

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)