="list-style-type: none"> Remind staff of the need to issue decision letters when appropriate. Review similar cases to ensure they were dealt with properly. Offer for Mr Q to meet a senior officer to discuss what happened. <p>3. Mr R complained the Council have failed to keep him updated regarding his homelessness application and continue to delay any action. He said this has caused him significant distress. We find fault by the Council. To address the injustice caused by fault, the Council has agreed to apologise, make a symbolic payment and remind staff of its duties.</p> <p>Agreed action: To address the injustice caused by fault, within one month of my final decision, the Council has agreed to:</p> | <p>£200</p> <p>£200</p> <p>£200</p> |

| Service Area | Decisions Upheld (17) | Monetary Settlement |
|--|---|---------------------|
| | <ul style="list-style-type: none"> Apologise to Mr R for the delays in dealing with his application and for not explaining how it would meet his reasonable adjustments. Pay Mr R £200 to acknowledge the distress caused by the faults identified in this statement. <p>Within two months of my final decision, the Council has agreed to:</p> <ul style="list-style-type: none"> Remind relevant staff of the proactive duty to make reasonable adjustments under the Equality Act and ensure this is communicated to applicants. The Council should provide us with evidence it has complied with the above actions. | |
| 2 Complaints Upheld: not investigated – injustice remedied during complaint processes | | |
| Bereavement 1 Upheld | 1. We will not investigate this complaint about the circumstances surrounding the burial of the complainant's mother. This is because the Council has provided an appropriate response for some errors that occurred and because there is insufficient evidence of fault for the other issues. | |
| Waste Services 1 Upheld | 1. Mr S complained about the Council's failure to provide a regular assisted bin collection service. This caused distress and inconvenience to Mr S. We found the Council was at fault. During our investigation, the Council apologised to Mr S and put measures in place to ensure regular collections take place. We consider this to be an appropriate outcome and so no further action by the Ombudsman is needed. | |
| Total | | £15,920.69 |

| Service Area | Decisions Not Upheld (3) |
|-------------------------------------|---|
| Adult Social Care 1 Complaint | Mr T complained that the Council has failed to properly consider the guidance when he re-applied for a blue badge. Despite there being no change to his medical condition, Mr T said the Council declined his application and failed to provide a reason. The Ombudsman does not find fault in the Council's actions. |
| Highways 1 Complaint | Ms U complained about the Council's decision to make changes that would increase traffic on her road. She says this will increase pollution and noise and cause flooding. The Ombudsman does not find fault in how the Council reached its decision. |
| Planning Enforcement 1 Complaint | Mr V complained the Council failed to take planning enforcement action against the change of use of his neighbour's land. We ended our investigation as it was unlikely to result in a finding of fault, a remedy for Mr V or any other meaningful outcome. |

| Service Area | Decisions Not Upheld (3) |
|--------------|--------------------------|
| | |

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Coventry City Council

Public report

Report to

Audit and Procurement Committee

18th March 2024

Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Councillor G Duggins

Director approving submission of the report:

Director of Finance and Resources

Ward(s) affected:

City Wide

Title:

Quarter Three Internal Audit Progress Report 2023-24

Is this a key decision?

No – this is a monitoring report.

Executive summary:

The purpose of this report is to provide the Audit and Procurement Committee with an update on the internal audit activity for the period April to December 2023, against the Internal Audit Plan for 2023-24.

Recommendations:

Audit and Procurement Committee is recommended to:

- 1) Note the performance as at quarter three against the Internal Audit Plan for 2023-24.
- 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 2023

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 2023-24

1. Context (or background)

1.1 This report is the second monitoring report for 2023-24, 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'.

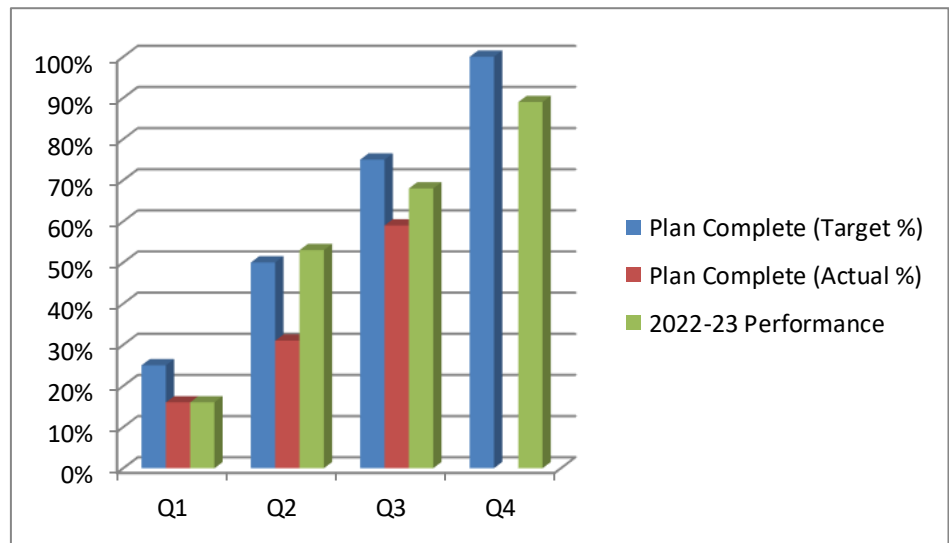
2. Options considered and recommended proposal**2.1 Delivering the Audit Plan**

2.1.1 The Internal Audit Plan for 2023-24 was presented to the Audit and Procurement Committee at its meeting on 24th July 2023. 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 any exceptions. It is important that the Internal Audit Service retains a flexible approach in order to ensure it can respond to issues on a timely basis and add value. In the half year progress report which was presented to the Audit and Procurement Committee at its meeting on 27th November 2023, it was explained that the Plan would need to be adjusted as a result of long-term unplanned absence within the Service. Consequently, the Plan has been amended to 400 days (a reduction of 80 days.). This has been accommodated through:

- Re-programming a small number of audit reviews into the 2024-25 Audit Plan. The decision on which audits to re-schedule has been based on discussions with management where it has been highlighted that undertaking the audit at a later date would be more beneficial from an assurance perspective due to changes in the operational environment.
- Changes in the risk environment impacting the requirement for audit involvement.

2.1.2 The key target facing the Internal Audit Service is to complete 90% of its work plan by 31st March 2024. The chart overleaf provides analysis of progress against planned work for the period April to December 2023 based on the revised audit plan of 400 days.

Chart One: Progress against delivery of Internal Audit Plan 2023-24



As at the end of December 2023, the Service had completed 59% of the Audit Plan against a benchmark of 75% (which reflects delivery of 100% of the plan). The main reason for the variation in performance relates to a small number of audits which have taken longer to complete than the original time estimated. This is expanded upon in 2.2 below. As such, it is clear that achieving 90% of the Plan by 31st March 2024 will be challenging. However, based on the work completed in quarter four to date, it is expected that performance will exceed 80%.

2.1.3 Taking into account the points at 2.1.1 and 2.1.2 above, it is the view of the Chief Internal Auditor that these changes will not, in any significant respects, impact on the ability to deliver the annual internal audit opinion.

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 overleaf shows a summary of the performance for 2023-24 to date against these five KPIs, with comparative figures for the financial year 2022-23. There is one target which is noticeably below expectations (audits delivered within budget days.) Whilst there are a number of reasons for this, for example, the audit area was more complex than originally envisaged, 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 2023-24

| Performance Measure | Target | Performance Q3 2023-24 | Performance 2022-23 |
|--|---------------|-------------------------------|----------------------------|
| Planned Days Delivered | 100% | 70% | 96% |
| % of work time spent on audit work | 90% | 92% | 91% |
| Draft Report to Deadline (Draft issued within two weeks of deadline) | 80% | 71% | 60% |
| Final Report to Deadline (Final issued within two weeks of deadline) | 80% | 96% | 92% |
| Audit Delivered within Budget Days (Where budget days have not been exceeded by more than 50%) | 80% | 63% | 76% |

2.2.1 The Public Sector Internal Audit Standards are based on the Global Internal Audit Standards. Following a review of the Global Standards by the Institute of Internal Auditors, a new set of standards will come into force in January 2025. As a result, the Internal Audit Service will be looking to develop a revised set of performance indicators for 2024-25 which are aligned to the new standards. Work is currently ongoing to assess what performance measures will be required and further updates on this will be provided to the Audit and Procurement Committee in due course.

2.3 Audits Completed to Date

Attached at Appendix One to the report is a list of the audits finalised between April and December 2023, along with the level of assurance provided.

As at 30th December 2023, the following audits were in progress:

- **Audits at Draft Report Stage** – Limbrick Wood Primary School Formal Follow-Up, Pothole Pro Health Check Stage Two.

- **Audits On-going** – Off-contract Agency Spend, End User Computing, Implementation of new IT systems / upgrades, IR35, Risk Management, IR35 in Schools, CareDirector Post Upgrade Assurance.

Details of a selection of key reviews completed in this period are provided at Appendix Two to the report. 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 Director of Finance and Resources and the Director of Law and Governance

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?**
<https://www.coventry.gov.uk/strategies-plans-policies/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:

Name and job title:

Karen Tyler
Chief Internal Auditor

Service:

Finance and Resources

Tel and email contact:

Tel: 024 76972186
Email: Karen.tyler@coventry.gov.uk

Enquiries should be directed to the above person.

| Contributor/approver name | Title | Service | Date doc sent out | Date response received or approved |
|---|--|-----------------------|--------------------------|---|
| Contributors: | | | | |
| Michelle Salmon | Governance Services Officer | Law and Governance | 28/2/2024 | 29/2/2024 |
| Tina Pinks | Finance Manager Corporate Finance | Finance and Resources | 28/2/2024 | 8/3/2024 |
| Names of approvers for submission: (officers and members) | | | | |
| Barry Hastie | Director of Finance and Resources | - | 28/2/2024 | 7/3/2024 |
| Councillor G Duggins | Cabinet Member for Policy and Leadership | - | 28/2/2024 | 7/3/2024 |
| Councillor R Lakha | Chair of Audit and Procurement Committee | | 28/2/2024 | 28/2/2024 |

This report is published on the council's website: www.coventry.gov.uk/council-meetings

Appendix One – Audit Reviews Completed between April and December 2023

| Audit Area | Audit Title | Assurance |
|---|---|-------------------------|
| 2022-23 B/Fwd | Climate Change risk assessment | Fact finding |
| | Compliance with pre-employment checks | Limited |
| | Payroll 22-23 | Significant |
| | Business Rates 22-23 | Moderate |
| | Formal Follow up – Information Governance risk management | Moderate |
| Corporate Risk | Enabling Attendance | Limited |
| | Equality and Diversity in pay decisions | Significant |
| Council / Audit Priorities | Transparency Code | Limited |
| Financial Systems | Accounts Payable | Significant |
| Regularity | Growth Hub core grant | Verification |
| | Family Hubs and Start for Life grant | Verification |
| | Turnaround Programme grant | Verification |
| | Changing Places capital grant | Verification |
| | Homelessness grants | Verification |
| | Teachers Pension Statements | Verification |
| | Energy Bill Support Scheme – post payment assurance | Verification |
| | John Gulson Primary School | Reasonable ¹ |
| | Holyfast Primary School | Reasonable |
| | Whitmore Park Primary School | Reasonable |
| | Stoke Park Primary School | Reasonable |
| | Disabled Facility grant | Verification |
| | Bus Subsidy grant | Verification |
| | Homes Upgrade grant | Verification |
| | Innovate UK MACAM grant | Verification |
| | Annual Governance Statement | Reasonable |
| | Local Authority Delivery phase 3 grant | Verification |
| Directorate Issues | Sports Assets maintenance programme | Reasonable |
| | ICT Storeroom physical security | Reasonable |
| Formal Follow-up | Resourcelink Self Service delegated authority | Limited |
| | Statutory compliance | Reasonable |

¹ From 2023-24 the term moderate assurance has been revised to reasonable assurance.

Appendix Two – Summary Findings from Key Audit Reports Completed between April and December 2023

| Audit Review / Actions Due / Responsible Officer(s) | Key Findings |
|---|---|
| <p>Enabling Attendance</p> <p>March 2024</p> <p>Director of HR</p> | <p>Overall Objective: To provide assurance that the Council’s Enabling Attendance Policy / procedure is being complied with and effectively supports employees to maintain regular attendance.</p> <p>Key controls assessed:</p> <ul style="list-style-type: none"> - Sickness absence is recorded on a timely basis, appropriately certified and return to work meetings are held. - Employees mental health is proactively supported in line with the Enabling Attendance Policy. - Arrangements are in place to ensure that where discussion thresholds are met, appropriate action is taken in accordance with the Enabling Attendance procedure. <p>Opinion: Limited Assurance</p> <p>The control framework which underpins the Enabling Attendance Policy / procedures largely relies on the effectiveness of managers to ensure that requirements are met, with little oversight of activity from a HR / corporate perspective. As such, achieving 100% compliance is rare as there is always likely to be instances when procedures may not have been adhered to. However, the review has highlighted that the level of compliance with key requirements is, in our view, outside of what could be considered an acceptable level of tolerance. This creates the risk that the objectives of the Enabling Attendance Policy will not be met. Whilst there are actions that can be taken to assist in improving management compliance, it is our view that the Council also needs to consider strengthening its “second line of defence” in relation to ensuring the Policy / procedures are effectively used.</p> <p>Agreed Actions - risk level high (H) or medium (M):</p> <ul style="list-style-type: none"> • Consider introducing annual mandatory training for all employees on the Enabling Attendance Policy / Procedure and sickness absence process and / or incorporate an assurance process into the appraisal process. (H) • Review and consolidate information on the Council’s intranet in relation to the recording of sickness absence to ensure guidance is accurate, specific and can be accessed in one place. (M) |

| Audit Review / Actions Due / Responsible Officer(s) | Key Findings |
|---|---|
| | <ul style="list-style-type: none"> • Provide quarterly reminders through “Managers Talk” on the sickness absence process. (M) • Consider introducing charges to service areas for all overpayments due to the late recording of sickness absence. (M) • Undertake periodic dip sampling of return-to-work forms to ensure that they are being completed and discussion thresholds are being accurately identified. (H) • Consider the Council’s position in regards to the provision of fit notes and if required, determine appropriate controls to enforce the Policy requirements. (H) • Ensure that the long-term absence flowchart is accurately updated and published within the Toolkit. (M) • Ensure that HR consistently use threshold reports to identify absences which have met the specific discussion thresholds outlined in the Policy and contact managers accordingly. (H) |

| Audit Review / Actions Due / Responsible Officer(s) | Key Findings |
|---|---|
| <p>Transparency Code</p> <p>October 2024</p> <p>Procurement Systems and Contracts Manager/ Employee Relations Lead / Parking Services Manager / Head of Governance / Deputy Head of Procurement / Corporate Governance Group</p> | <p>Overall Objective: To provide assurance that data is being published by the Council in accordance with the Local Government Transparency Code.</p> <p>Key controls assessed:</p> <ul style="list-style-type: none"> - All mandatory / recommended data included within the Transparency Code is published in accordance with the requirements of the Code. - Appropriate information management processes are in place to ensure the accuracy of data which is published. - Information is published in a helpful and accessible way. - Where publishing data creates the risk of payment fraud, appropriate internal control arrangements are in place to reduce risk. <p>Opinion: Limited Assurance</p> <p>The assurance level provided reflects that the Council does not currently comply with all of the mandatory requirements of the Transparency Code. In particular, the review highlighted that several of the mandatory datasets are not published at all and where data is published this does not always include all of the required details. In addition, it is our view that there is an opportunity to improve the accessibility of the data to the public, which is a key principle which underpins the Code and supports the Council's Local Code of Governance.</p> <p>Agreed Actions:</p> <ul style="list-style-type: none"> • Ensure that all mandatory datasets are published in accordance with the requirements of the Transparency Code. (H) • Establish corporate responsibility for the Transparency Code with arrangements in place to undertake an annual check to ensure it is being complied with. (H) • Ensure that all of the required information relating to the mandatory datasets is published. (H) • Establish a corporate position on whether the Council should publish recommended data and if so, ensure this is communicated to relevant service areas. (M) • Take action to publish all of the datasets on the Council's website in one place, in an accessible |

| Audit Review / Actions Due / Responsible Officer(s) | Key Findings |
|--|---------------------|
| | format. (H) |

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Coventry City Council

Public report

Report to

Audit and Procurement Committee

18th March 2024

Name of Cabinet Member:

Cabinet Member for Policy and Leadership – Councillor G Duggins

Director approving submission of the report:

Director of Finance and Resources

Ward(s) affected:

City Wide

Title:

Internal Audit Recommendation Tracking Report

Is this a key decision?

No

Executive summary:

The purpose of this report is to provide the Audit and Procurement Committee with an update on the progress made in implementing internal audit recommendations since January 2023.

Recommendations:

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

List of Appendices included:

Appendix One – Results of Formal Follow up Exercise

Appendix Two – Results of Self-Assessment Follow up Exercise

Background papers:

None

Has it or will it be considered by Scrutiny?

No other scrutiny consideration other than the Audit and Procurement Committee

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

No

Will this report go to Council?

No

Report title:

Internal Audit Recommendation Tracking Report

1. Context (or background)

- 1.1 The Public Sector Internal Audit Standards requires that “the Chief Audit Executive (i.e. Chief Internal Auditor) must establish a follow up process to monitor and ensure that management actions have been effectively implemented or that senior management have accepted the risk of not taking action”.
- 1.2 As reflected within its terms of reference, the Audit and Procurement Committee is required to receive reports on Internal Audit’s follow up process. This report provides an update as to progress in respect of the agreed management actions which have been followed up during the period January 2023 to January 2024.

2. Options considered and recommended proposal

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

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

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

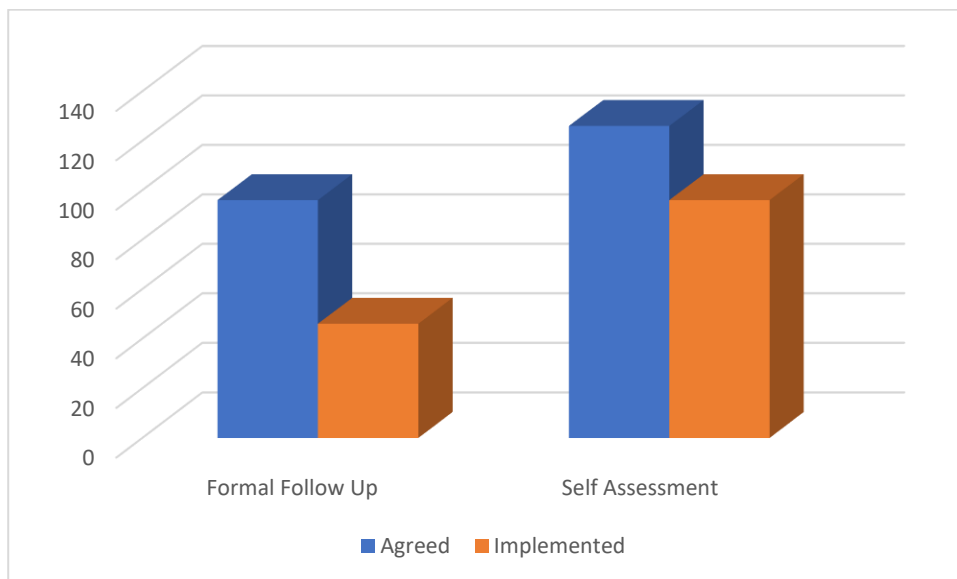
- 2.2 These considerations are expanded upon below:

- **Annual Audits:** Where audits are undertaken on an annual basis, a formal follow up review is undertaken as part of the next audit. This involves Internal Audit assessing progress through audit testing to ensure that agreed actions have been implemented and are working effectively.
- **Level of Assurance:** Any audit which receives 'no' or 'limited' assurance is subject to a follow up review to assess improvements based on a timing agreed between Internal Audit and relevant management. In either of these circumstances, a formal follow up review will take place which involves Internal Audit assessing progress through audit testing to ensure that agreed actions have been implemented and are working effectively.

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

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

2.4 **Results** – The results of the latest follow up exercise are attached at Appendix One and Two and are summarised in the graph below.



Of the 222 actions followed up, 64% have been implemented based on both the formal and self-assessment follow up method. When this is analysed by follow up method the results are:

- Formal follow up method – 48% implementation rate.
- Self-assessment follow up method – 76% implementation rate.

In terms of the specific results, the following points should be considered:

- Formal follow up – The implementation rate of 48% is slightly higher when compared with the results achieved last year, where the implementation rate was 45%. However, when compared to the results achieved prior to the Covid-19 pandemic, it is clear that implementation rates have reduced over time.
- Self- assessment – As the rate of implementation is considerably higher than the formal follow up method, it does suggest that action needs to be taken to ensure the current process can be relied upon.

As such, it is intended that the Chief Internal Auditor will attend Leadership Board in the near future to raise the issues highlighted above with a view to (a) underlining the importance of implementing agreed audit recommendations (b) consider how the self-assessment process can be improved to ensure its veracity can be relied upon.

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

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

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

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

3. Results of consultation undertaken

- 3.1 None

4. Timetable for implementing this decision

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

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

- 5.1 Financial Implications

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

- 5.2 Legal implications

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

6. Other implications

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

<https://www.coventry.gov.uk/strategies-plans-policies/one-coventry-plan>)

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

6.2 How is risk being managed?

In terms of risk management, there are two focuses:

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

6.3 What is the impact on the organisation?

None

6.4 Equalities / EIA

None

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

No impact

6.6 Implications for partner organisations?

None

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| Contributors: | | | | |
| Michelle Salmon | Governance Services Officer | Law and Governance | 28/2/2024 | 29/2/2024 |
| Tina Pinks | Finance Manager Corporate Finance | Finance and Resources | 28/2/2024 | 8/3/2024 |
| Names of approvers for submission: (officers and members) | | | | |
| Barry Hastie | Director of Finance and Resources | - | 28/2/2024 | 7/3/2024 |
| Councillor G Duggins | Cabinet Member for Policy and Leadership | - | 28/2/2024 | 7/3/2024 |
| Councillor R Lakha | Chair of Audit and Procurement Committee | - | 28/2/2024 | 28/2/2024 |

This report is published on the council's website: www.coventry.gov.uk/council-meetings

Appendix One – Results of Formal Follow Up Exercise

| Audit Review | High Risk Actions Agreed | High Risk Actions Implemented | Medium Risk Actions Agreed | Medium Risk Actions Implemented | Additional Comments |
|---|--------------------------|-------------------------------|----------------------------|---------------------------------|--|
| Resourcelink Self Service Delegated Authority | 4 | 0 | | | All actions are due to be implemented by March 2024. The Service have been informed that in the event of further delay, the matter will be escalated to the Audit and Procurement Committee. |
| Limbrick Wood Primary School | 4 | 0 | 6 | 1 | The School have converted to Academy Status. However, it has been agreed that assurance will be obtained through the self-assessment process that the actions have been addressed. |
| Statutory Compliance | 6 | 2 | 3 | 0 | |
| Information Governance Risk Management | 6 | 4 | 2 | 1 | |
| Cyber Resilience and Readiness | 2 | 2 | 13 | 6 | |
| Mobile Devices | 2 | 2 | 12 | 8 | |
| Parking Enforcement | 9 | 4 | 8 | 7 | |
| Accounts Payable 22-23 | | | 2 | 0 | |
| Accounts Receivable | | | 2 | 2 | |
| Payroll | | | 1 | 1 | |
| Council Tax | | | 2 | 0 | |
| Business Rates | 5 | 2 | 1 | 0 | |
| Accounts Payable 23-24 | | | 6 | 4 | |

Revised implementation dates have been agreed for all outstanding actions and these will be followed up through a further formal follow up / the self-assessment process

Appendix Two – Results of Self-Assessment Follow up Exercise

| Audit Review | High Risk Actions Agreed | High Risk Actions Implemented | Medium Risk Actions Agreed | Medium Risk Actions Implemented | Additional Comments |
|--|---------------------------------|--------------------------------------|-----------------------------------|--|----------------------------|
| Monitoring of key IT platforms | | | 4 | 3 | |
| Sports and Arts grants process | 1 | 1 | | | |
| EDI in recruitment | | | 6 | 2 | |
| Motion service desk | | | 2 | 2 | |
| Templars Primary School | | | 2 | 2 | |
| Asset management patching and configuration | | | 3 | 2 | |
| Compliance with working together standards | 2 | 0 | 2 | 1 | |
| Parking Enforcement | 5 | 5 | 1 | 1 | |
| Data Centre Security | | | 1 | 1 | |
| Baginton Fields School | 2 | 2 | | | |
| File Storage | 1 | 1 | 4 | 4 | |
| Storage Area Network | | | 1 | 0 | |
| Climate change risk assessment | | | 2 | 2 | |
| Allesley Primary School related party transactions | | | 7 | 7 | |
| Accounts Receivable | | | 2 | 1 | |
| Repairs and Maintenance | 4 | 1 | 6 | 6 | |
| Potters Green Primary School | 4 | 4 | 3 | 3 | |
| Wyken Croft Primary School | 3 | 3 | 2 | 2 | |
| Allesley Hall Primary School | 2 | 2 | 6 | 6 | |
| Deprivation of Liberty Safeguards | 3 | 2 | 4 | 2 | |
| Budgetary control | | | 3 | 0 | |
| Dol-y-moch HR issues | | | 10 | 6 | |
| Allesley Primary School | 6 | 5 | 6 | 2 | |
| IR35 compliance | 1 | 1 | 4 | 3 | |

| Audit Review | High Risk Actions Agreed | High Risk Actions Implemented | Medium Risk Actions Agreed | Medium Risk Actions Implemented | Additional Comments |
|---------------------------------|---------------------------------|--------------------------------------|-----------------------------------|--|----------------------------|
| John Shelton Primary School | 3 | 3 | 4 | 4 | |
| Health & Safety Audit Programme | 1 | 1 | 3 | 3 | |

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

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

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