Audit & Standards Committee
Tuesday 9 January 2024

A meeting of the above Committee will be held at Shire Hall, Warwick on Tuesday 9 January 2024, at 6.00pm.

Councillor R Hales (Chairman)
Councillor B Gifford (Vice-Chairman)

Councillor K Aizlewood	Councillor J Falp
Councillor D Browne	Councillor P Phillips
Councillor L Cron	Councillor N Tangri
Councillor K Dickson	Councillor H Yellapragada
Councillor R Dickson	Labour Vacancy

Although not members of the Committee, Mr Tomkinson and Ms Pyke, the Council's Independent Persons, normally attend.

Agenda

1. **Apologies & Substitutes**

   (a) to receive apologies for absence from any Councillor who is unable to attend; and
   (b) to receive the name of any Councillor who is to act as a substitute, notice of which has been given to the Chief Executive, together with the name of the Councillor for whom they are acting.

2. **Declarations of Interest**

   Members to declare the existence and nature of interests in items on the agenda in accordance with the adopted Code of Conduct.

   Declarations should be disclosed during this item. However, the existence and nature of any interest that subsequently becomes apparent during the course of the meeting must be disclosed immediately. If the interest is not registered, Members must notify the Monitoring Officer of the interest within 28 days.

   Members are also reminded of the need to declare predetermination on any matter.

   If Members are unsure about whether or not they have an interest, or about its nature, they are strongly advised to seek advice from officers prior to the meeting.

3. **Minutes**

   To confirm the minutes of the meeting held on 25 September 2023.   **(To follow)**

Published Thursday 21 December 2023

The agenda is available in large print on request, prior to the meeting, by telephoning (01926) 456114

Audit & Standards Committee

Minutes of the meeting held on Monday 25 September 2023 at the Town Hall, Royal Leamington Spa at 6.00pm.

Present: Councillor Hales (Chair), and Councillors B Gifford, K Dickson, R Dickson, Falp, Kang, Sullivan, and Yellapragada.

Also Present:
Independent Person: Ms Pyke
Portfolio Holder for Resources: Councillor Chilvers
Leader of the Council: Councillor Davison

Officers: Sophie Vale (Committee Services Officer); Darren Knight (Deputy Chief Executive); Graham Leach (Head of Governance & Monitoring Officer); Andrew Rollins (Head of Finance); Ian Davy (Principal Internal Auditor); Richard Wilson (Principal Accountant); and Leanne Marlow (Electoral Services Manager).

13. **Apologies and Substitutes**

   a) apologies for absence were received from Councillors Aizlewood, Browne, Cron and Phillips, and from Independent Person Ray Tomkinson; and
   b) there were no substitutes.

14. **Declarations of Interest**

   Minute Number 17 - Appointment of Parish/Town Council Representatives

   Councillor Falp enquired as to whether she, as a Whitnash Town Councillor (and Members who were Kenilworth Town Councillors) would need to declare an interest as the two Town Councillors put forward to be the Representatives on the Committee were from Whitnash and Kenilworth. Following advice from the Head of Governance & Monitoring Officer, she explained that she was not predetermined and therefore did not need to declare an interest.

15. **Minutes**

   The minutes of the meeting held on 13 June 2023 were taken as read and signed by the Chair as a correct record, subject to the amendments contained within the addendum and listed below.

   At Minute Number 10 – Dispensation for Councillors, the following sentence be added:

   In response to a question from the Committee, the Head of Governance & Deputy Monitoring Officer agreed that the Kenilworth Town Councillors listed should instead be in the list of Town Councillors who do not receive an allowance, and this should be amended in the report and any subsequent decision of the Committee.

   Therefore, at Appendix 1 to the minutes, Councillors K Dickson, R Dickson, Kennedy, Milton, and Payne should be recorded under the category

Member of another Council and not in receipt of an allowance from that other Council.

16. **Polling District Place and Station Review**

The Committee considered a report from Governance Services, which sought approval of the plan to undertake a statutory review of polling districts and polling places for Warwick District.

Under the Representation of the People Act 1983, the Council had a duty to divide its area into polling districts and to designate a polling place for each district.

The Electoral Administration Act 2006, as amended, introduced a duty on all local authorities in Great Britain to review their polling districts and polling places at least once every five years.

Under section 18C of the Representation of the People Act 1983, the next compulsory review had to be undertaken within a 16-month window between 1 October 2023 and 31 January 2025. The intention of the legislation was that reviews were to be completed no later than the January before a UK Parliamentary General Election. However, since the repeal of the Fixed Term Parliaments Act 2011, there was no longer any certainty as to when the next general election would be. Officers had been advised by the Association of Electoral Administrators (AEA) and the Electoral Commission to start the review as soon as the legislation allowed, this being Monday 2 October 2023.

In addition, the Boundary Commission for England had completed a review of parliamentary constituency boundaries. The Commission had published its final recommendations, and Orders for the new parliamentary constituency boundaries would be made by 1 November 2023. Once the orders for new parliamentary constituencies had been made, the new boundaries would be used for the next general election. The polling scheme Warwick District had in place would need to reflect the new constituencies.

For the reasons above, it was important to complete the review as soon as possible, so the polling districts and places for future elections could be agreed in time for Police and Crime Commissioner elections in May 2024 and the as yet unscheduled next general election.

Although the review itself could not commence earlier than the legislative date of 1 October 2023, there was a degree of preparatory work which could be undertaken prior to the review, as well as informal preliminary consultation. Any changes in polling districts would need to be reflected in the electoral register on 1 February 2024 so it did not affect data being sent to printers for the May 2024 scheduled elections. A notice would need to be published 14 days before to confirm there would be a revised register further to 1 December 2023 which would reflect any changes made. This therefore required a compact timetable.

That Committee should be aware that the Chief Executive, within his role as Returning Officer, had the delegated authority to designate polling places where a decision was required at short notice, for example a building became unavailable at short notice.

In terms of alternative options, the Committee could ask officers to compact the timetable even further, so the review would conclude ready for the revised register publication on 1 December 2023. The elections team had limited resources due to post elections work, canvass reform 2023 and the new Elections Act 2022 laws creating additional workload, therefore this was not considered possible currently.

The review could be considered over a longer period of time, but this would go against recommended practice from the Electoral Commission and needed to be completed to account for the new Parliamentary Constituencies.

In response to questions from Members, the Electoral Services Manager confirmed that the review covered all levels of local government within Warwick District.

It was proposed the recommendations in the report be approved.

Resolved that

(1) the compulsory polling district and places review to commence on Monday 2 October 2023, be approved;

(2) the timetable for the review as set out in Appendix 1 to the report, be approved;

(3) the Electoral Registration Officer be authorised to take the necessary measures as soon as possible to give effect to parliamentary constituency changes, ensuring that the register reflects existing and new constituencies, until the boundaries are fully in force; and

(4) the Electoral Registration Officer be authorised to take the necessary measures to give effect to any new or amended polling districts on completion of the polling district review, ensuring that the register reflects existing and new boundaries, until the boundaries are fully in force.

17. **Appointment of Parish/Town Council Representatives**

The Committee received nominations for the co-opted representative to the Committee.

Recommended to Council that Councillors Barry Franklin of Whitnash Town Council and Adrian Marsh of Kenilworth Town Council be appointed as the co-opted representatives to the Audit & Standards Committee, in line with the Protocol.

18. **Treasury Management Activity Report for period 1 Oct 2022 to 31 March 2023**

The Committee considered a report from Finance which detailed the Council's Treasury Management performance for the period 1 October 2022 to 31 March 2023.

Core re-investments were kept short to take advantage of the changes in interest rates and these outperformed the benchmark.

Money Market Funds and Call Accounts were used for every day cashflow purposes and slightly underperformed against the benchmark.

The overall performance was above the benchmark.

The Council's 2022/23 Treasury Management Strategy and Treasury Management Practices (TMPs) required the performance of the Treasury Management Function to be reported to Members on a half yearly basis in accordance with the Treasury Management Code of Practice.

In response to questions from Members, the Principal Accountant stated that:

- traditionally, the Council had always taken fixed rate Public Works Loan Board interest rates. The HRA ones from 2012 of £136m were taken at a range of between 40-50 years loans. The interest rate at the time was around 4%, which was quite competitive;
- every year the Council and its Treasury Advisors looked at whether debt could be rescheduled, but it had always been nigh impossible to do that without incurring a large charge. If a loan was to be refinanced, the Council would have to borrow from somewhere else and that would end up costing more;
- the £136m HRA loan was related to the underlying assets of 5,500 Council dwellings, and the Council was obliged to take that loan to buy itself out of the subsidy system;
- there were a further £60m loans against the Housing Joint Venture with Vistry for Crewe Lane, and they were for between 1.5 -5.5 years. However, each loan was back-to-back with the Housing Joint Venture so they were being repaid as the Council was due to repay the Public Works Loan Board, so they technically offset each other and would hopefully be gone within four years;
- there was another chunk of £12m taken in 2019 for one of the leisure centres;
- the terminology of internal borrowing would be looked at when the Council went through some of the Treasury Management Strategies, meaning that there was a large amount of the treasury or capital program that was technically unfunded currently. The Council had not borrowed for that yet because of high interest rates;
- the Council had internally borrowed, so in effect was lending money to itself and to the HRA. The HRA would normally earn interest on its balances, but was currently paying the General Fund some interest because its borrowing was more than its balances because it was yet to go to the Public Works Loan Board;
- the Council had approximately £100m of loans that had not been taken yet which would need to go on top of the published figure,

but because of its investments, the Council did not need to borrow because the decision for any borrowing was down to the overall need to borrow. As the Council had quite high levels of investments, it did not need to borrow when the interest rates were so high, so was waiting for a better time to borrow the Public Works Loan Board's money;

- it was thought that March 2024 would be the earliest the Council would need to borrow, but there was hope that the base rates would not go up any more or would start falling back down;
- the Council did not currently have any loans with other local authorities. The one with Liverpool City Council was an attractive interest rate at the time so was taken in order to maximise return with relatively low risk;
- the Council did not have a bar on any local authorities, but when it came to placing money, the Council asked who the other authority was to ensure that it was not one that the Council did not want to invest with;
- if the Council was to start identifying and barring other local authorities, the financial markets might start applying the same principle more generally;
- the Council primarily invested in A+ counterparties, and a lot of the investments were with Money Market Funds which were very secure. With the core investments that were directly on a fixed term rate, it was ensured that the counterparties were on the approved list of countries that the Council was happy to invest with. A couple of countries had been removed from the list last year;
- the Council always sought to comply with the SLY principle: security, liquidity, and yield. Security meant ensuring that any money was not going to disappear, so it did not lend to parties that might not be able to repay the money. Liquidity meant not wanting to lend money resulting in having to borrow from the Public Works Loan Board earlier than necessary, so keeping any loans as short as needed for cash flow purposes. Yield meant going for the investment with the highest return when faced with options with equal levels of risk; and
- the ongoing Kenilworth Leisure Centre project was part of the capital programme and any extra costs incurred would have to increase borrowing. In the Treasury Management Strategy 23/24, the Finance Department had put their best estimate against the capital programme for what borrowing needs would be, and also included a bit of headroom should costs go above this estimate. For this particular project, the headroom that could be incurred would push towards the upper limits with some of the other HRA schemes in the pipeline, meaning that it was vital to ensure that authorised operational limits were not breached. If they were breached, then a report would have to go to Full Council to explain the reason for increasing those limits.

It was proposed the recommendations in the report should be approved.

> **Resolved** that the report and appendices, be noted and approved.

19.   **Internal Audit Progress Report - Quarter 1 2023/24**

The Committee considered a report from Finance which advised on progress in achieving the Internal Audit Plan 2023/24, summarised the audit work completed in the fourth quarter and provided assurance that action had been taken by managers in respect of the issues raised by Internal Audit. This aided effective governance within the Council.

In response to questions from Members, the Principal Internal Auditor and Head of Governance and Monitoring Officer stated that:

- regarding the allocation of grants to the areas with greatest need in Appendix D to the report, the areas of greatest concern were set a number of years ago so might have gotten additional investment since then. Changes to allocation of grants would be reviewed and the responsible officer would contact the relevant people to obtain an updated list of areas of need;
- regarding Appendix F to the report, when the recommendations contained within it were followed, all records would be updated accordingly;
- the outstanding audit for 22/23 was the audit for cybersecurity, for which the Head of Digital and Customer Services had confirmed that he was preparing all evidence to be sent to the auditor. The policies on Microsoft 365 would likely be included in this;
- the possibility of mediation to be used in solving neighbour disputes would be fed back to the relevant officers; and
- the ICT steering group was purely officer led as it involved the internal workings of ICT within the Council.

It was proposed the recommendations in the report should be approved.

> **Resolved** that the report and appendices, be noted and approved.

20.   **Annual Governance Statement 2022/23 Action Plan: Review of Progress**

The Committee considered a report from Finance which reviewed the progress that was being made in addressing the 'Significant Governance Issues' facing the Council as set out in its Annual Governance Statement 2022/23. The appendix accompanying the report detailed the progress in addressing the Significant Governance Issues.

The recommendation would help fulfil Members' responsibility for effective corporate governance within the Council and provided assurance to Members that the governance issues identified as part of the compilation of the Annual Governance Statement were being addressed.

In response to concerns raised by Members about the workload of the Overview & Scrutiny Committee, the Head of Governance and Monitoring Officer explained that the Action Plan update contained within the report was agreed beforehand with the Chair of the Overview & Scrutiny Committee. A report had previously gone to the Committee regarding its current workload, capacity, and plans, for the next municipal year. The Chair had asked Members to read and reflect on how they wanted to structure the scrutiny committee going forward. These ideas could then be built into the budget process and/or Annual Council in 2024.

It was proposed the recommendations in the report should be approved.

> **Resolved** that the report be noted. The Committee was satisfied with the progress being made in addressing the Significant Governance Issues pertaining to the Annual Governance Statement 2022/23.

21. **Internal Audit Annual Report 2022/23**

The Committee considered a report from Finance which formed part of the evidence for the Annual Governance Statement, the Internal Audit Annual Report presented a summary of the internal work undertaken during 2022/23 and provided a conclusion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The Committee was required to consider the Annual Report of Internal Audit for the year ended 31 March 2023 as part of its consideration and approval of the Annual Governance Statement 2022/23. This was because the Public Sector Internal Audit Standards required that "The 'Chief Audit Executive' must deliver an annual internal audit opinion and report that could be used by the organisation to inform its governance statement."

In response to questions from Members, the Principal Internal Auditor and the Head of Governance and Monitoring Officer stated that:

- regarding the consultancy-based review of ICT operations as a Joint Service as detailed in Appendix 1a to the report, it was originally set up as a joint audit when the proposed merger with Stratford-on-Avon District Council (SDC) was still going ahead. As this did not happen and the joint service was no longer going to be undertaken, the audit was curtailed but actions were identified to be taken forward as a consultancy piece;
- three items received less than substantial assurance, with Town Hall Lettings, Affordable Housing Development Programme and Allocations, Nominations and Lettings receiving moderate assurance levels;
- each year, proposals were put forward following consultation with Heads of Service, Senior Leadership Team, the Chief Executive, Deputy Chief Executive and the Programme Director for Climate Change. They therefore had opportunity to raise concerns about potential risk for review but had not done so to date;
- consideration would be given by the Senior Leadership Team and Cabinet to the possibility of an internal audit of the Council's bigger projects; and
- where external assessments had picked up areas where the Council was not compliant, an action plan was brought forward and updates on that would be brought to the Audit & Standards Committee. In terms of the areas of non-compliance detailed in the report, they were all regarding the job details of the Chief Audit Executive and were issues that were dealt with by employment panels or the Section 151 officer.

It was proposed the recommendations in the report should be approved.

> **Resolved** that the report and appendices, be noted and approved.

22. **Annual Governance Statement 2022/23**

The Committee considered a report from Finance which set out the Council's Annual Governance Statement for 2022/23 describing the governance arrangements that were in place during the financial year. The Statement would accompany the Council's Statement of Accounts.

Members had responsibility for corporate governance, of which internal audit formed a key part.

In response to questions from Members, the Leader of the Council stated that:

- the Issues and Options Consultation for the South Warwickshire Local Plan (SWLP) had happened in early 2023, and the next stage was now to obtain a preferred option, which would be challenging. The Warwick District and Stratford-on-Avon Councils Joint Advisory group met regularly on this matter and so did the Leaders and Deputy Leaders of the respective Councils.
- although he believed the Annual Governance Statement might not be very inspiring to residents, he recognised the importance of the document and would consult with the Head of Governance and Monitoring Officer to see how the Council could demonstrate how the Annual Governance Statement was being disseminated to residents and Town/Parish Councils in order to build trust.

It was proposed the recommendations in the report should be approved, subject to an amendment to the recommendation proposed at the meeting, to make reference to the number of code of conduct and corporate complaints.

> **Resolved** that the report and appendix be approved, subject to the points raised by Members and Independent Person, and that final wording be delegated to the Chief Executive in consultation with the Leader and former Leader of the Council and the Chairman of the Committee.

23. **Corporate Fraud Investigation Performance Report 2022/23**

The Committee considered a report from Finance which provided details of the performance by the Corporate Fraud Investigation team for 2022/23.

The purpose of an audit committee was to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. Counter-fraud activity formed a key part of each of those elements, thus providing the required assurance to Members.

In response to questions from Members, the Corporate Fraud Team would certainly investigate and report through the appropriate channels any potential fraud allegations regarding the Covid grants. However, there had been no new referrals. Central government had now also ceased to require updates, so it was now down to local authorities to recover any funds that had been fraudulently obtained via the Covid grant scheme.

It was proposed the recommendations in the report should be approved.

> **Resolved** that the report and appendices, be noted and approved.

24. **Audit & Standards Work Programme**

The Committee considered a report from Governance Services which informed Members of the Committee's work programme for 2023/24, attached at Appendix 1 to the report.

In response to a question from Members, the Head of Governance & Monitoring Officer stated that the Work Programme would be extended once the calendar of meetings for municipal year 2024/2025 had been agreed.

The Head of Finance provided a verbal update on the Final Accounts 2021/22 report which was due to be considered by the Committee at the next meeting. He stated that Grant Thorton had still been unable to complete the audit but were working to get it done as soon as possible.

It was proposed the recommendations in the report, along with the additions at the meeting, should be approved.

> **Resolved** that the report and appendices, be noted and approved.

(The meeting ended at 7.15pm)

CHAIR
9 January 2024

Title: Internal Audit Progress Report: Qtr. 2 2023/24
Lead Officer: Richard Barr
Portfolio Holder: Councillor Chilvers
Wards of the District directly affected: None directly impacted

Approvals required	Date	Name
Portfolio Holder	04/12/23	Councillor Chilvers
Finance	30/11/23	Andrew Rollins
Legal Services	Not applicable	
Chief Executive	30/11/23	Chris Elliott
Director of Climate Change	Not applicable	
Head of Service(s)	30/11/23	Andrew Rollins
Section 151 Officer	30/11/23	Andrew Rollins
Monitoring Officer	30/11/23	Graham Leach
Senior Leadership Team	30/11/23	Various

Final decision by this Committee or rec to another Cttee / Council?	Yes/ No – Final Decision by this Committee. Recommendation to: Cabinet / Council ……………………. Committee
Contrary to Policy / Budget framework?	No/~~Yes~~
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No/~~Yes~~, Paragraphs:
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No/~~Yes~~, Forward Plan item – scheduled for ………… (date)
Accessibility Checked?	Yes/~~No~~

Summary

The Report advises on progress in achieving the Internal Audit Plan 2023/24, summarises the audit work completed in the second quarter and provides assurance that action has been taken by managers in respect of the issues raised by Internal Audit.

Recommendations

1   That the report, including its appendices, be noted and, where appropriate, approved. Specifically:

1.1   That Appendix 1, detailing the performance of Internal Audit in completing the Audit Plan, be considered. (Para. 4.1 of this report)

1.2   That Appendix 2, setting out the action plan accompanying the Internal Audit report issued in the quarter, be reviewed. (Para. 5.3)

1.3   That Appendix 3, recording the state of implementation of recommendations issued in previous quarters, be reviewed. (Para. 6.2)

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1   Reason for the Recommendations

1.1   Members have responsibility for corporate governance, of which internal audit forms a key part.

2   Background/Information

2.1   The Audit and Standards Committee is operating, in effect, as an audit committee in the context of receiving and acting upon this report. Guidance on the role and responsibilities of audit committees is available from a number of sources including that of the Council's Audit and Risk Manager.

2.2   Essentially, the purpose of an audit committee is:

➢   To provide independent assurance of the associated control environment.

➢   To provide independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.

2.3   To help fulfil these responsibilities, audit committees should review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.

2.4   The following sections provide information to satisfy these requirements.

3   Assurance

3.1   Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. On behalf of the Authority, Internal Audit review, appraise and report on the efficiency, effectiveness, and economy of financial and other management controls.

3.2   Each audit report gives an overall opinion on the level of assurance provided by the controls within the area audited. The assurance bands are shown below:

Assurance Levels

Level of Assurance	Definition
Substantial Assurance	There is a sound system of control in place and compliance with the key controls.
Moderate Assurance	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited Assurance	The system of control is generally weak and there is non-compliance with the controls that do exist.

4   Progress Against Plan

4.1   At the start of each year an Audit Plan is approved that sets out the audit assignments to be undertaken. A detailed analysis of progress to date in completing the Audit Plan for 2023/24 is set out as Appendix 1.

4.2   Two of the three ICT audits that were carried forward from 2022/23 were completed during the second quarter and the action plans in relation to them are included within Appendix 2. This means that one audit from that year – Cyber Security – is still outstanding. This Committee (together with SLT) will be kept informed of progress until this outstanding audit is complete.

5   Internal Audit Reviews Completed in the Quarter and Management Responses to Recommendations

5.1   Eight audits were completed in the second quarter of 2023/24.

5.2   The Internal Audit reports arising from the completed reviews are available for viewing on the online agenda for the meeting.

5.3   The action plans accompanying these reports (including the Royal Pump Rooms report) are set out for separate review as Appendix 2. This appendix details the recommendations arising together with the management responses, including target implementation dates.

5.4   As can be seen in the Appendix, responses to recommendations contained in reports that have been issued in the quarter have been received in all cases and none is outstanding.

6   Implementation of Recommendations Issued Previously

6.1   All recommendations are followed up once the agreed implementation date has passed. Officers are able to provide an update as soon as they have completed the agreed action, as opposed to waiting to be chased for a response, although the vast majority still have to be chased. The process has recently changed, with automated emails being sent on a weekly basis once the implementation

date (or the agreed extension date) has passed until a response has been provided.

6.2   The state of implementation for all relevant recommendations is set out in Appendix 3. There are no recommendations where we are still awaiting a response on the state of implementation of the recommendation.

6.3   It should also be noted that where officers have not completed the recommendation in line with the original target date, they are now being asked for a new date by which the agreed action will be completed. If this is not met, this will be flagged separately in future reports to Audit and Standards Committee (with, as per usual protocol, the option of Members asking the officers to attend to explain the lack of progress).

6.4   Revised target dates have been provided for seven recommendations relating to the audits of Financial Strategy, Planning and Budgetary Control, Tenancy Management, Emergency Planning and Business Continuity Management, Recruitment and Selection, Terms and Conditions, Health and Safety Compliance of Council Buildings, and Treasury Management. The target date in relation to the recommendations from the audits of Financial Strategy, Planning and Budgetary Control and Treasury Management had been extended previously.

6.5   The completion of the Financial Strategy, Planning and Budgetary Control action had not been completed due to a re-evaluation of the contents of the training to be provided and other, more urgent, exercises.

6.6   The action in relation to Treasury Management had been delayed due to the ongoing issues with the external audit of the Council's accounts and the change of Council.

6.7   The updated dates provided in relation to the Tenancy Management recommendations were within this same reporting period. It has been confirmed that these actions have now been completed.

7   Review

7.1   Members are reminded that they can see any files produced by Internal Audit that may help to confirm the level of internal control of a service, function or activity that has been audited or that help to verify the performance of Internal Audit.

8   Alternative Options

8.1   The report is not based on 'project appraisal' so this section is not applicable.

9   Legal Implications

9.1   Not applicable.

10   Financial Implications

10.1   Not applicable.

11   Corporate Strategy

11.1 Warwick District Council has adopted a Corporate Strategy that sets three strategic aims for the organisation – see below. Each proposed decision should set out how the report contributes to the delivery of these strategic aims. If it does not contribute to these aims or has a negative effect on them the report should explain why that is the case.

> Delivering valued, sustainable services**.**
> Low cost, low carbon energy across the district**.**
> Creating vibrant, safe and healthy communities of the future.

11.2 Internal Audit contributes to the delivery of these strategic aims as part of an assurance framework. This ensures that the activities necessary to deliver these aims are reviewed and, where appropriate, improved.

12   Environmental/Climate Change Implications

12.1 An effective internal audit function can assist the Council achieve its environmental and climate emergency objectives.

13   Analysis of the Effects on Equality

13.1 An effective internal audit function can help the Council achieve its equality obligations.

14   Data Protection

14.1 An effective internal audit function can help the Council achieve its data protection objectives.

15   Health and Wellbeing

15.1 An effective internal audit function can help the Council achieve its health and wellbeing objectives.

16   Risk Assessment

16.1 The whole report is about risks and the risk environment. Clearly there are governance-related risks associated with weak internal control, risk management and governance processes.

17   Consultation

17.1 Please refer to 'header page' of this report.

Background papers:

All Papers referred to in this report are published documents.

Supporting documents:

Internal Audit Plan

Internal Audit Reports.

	INTERNAL AUDIT REPORT

FROM: Audit and Risk Manager   **SUBJECT:** Banking Arrangements

TO: Head of Finance   **DATE:** 13 September 2023

C.C. Chief Executive
Principal Accountant
Portfolio Holder (Cllr Chilvers)

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1 Introduction

1.1 In accordance with the Audit Plan for 2023/24, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.

1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 Background

2.1 Banking arrangements are managed by the Capital and Treasury Management team in Finance.

2.2 Warwick District Council has always banked with HSBC and its predecessor, The Midland Bank. The contract had a five-year extension which is due to end in February 2025.

3 Objectives of the Audit and Coverage of Risks

3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. It should be noted that the risks stated in the report do not represent audit findings in themselves, but rather express the potential for a particular risk to occur. The findings detailed in each section following the stated risk confirm whether the risk is being controlled appropriately or whether there have been issues identified that need to be addressed.

3.2 In terms of scope, the audit covered the following risks:

1. Inappropriate procurement of banking services.
2. Suppliers do not receive timely payments due to banking system failures or IT failures.
3. Bank service provider has undesirable working practices or is owned / operates in an undesirable country.
4. Unauthorised access to Council funds.
5. Lack of resource for procurement causing stress on staff and staff having to work additional hours.

6. A change of bank would result in the need for specialist work to update interfaces and additional costs for support from TechnologyOne.
7. Lack of resource due to absence and leave resulting in broken processes.

3.3 These risks, if realised, would be detrimental to the Council with regards to meeting the following corporate objectives, as set out in the Fit for the Future Strategy:

The banking arrangements themselves have no direct bearing on the Council's objectives under the Fit for the Future (FFF) strategy. However, access to funds to enable other departments to carry out their work will help the Council to meet its overall vision.

4 **Findings**

4.1 **Recommendations from Previous Reports**

4.1.1 The current position in respect of the recommendations from the previous audit reported in March 2020 were also reviewed. The current position is as follows:

	Recommendation	Management Response	Current Status
1	The payment information screenshots should be included in the retention policy for Finance to ensure that their retention is justified and that they are only held for the appropriate length of time.	The need to retain these will be reviewed and a decision will be subsequently made as to whether there is a need to include these in the retention policy. This will also be considered as part of the implementation of the new Financial Management System.	Treasury data has been considered and included in the retention policy with the information retained for six years.

4.2 **Financial Risks**

4.2.1 **Potential Risk: Inappropriate procurement of banking services.**

There is a contract in place with HSBC for the banking services. The contract started 1 March 2015. In 2019, a five-year extension was agreed extending the end date to 28 February 2025. As the tendering of the contract and the extension were covered in earlier audits they have not been reviewed as part of this audit. The signed contract and extension were reviewed to ensure the bank and the Council are operating under the agreed terms.

Interest and charges are taken at source by HSBC from the payment account and then coded to the relevant module on the finance system. The bank provides electronic documentation for any charges, which are monitored and maintained by an Accountancy Assistant.

A sample of invoices was provided detailing the fees and charges incurred. These were checked against the payments authorised on CiAnywhere to confirm

they had been completed accurately. The invoiced amounts were in line with the contract.

WDC do not complete reviews to ensure transaction volumes are in line with those included in the agreement. HSBC perform an annual review which highlights variance and informs the Principal Accountant of any changes needed. It is understood that transaction volumes are within the expected range as they have only been asked to approve the overdraft limit.

4.3   **Reputational Risks**

4.3.1   **Potential Risk: Suppliers do not receive timely payments due to banking system failures or IT failures.**

The department risk register includes the risks of loss of IT resulting from a number of potential triggers such as computer breakdown, technology problems, power failure and loss of internet. The mitigation in place includes support from the IT helpdesk, training and various system controls. Mitigation includes good plans and further actions include ongoing review of business continuity plans.

In case of IT issues staff are advised to work from the Council office or contact IT for support. It was confirmed that in most cases another accountant could complete a task on behalf of a colleague if they are experiencing problems accessing the internet from home.

There are a number of documented procedures in place for the day-to-day banking operations. The documents are kept up to date and are clear with screen shots to show the various steps. A discussion was had with the Principal Accountant who confirmed that Accountancy staff have full access to the documented procedures. These documents assist the staff when completing a task on behalf of another officer.

There were no occasions identified within the last five years where the Council has incurred charges for late payments due to IT or system failure.

The risk register will need updating as it refers to training from a staff member who left a number of years ago. None of the mitigations counter the risk of total loss of WDC IT. With officers signing in remotely total loss would prevent them from working and contacting IT support. Some of the mitigations don't relate to the risk identified. These errors could be due to a mistake when transferring the register into the new format on the intranet.

Recommendation

The risk register should be reviewed to ensure the information is up to date and that the controls and mitigations in place relate to the risk identified.

4.3.2 **Potential Risk: Bank service provider has undesirable working practices or is owned / operates in an undesirable country.**

When procuring services and products the Council should be considering various factors about the provider. This includes environmental, social and governance information, ensuring for example that the provider doesn't operate with undesirable working practices or isn't owned or operating in an undesirable country.

WDC has an Ethical Procurement Statement in place which sets out the Council's approach to ethical procurement. The statement lists principles on which it is based on and the expectations of how they will be implemented. Some of the principles include safe working conditions, employees be paid at least minimum living wage and elimination of child labour and inhumane treatment. There are various other procurement policies and statements which are advised to be used when procuring new contracts. These include sustainable procurement, social value and equality procurement.

The climate action plan includes an aim to decarbonise contracts and remove investment in fossil fuels. The code of corporate governance commits to defining outcomes in terms of sustainable economic, social, and environmental benefits, suggesting that impact and long-term views should be considered when making decisions.

These desirable requirements have not been considered in either the significant business or the department risk registers, including under the procurement specific risks. Failure to consider the risks when procuring services, such as a banking provider, could impact the Council's reputation.

Recommendation

Ethical procurement aspects should be considered in the risk register.

HSBC (the banking provider) reports on its Environmental, Social and Governance (ESG) performance annually. The report is available publicly and includes information and data on three main areas:

> Environmental: sustainability, climate ambitions, finance, biodiversity and water.
> Social: employee profile, charitable giving and volunteering
> Governance: complaints, suppliers (geographically) and tax

The information shared in the ESG performance report is in line with the Council's Ethical Procurement Statement.

4.4 **Fraud risks**

4.4.1 **Potential Risk: Unauthorised access to Council funds.**

The Council has a constitution document in place which details the scheme of delegation. Section 9 of part 3 of the document details the responsibility of the Head of Finance which includes responsibility for the banking arrangements, the Council's cash flow, investment and borrowing. This section of the document

was last amended and approved at Council 15 March 2023. Part 4 of the constitution includes the code of financial practice. This section was last approved by Council on 22nd April 2015 with a revised version issued to Cabinet in 2021. The code contains details about banking arrangements in part 4 section 7. The details include authorisation limits and occasions where dual authorisation would be required.

A formal bank mandate is in place detailing the authorised signatories, such as the Head of Finance and the Principal Accountants. The mandate still includes the previous Head of Finance, who left in April 2022. The Assistant Accountant confirmed that they would contact the bank to have them removed from the list.

The intranet holds a selection of procedure documents for CiAnywhere. These include processes for logging on, how to navigate around the system and access request forms. Other documents are available, but these do not come up when using the search function and are not saved within the finance system pages. Some of the documents are role-specific so do not need to be readily available, such as how to create a journal and perform year end duties. The lack of linking is likely due to the intranet being new and not everything has been linked to appropriate pages and search functions yet.

The documents are all up to date, mainly due to the finance system still being relatively new to the Council. There are a number of accountancy staff listed who are able to provide further help when completing procedures on the finance system should it be required.

The user list for the finance system details 132 users with varying authorisation limits ranging from £10k to unlimited. At the time of processing, the list was up to date with current staff shown. The authorisation limit for the users is appropriate for the role they carry out and in line with other officers in roles at a similar level.

HSBC.net has accountancy users set up to allow processing of payments. Users can only be added with the approval of the Head of Finance, currently the only officer with administration rights. The banking system has the authorisation limits set up to match those on the mandate and CiAnywhere. The Strategic Finance Manager is in the process of being set up as an administrator on the banking system, to help manage the workflow.

The bank mandate confirms the same delegation and financial controls as those stipulated in the code of financial practice. For authorisations over £50k two of the mandated signatories are required. Although there are procedures detailed for cheques they are no longer used by the Council. The updated code of financial practice also confirms the removal of cheques.

Transaction / statement information is downloaded from HSBC.net on a daily basis. This is checked and a copy is saved to cloud storage.

4.5   **Health, Safety and Wellbeing Risks**

4.5.1   **Potential Risk: Lack of resource for procurement causing stress on staff and staff having to work additional hours.**

There is not a work plan in place, as staff within treasury have specific roles. The roles and duties are built into the job descriptions so all officers are aware of their responsibilities.

There are processes in place for delegation and authorisation where there could be a conflict of interest, for example accounts who are involved with Milverton Holmes would not authorise payments to them.

The workload is monitored through one-to-one discussions to help ensure staff are not working excessive hours. Although in most cases this works, as you move up the hierarchy it is clear that more senior officers are recording an increasing amount of flexi hours. There are recognised times through the year where hours accrued peak. This includes year-end and during external audits.

Where actions, such as reducing accrued flexi hours, are identified the action is usually agreed by email. This provides an audit trail if required and acknowledges the extra hours worked.

Vacancies within the Accountancy team have recently been filled leaving the team fully staffed.

4.6   **Other risks**

4.6.1   **Potential Risk: A change of bank would result in the need for specialist work to update interfaces and additional costs for support from TechnologyOne.**

The banking contract is planned to be procurement-ready by January 2024 (due to the workload of the Treasury team). The award would need to be made six months before the new contract starts in January 2025. Should the workload prevent it being ready by January it is expected that an external banking contract expert would be required to put together the banking specifications.

Although there are risks identified in the risk register about the banking provider, as well as procurement risks, system compatibility has not been considered. Discussions with key Accountancy staff and the systems officer confirmed that a change of bank would result in the need for specialist work to update interfaces and additional costs for support from TechnologyOne.

The changes required to the finance system would require an additional budget to cover costs as the change would be a major project with a large amount of work required. There would be a risk of it not being 100% right once completed. The costs of this major project would have to be built into the contract evaluation, as the benefits of changing bank could be outweighed by the project costs.

The Systems Officer confirmed that there would be compatibility issues between the bank provider and the finance system as the current interfaces would have to be written from scratch. Clearly this would be a major project. External support would be required to make the changes and discussion with TechnologyOne to ensure the required changes were possible.

Recommendation

The additional resource requirements should be considered as part of the procurement exercise.

4.6.2 **Lack of resource due to absence and leave resulting in broken processes.**

There are processes in place that ensure workloads are covered in the event of absence and leave. Although not documented, the team are aware of their responsibilities when covering team members.

Absences and holiday are defined by practice where the team covers various roles on behalf of one another. In most cases, multiple officers are able to provide cover for another role. For one role, however, there is at present only one other staff member who provides cover. To build resilience and to allow the officers to alternate cover, another officer is currently being trained on the role.

The cover currently in place is for short term absence and leave and can be adjusted for situations as needed. Maternity Cover is dealt with at the time, based on needs, usually by employing externally on a short term contract or with agency staff to either cover the post, or backfill an existing officer already trained to cover the post.

5 **Summary and Conclusions**

5.1 Section 3.3 sets out the risks that were being reviewed as part of this audit. The review highlighted weaknesses against the following risks:

Risk 2 - Suppliers do not receive timely payments due to banking system failures or IT failures.
Risk 3 - Bank service provider has undesirable working practices or is owned / operates in an undesirable country.
Risk 6 - A change of bank would result in the need for specialist work to update interfaces and additional costs for support from TechnologyOne.

5.2 In overall terms, however, we can give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Banking Arrangements are appropriate and are working effectively to help mitigate and control the identified risks.

5.3 The assurance bands are shown overleaf:

Level of Assurance	Definition
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Banking Arrangements – September 2023

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.3.1	Suppliers do not receive timely payments due to banking system failures or IT failures.	The risk register should be reviewed to ensure the information is up to date and that the controls and mitigations in place relate to the risk identified.	Low	Head of Finance	This is on the risk register with a low likelihood but high potential impact. The CiA system is Cloud-based, and while reliable to date, could be subject to an extended loss of internet and web connections, which could also affect the web-based bank system, with a consequent period that suppliers could not be paid. The risk register will be reviewed in October and then frequently on a quarterly basis to ensure risks and mitigations are relevant.	October 2023

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.3.2	Risk 3 - Bank service provider has undesirable working practices or is owned / operates in an undesirable country.	Ethical procurement aspects should be considered in the risk register.	Low	Principal Accountant	The Council's investment counter-party criteria identifies countries that the Council is happy to accept, and the Council's bank provider would be a UK-based subsidiary or company. The risk register will be reviewed in October and then on a quarterly basis.	October 2023
4.6.1	Risk 6 - A change of bank would result in the need for specialist work to update interfaces and additional costs for support from TechnologyOne.	The additional resource requirements should be considered as part of the procurement exercise.	High	Head of Finance / Principal Accountant	The Council invested a considerable staff resource in setting up the bank interface with the current bank provider. All this work would have to be repeated if there was to be the change in bank provider, which is a major project due to the importance of this interface. Also, the Accountancy team does not have capacity to undertake the tender exercise to obtain banking quotes, requiring external resources.	October 2023

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
					This is to be discussed with the Procurement Team soon to discuss options.	

* The ratings refer to how the recommendation affects the overall risk and are defined as follows:

High: Issue of significant importance requiring urgent attention.
Medium: Issue of moderate importance requiring prompt attention.
Low: Issue of minor importance requiring attention.

FROM:	Audit and Risk Manager	**SUBJECT:**	Business Applications: CIVICA APP Application
TO:	Head of Safer Communities, Leisure and Environment	**DATE:**	18 September 2023
C.C.	Chief Executive		
	Head of Finance		
	Head of Customer and Digital Services		
	Systems and Service Support Team Leader		
	Application Support Team Leader		
	Portfolio Holder (Cllr Sinnott)		

1   Introduction

1.1   An audit has been included on the Audit Plan for 2022/23 to review the adequacy, effectiveness and efficiency of the systems and controls in place for the management of the CIVICA APP Application for Warwick District Council.

1.2   This audit was performed by the Council's ICT Internal Audit contractors, TIAA, and completed in July 2023.

1.3   Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and co-operation received during the audit.

2   Background

2.1   The CIVICA APP application is used by the Safer Communities, Leisure and Environment Service, Private Sector Housing section within the Housing Service and Neighbourhood and Assets, Waste section. The use of the system is limited to those who have the application installed on their machines as well as via a 'sandboxed' piece of technology on specific mobile devices used by staff working off site.

2.2   The system has been in place for several years and, whilst work has been undertaken to look into the replacement of the application, the decision was taken to retain the current application under a renewed contract procured through the UK Government G-Cloud framework. The decision to retain the application also resulted in an audit of the application being requested as part of the 2022/23 internal audit plan.

3　　**Objectives of the Audit and Coverage of Risks**

3.1　　Audits of ICT do not tend to follow the 'normal' risk-based approach, with the audit reviewing the management controls in place.

3.2　　However, in scoping the audit, the following risks were identified by the auditor and agreed with the Head of Customer and Digital Services:

- Lack of appropriate application management and governance.
- Inadequate system security measures leading to the potential for inappropriate or unauthorised access to the system.
- Ineffective management of interfaces with other systems leading to inaccurate data being processed affecting management decision making.
- Inadequate data validation techniques being used resulting in weak data management.
- Weak change management controls resulting in unmanaged updates being applied to the application potentially causing service disruptions.
- Inadequate data backup processes which could result in an inability to recover the application in a timely manner.
- Ineffective vendor support resulting in system downtime.

3.3　　The risks identified above were covered in overview against the following key control areas:

- Application Management and Governance
- System Security
- Interface Controls and Processing
- Data Input and Output
- Change Control
- System Resilience and Recovery
- Support Arrangements

3.4　　The work will help to ensure the Confidentiality, Integrity, and Availability of the Council's data. Whilst this does not directly help the Council to achieve any specific objectives, it has a cross-cutting impact on several internal themes and objectives as set out in the Fit for the Future strategy.

4　　**Findings**

4.1　　**Recommendations from Previous Report**

4.1.1　　The last audit of the CIVICA APP system was undertaken in 2016. Due to the passage of time, the recommendations made in that report were not specifically considered, other than where relevant to the risks and controls covered as part of this review.

4.2　　**Application Management and Governance**

4.2.1　　Whilst there has been a Data Protection Impact Assessment (DPIA) on the work of the departmental as a whole, it was identified that there has not been any work to undertake a formal DPIA on the application itself and the data it processes, or an analysis of whether such an assessment is required under

the Data Protection Act 2018. A DPIA is mandatory where the processing of data is likely to result in a high risk to individuals.

Risk

The lack of a formal DPIA for the application increases the risk of non-compliance with the Data Protection Act 2018.

Recommendation

The Information Governance Manager should be contacted to discuss whether there is a need for a specific DPIA for the CIVICA APP system or whether the departmental record is sufficient.

4.2.2   It was identified that formal roles and responsibilities have been documented into the role of Systems and Service Support Team Leader and that the role has been assigned to an appropriate officer. The incumbent has only recently been assigned the role.

4.2.3   There has been no formal data classification work applied to the data that the application processes due to the system constraints. However, the current data retention policy provided does include classification of the data that is recorded and created by the department.

4.2.4   It was identified that users of the application are training on the job on an as and when required basis. There are also a range of business process documents in place for use as reference.

4.3   **System Security**

4.3.1   Upon review, it was identified that there are processes in place to manage starters, movers and leavers with respect to access to the application.

4.3.2   To help demonstrate the processes in place, sample testing was undertaken covering three leavers and one new starter since May 2022. All of the leavers were found to have had their accounts deleted and that these activities had supporting service desk incidents raised. The processes were also found to have included the return of Council assets on their departure. The sampled starter was found to have been supported by the relevant service lead with regards to the approval of their access.

4.3.3   The application includes the ability to assign permissions to named accounts for performing password resets. The processes in place for requesting a password reset were observed during the audit and were found to operate appropriately.

4.3.4   It was identified that the application's password controls are not managed by Active Directory using Single Sign-on (SSO) with the password controls in place being managed locally within the application.

4.3.5   The password controls currently configured within the application are not complex. The current configuration is as follows:

- Minimum Length: 9 characters
- Password lifetime: 60 days
- Reuse Limit: 5 previous passwords
- Maximum invalid password attempts: 5

4.3.6   The configuration shown does not require a mix of Capitals, lower case, numeric and special characters (for example, &^%$£) and is not compliant with the Council's password security requirements set out within the "Information Security and Conduct Policy" (section 16) and in more detail within a newly drafted "Account and Access Control policy" (section 6.1) that is awaiting approval.

Risk

Weak password security increases the risk of unauthorised access to the application and data resulting in the potential for service disruptions. There is also an increased risk of non-compliance with Council IT Security Policy requirements.

Recommendation

The current password controls for the system should be reviewed and updated in line with the Council's policy as far as is possible. The password history (reuse limit) should also be increased (ideally to 22 or more.)

Alternatively, the feasibility of linking the application to Active Directory via a Single Sign On process could be reviewed. Doing so will remove the need to set a local password policy within the application as this will be superseded by the Active Directory user login and related password policy.

4.4   **Interface Controls and Processing**

4.4.1   The application incorporates interfaces with the external website and mobile devices used by field staff working on duties such as premises food safety inspections. The Council's website supports the use of forms that customers can complete to submit reports and apply for services. The forms cover a large range of Council services in addition to Environmental Health Services.

4.4.2   The interfaces are essentially live links that synchronise back to the application via the other technical services described above. Any technical issues that arise are worked on with the assistance of the Systems and Service Support Team Leader.

4.4.3   Testing undertaken identified that documented processes and procedures for the management and general monitoring of the state of the interfaces connected to the CIVICA APP application are not documented, although we

acknowledge that assistance is sought from the Systems and Service Support Team Leader when technical issues arise.

Risk

A lack of formal business process documentation covering the management of the CIVICA APP interfaces increases the risk of service disruptions should issues arise and relevant officers are not available to assist.

Recommendation

Business processes related to the management of the interfaces with the CIVICA APP application should be formally documented with regular reviews being scheduled once they are in place.

4.5 **Data Input**

4.5.1 Upon review, it was identified that the application has been configured to help ensure that only correctly formatted data can be entered. This helps to ensure consistency of data formatting, such as dates.

4.5.2 User account profiles are configured to help ensure that changes made by users are restricted to the user role within the Council.

4.6 **Data Output**

4.6.1 Due to current ways of working, there is very little physical output created. However, electronic reports produced from the system or derived from data held within it are produced which can be emailed and stored outside of the system. At the time of the review, there was insufficient evidence to confirm that this output was being handled appropriately.

Risk

Inadequate management of data retention and destruction increases the risk of non-compliance with Data Protection Act 2018 requirements.

Recommendation

Reviews should be undertaken to ensure that output from the system is retained and subsequently destroyed in line with the departmental retention policy and the requirements of the Data Protection Act 2018.

4.7 **Change Control**

4.7.1 There has recently been a separate audit of Change Management undertaken which covered this section in greater detail. However, an opportunity was taken to conduct testing of the processes specific to the CIVICA APP application.

4.7.2   It was highlighted that there have been very few changes implemented for the application. However, testing was undertaken on two of these changes and it was confirmed that they broadly follow the processes described in the detailed Change Management audit with the exception on how the system owner signoff was implemented for an upgrade.

4.7.3   There is a template email message configured into the Change Management process that offers the system owner options for accepting (or otherwise) a change before it is promoted into the Live environment.

4.7.4   A recommendation to help enhance that process was raised in the Change Management audit, although we noted that the email with options was not used in this example. However, the system owner confirmed that relevant testing was conducted and that the upgrade was authorised.

Risk

Non-compliance with the Council's Change Management procedures increases the risk of unmanaged changes being implemented and reduced clarity over what the authority given by a system owner is authorising.

Recommendation

An appropriate change authorisation process should be followed and adopted in all cases.

4.8   **System Resilience and Recovery**

4.8.1   It was confirmed via observation that there are comprehensive backup processes in place covering the CIVICA APP application.

4.8.2   The resilience processes in place include test restores of the backups to help show that the processes continue to operate as required. Evidence was obtained of the process to verify its operation.

4.8.3   Evidence was also obtained to confirm that the CIVICA APP environment was included in the last annual recovery test process that the Council's IT service implements. Results from those tests noted some minor issues although the tests were successful overall.

4.9   **Support Arrangements**

4.9.1   The Council has entered into new contracts with CIVICA that has extended the support into 2025, with options to extend into 2026 and 2027 via one-year extensions.

4.9.2   The application has been in place for several years and has been very reliable. Contact with the vendor for support purposes is initiated via the vendor's helpdesk system.

5   **Conclusions**

5.1   Following our review, in overall terms we can give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of the Change Management are appropriate and are working effectively to help mitigate and control the identified risks.

5.2   The assurance bands are shown below:

Level of Assurance	Definition
Substantial Assurance	There is a sound system of control in place and compliance with the key controls.
Moderate Assurance	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited Assurance	The system of control is generally weak and there is non-compliance with controls that do exist.

5.3   The audit did not highlight any urgent issues influencing materially the Council's ability to achieve its objectives. However, five issues were identified which, if addressed, would improve the overall control environment:

- There is no formal DPIA in place for the application.
- Password security requires review as complexity is not implemented.
- Business process documentation covering the management of the interfaces with CIVICA APP are not in place.
- There is a need to develop and implement secure data disposal processes.
- There has been minor non-compliance with Change Management processes.

6   **Management Action**

6.1   The recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr
Audit & Risk Manager

Action Plan

Internal Audit of the CIVICA APP Application – September 2023

Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.1	The Information Governance Manager should be contacted to discuss whether there is a need for a specific DPIA for the CIVICA APP system or whether the departmental record is sufficient.	The lack of a formal DPIA for the application increases the risk of non-compliance with the Data Protection Act 2018.	Low	Systems and Service Support Team Leader	A discussion will be held with the Information Governance Manager as suggested.	December 2023
4.3.6	The current password controls for the system should be reviewed and updated in line with the Council's policy as far as is possible. The password history (reuse limit) should also be increased (ideally to 22 or more.) Alternatively, the feasibility of linking the application to Active Directory via a Single Sign On process could be reviewed. Doing so will remove the need to set a local password policy within the application as this will be superseded by the Active Directory user login and related password policy.	Weak password security increases the risk of unauthorised access to the application and data resulting in the potential for service disruptions. There is also an increased risk of non-compliance with Council IT Security Policy requirements.	Low	Systems and Service Support Team Leader / Systems Support Officer	The password settings will be reviewed in line with the requirements of the new policy once adopted. Application Support staff have checked CIVICA with regards to Single Sign On with APP and have confirmed that it's not possible with the current version used. This 'capability' is something that will be considered as part of the specification for the replacement system.	December 2023

Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.4.3	Business processes related to the management of the interfaces with the CIVICA APP application should be formally documented with regular reviews being scheduled once they are in place.	A lack of formal business process documentation covering the management of the CIVICA APP interfaces increases the risk of service disruptions should issues arise and relevant officers are not available to assist.	Low	Systems and Service Support Team Leader / Community Safety and Civil Contingencies Manager	When renewing the CIVICA contract, it has been agreed with the Community Safety and Civil Contingencies Manager that a review and progress report of the APP should be done every six months - the first of which should fall in December.	December 2023
4.6.1	Reviews should be undertaken to ensure that output from the system is retained and subsequently destroyed in line with the departmental retention policy and the requirements of the Data Protection Act 2018.	Inadequate management of data retention and destruction increases the risk of non-compliance with Data Protection Act 2018 requirements.	Low	Systems and Service Support Team Leader / Environmental Health and Licensing Manager/ Head of Safer Communities, Leisure and Environment	Agreed. Reviews of data retention and subsequent destruction will be undertaken.	September 2023

Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.7.4	An appropriate change authorisation process should be followed and adopted in all cases.	Non-compliance with the Council's Change Management procedures increases the risk of unmanaged changes being implemented and reduced clarity over what the authority given by a system owner is authorising.	Low	Head of Customer and Digital Services	Following a more general audit of change management processes, change management as a whole is being looked into by ICT. This will include provisions for changes made within applications, methods of recording and authorisation processes. It would be recommended that a common change management process is adopted rather than each service area creating its own approach, with the level of information recorded depending on the impact that the change being undertaken could have. This will be fed into other departments once the policy is updated and approved.	3 November 2023

* Risk Ratings are defined as follows:

High Risk: Issue of significant importance requiring urgent attention.
Medium Risk: Issue of moderate importance requiring prompt attention.
Low Risk: Issue of minor importance requiring attention.

FROM: Audit and Risk Manager	**SUBJECT:**	Employee Attendance Management
TO: Head of People and Communications	**DATE:**	16 August 2023
C.C. Chief Executive Head of Finance HR & Payroll Manager HR and Payroll Support Advisor Portfolio Holder (Cllr Harrison)		

1   Introduction

1.1   In accordance with the Audit Plan for 2023/24, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.

1.2   Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2   Background

2.1   Previous audits have been undertaken under the title of Employee Absence Management. However, this was thought to concentrate on the negative aspects and so the title has been changed to look at attendance management, i.e. helping to keep staff healthy and be able to stay at work. Nonetheless, as per the scope of the audit set out below, the processes for dealing with sickness absence are still relevant.

3   Objectives of the Audit and Coverage of Risks

3.1   The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. It should be noted that the risks stated in the report do not represent audit findings in themselves, but rather express the potential for a particular risk to occur. The findings detailed in each section following the stated risk confirm whether the risk is being controlled appropriately or whether there have been issues identified that need to be addressed.

3.2   In terms of scope, the audit covered the following risks:

1. Staff are paid inappropriately due to the incorrect reporting of sickness absence.
2. Additional staff costs (e.g. overtime, agency staff, etc.) are incurred if staff absence is not managed.

3. Inadequate action is taken to help staff return to work following absence in contravention of (e.g.) the Health & Safety at Work Act.
4. The Council is not seen as a 'great place to work' if sickness absence is not dealt with appropriately.
5. Procedures and policies are not followed by staff and managers resulting in fraudulent claims. For example: staff are not sick when they claim to be.
6. Patterns of absence that may indicate that staff are 'playing the system' are not noticed by management.
7. Sickness is not managed appropriately, with other staff being affected by additional workloads, etc., which may in turn lead to them going off sick.
8. Personal data is not secure.

3.3   These risks, if realised, would be detrimental to the Council with regards to meeting the following corporate objectives, as set out in the Fit for the Future Strategy:

The services provided in this area help the Council to achieve the internal People theme of Fit for the Future. This in turn indirectly impacts other themes with staff being available to help deliver other intended outcomes.

4   Findings

4.1   Recommendations from Previous Reports

4.1.1   The current position in respect of the recommendations from the previous audit reported in November 2018 were also reviewed. The current position is as follows:

	Recommendation	Management Response	Current Status
1	Managers should be reminded of the need to complete return to work forms for all sickness absence.	Managers are advised in Self-Serve training and it is included as part of the new HR for non-HR manager Courses which all managers must attend. It is also noted on the form, the intranet and in the policy. We recommend that SMT discuss this with their managers. Coventry City Council (as the payroll provider) will be contacted to check whether an absence trigger report can be produced.	Managers are reminded to complete return to work meetings, these do not need to be accompanied by a form and can just be a conversation.

	Recommendation	Management Response	Current Status
2	Guidance should be provided to managers regarding the retention of Return-to-Work forms in terms of the method and period of time that they need to be held for.	Managers need to be advised of the Retention timescales – 6 years + current year - after the end of employment (confirmed with Data Regulations Officer).	When completed managers should be uploading forms or emailing them to HR to store. If this process is followed the retention period is irrelevant to managers. This process is not consistently followed, however, and managers may need to be reminded of retention policies relating to absence documents held.

4.2   **Financial Risks**

4.2.1   **Potential Risk: Staff are paid inappropriately due to the incorrect reporting of sickness absence.**

There were 609 absences recorded in the financial year 2022-23. A sample of twenty records was selected which included a mix of staff who had hit absence triggers as well as some selected at random. With the support of an HR officer the sample was reviewed to ensure that return to work meetings had been held and documents provided where appropriate.

Return to work meetings should be held within 2 days of an officer returning after an absence. There is a return-to-work form available on the intranet which the manager can complete or use as a guide when confirming with the staff member that they are ready to return to work. After short term absences this can be a quick discussion or email. After longer absences it recommended that the form is completed to ensure that any requirements or changes are considered.

Six of the sample had return to work forms or information recorded with HR others may have completed it verbally with the staff member in these cases this does not have to be recorded with HR.

HR advised that I-Trent (staff management system for pay, leave and absence) has no way of logging that a return to work has been completed. To aid with reporting and absence management, this would, if practicable, be a useful tool to add to the system. At a recent contract meeting with Warwickshire County Council, who manage the system, it was confirmed that this function isn't available. Without the function available on the system it is the managers responsibility to ensure the return to work is completed.

As the policies in place and guidance states that a return-to-work meeting must be completed within 2 days of the staff member returning there should be a way to monitor this, ensuring compliance with the policy and providing data for KPI measuring and reporting.

Advisory

To allow monitoring of the requirements set out in the policy it may be beneficial to consider ways to record the completion of a return-to-work meeting.

Fit notes are required for absences of eight consecutive days or more. The above sample was reviewed to ensure fit notes had been provided for absences over eight days and that the absence information recorded matched the details on the fit note.

Three from the sample of twenty did not require a fit note as the absence was less than eight days. Of the other seventeen in the sample, four did not have a fit note saved to their HR file or I-Trent. The thirteen with fit notes were reviewed to check that the absence reason matched the details recorded on the system. In most cases it did. However, the ones that didn't match the reason on the system were either unreadable (in the cases where the reason given on the fit note had been handwritten), or it was clear that the manager wasn't sure which was the best overarching absence reason to select. The cases where there was no fit note recorded were reported to HR who confirmed that the relevant HRBP will raise it with the manager. At the time of writing this report, responses had been received from two of the managers who confirmed they had the fit note and return to work documents in their own files. It was advised that they would be uploaded onto I-Trent.

The sickness absence reporting procedure detailed on the intranet specifies that employees should email doctors' notes (Statement of Fitness for Work) promptly to both the Manager and HR Support, retaining the original for their own records. HR Support will check I-Trent when a 'Doctor's note' (Statement of Fitness for Work) is received to ensure that it has been input correctly by the appropriate Service.

Advisory

When the procedure documents and training are next updated it may be beneficial for guidance for managers to include a requirement for them to forward fit notes to HR to ensure HR receive them.

4.2.2 **Potential Risk: Additional staff costs (e.g. overtime, agency staff, etc.) are incurred if staff absence is not managed.**

Monthly reports are completed that allows any irregularities to be identified and, where needed, HRBP to contact managers with any queries or to obtain missing data. Managers receive emails and workflow reminders when someone is logged as absent through I-Trent. The system also highlights employees who have hit triggers on the management screen. Where HR are made aware of absence updates through other sources, they can check the report to ensure the manager has marked the employee as off or back at work.

Essentially it is the managers responsibility to perform regular monitoring. The Attendance Management policy and Long-Term Sickness and Ill Health Capability policy are readily available to use and follow the guidance. If

additional staff costs (e.g. overtime, agency staff, etc.) are incurred, the manager is responsible. The HRBP is also available to managers to provide support and information to help manage employee attendance.

4.3   **Legal and Regulatory Risks**

4.3.1   **Potential Risk: Inadequate action is taken to help staff return to work following absence in contravention of (e.g.) the Health & Safety at Work Act.**

Sickness absence reports are run on a monthly basis. I-Trent sends emails to managers when a staff member has met a trigger or an action is required regarding an absence. Staff are also contacted in the event of their pay being impacted due to the length of absence.

In addition to the monthly reports, managers are able to run their own reports on I-Trent providing them with current absence information for the staff they manage. To help them manage staff absence, they can use the Attendance Management policy when monitoring triggers for short term absence and/or the Long-Term Sickness and Ill Health Capability policy to monitor long term absence.

HRBP meet regularly with Heads of Service and attend departmental meetings to review sickness as part of that meeting. HR staff are able to signpost staff to relevant support services when approached, e.g. refer to Employee Support Officers / Occupational Health, training available, etc.

There is a large amount of information available for staff to access on the intranet. This includes the Employee Support Officers (ESO) page with names of contacts and information about the support the ESOs can offer, as well as providing information for staff who are interested in becoming an ESO.

ESOs are given appropriate training to allow them to support staff. Additional support is available for them should it be required to help them to cope with issues that other staff may be raising with them. The ESOs work within various teams across WDC and are an immediate point of contact for employees experiencing a problem or difficult issue, either at work or outside the office. They offer an impartial and confidential listening point, supporting, identifying, exploring and understanding a particular problem. The ESO may help reduce escalation of the issue, provide assistance to help the employee to decide what to do, and what action to take (if any). An ESO cannot make decisions on behalf of an employee but will help and encourage an employee to make an informed decision.

There are five ESOs listed on the ESO page of which two were contacted for information about their role and the training and support given to them. They confirmed that initial training was a two-day course. It covered counselling, mediation and had guest speakers from Citizens Advice Bureau who also covered data and safeguarding. Refresher training is offered as and when needed. Meetings are held on a quarterly basis providing the ESOs with an opportunity to discuss any training / refresher needs. The most recent meeting was 15 May 2023. At this meeting it was highlighted that staff are not using

ESOs as much as when the Council was office-based. Additional training is to be provided to ESOs to include menopause training. The current ESOs have been in the role for a number of years so they are well-established and well-equipped to deal with a variety of concerns. They can be contacted via email, phone or face-to-face.

The HR Guidance and Policy page provides information about sickness absence with links to relevant documents such as right-to-work form and self cert, pay info, and absence reporting.

There is a dedicated page about the Bupa Health and Wellbeing scheme and for the Health Officers Group which can be accessed from the main health and wellbeing page where there is also information regarding occupational health and how to be referred.

Staff are made aware of the BUPA Cash Plan at the introduction training. Reminders are issued frequently through big buttons linked to health and wellbeing initiatives e.g. mental health week, work perks etc.

The contract for BUPA Cash Plan is due to be reviewed in April 2024. As well as providing cash back towards health and wellbeing expenses, BUPA also provides a confidential route to counselling that does not require manager involvement.

4.4 **Reputational Risks**

4.4.1 **Potential Risk: The Council is not seen as a 'great place to work' if sickness absence is not dealt with appropriately.**

There are appropriate policies in place in relation to (sickness) absence which are readily available to staff through the intranet along with guidance and signposting to support.

There are forms available for self-certification and return to work interviews. These were most recently updated in October 2022. There is dedicated information about sick pay and allowances that gives details of the pay staff will receive (dependant on the length of service) and information about Statutory Sick Pay (SSP). The guidance mentions the Attendance Management policy and Long-Term Sickness and Ill Health Capability policy. It was discovered, however, that the links to the policies were missing or broken. This was highlighted to HR who were then able to fix it.

A Sickness Absence page provides information and a brief procedure for staff to follow. An example of each would be as follows: "an absence of more than eight calendar days requires a fit note from a doctor", "notify manager of absence by 10 am". There are a number of links to relevant guidance and policies.

A Sickness Absence Reporting page provides information and guidance aimed more at managers. For example, the page informs managers of absence triggers (10 days or more and/or 5 or more separate absences across a rolling 12-month period), and provides guidance on how to record absences and complete return-to-work interviews. This page also provides links to various other pages, guidance, and policies.

The Attendance Management policy (dated June 2018) sets out the purpose of the policy, the scope and key principles. It also defines the roles and responsibilities and gives guidance on the stages of sickness absence monitoring, setting out the meetings and discussions to have with the staff member.

The Long-Term Sickness and Ill Health Capability policy is similar to the Attendance Management policy, setting out the various stages and providing advice to managers on how to manage the absence. Long term sickness is where absences last 20 days or more in a 12-month period (these do not have to be consecutive days). Although there is no date included on the policy, it does state that the policy will be reviewed by HR as and when it is deemed appropriate, but no less frequently than every 3 years. This was highlighted to the auditee who confirmed that the information hadn't been transferred across to the new intranet correctly due to a compatibility issue, they were able to resolve it by editing the document.

The Long-Term Sickness policy was last approved at Employment Committee on 13 June 2018 along with an amendment for delegated powers to the Sickness Absence policy due to Covid restrictions. A revised policy was issued in January 2023 to all managers. Minor revisions and amendments do not need to be approved by Employment Committee, this is only required when there are significant changes to the policy.

Furthermore, no evidence could be found in Managers Forum minutes or SLT minutes that management had approved these policies. Having said that, the minutes are not consistently uploaded and extend to only the last couple of years.

4.5   **Fraud risks:**

4.5.1   **Potential Risk: Procedures and policies are not followed by staff and managers resulting in fraudulent claims. For example: staff are not sick when they claim to be.**

The policies in place provide monitoring and management guidance. The policies should prevent fraudulent claims due to the steps involved in managing the attendance of staff. Initial training for staff includes information about absence which reinforces the monitoring and reporting of it, serving as a deterrent. If managers follow the policies and perform return-to-work meetings and refer staff to occupational health when required this would also serve as a deterrent. Referring to Occupational Health (OH) will ensure the reason for absence is explored and would help to identify absences which are fraudulent. Conversely, where absences are genuine, the referral could help staff to manage issues consistently and support them to return to work.

The Long-Term Sickness and Ill Health Capability policy advises managers when it may be appropriate to refer a staff member to OH. The HRBP will assist with the referral to OH should this be the most appropriate route to take. The current Occupational Health provider is Washington House with the contract due for renewal in August 2024. The contract was reviewed as part of the Health and

Wellbeing audit that was completed in June 2023 so has not been reviewed again in depth for this audit.

Phased return / recommended adjustment are put in place to enable staff to return to work following long term absence. This is tailored to the needs of the individual; adjustments are made based on advice from either occupational health or a doctor. The Attendance Management and Long-Term Sickness and Ill Health Capability policies provide guidance regarding phased returns and / or adjustments. Phased returns are usually over a 4-week period but can be tailored up or down dependant on the advice given by Occupational Health. HRBPs work with managers to support phased returns or adjustments as needed. Examples were identified on the system where staff had returned to work after long absences on a phased return. Documents were held from OH to support the return.

4.5.2 Potential Risk: Patterns of absence that may indicate that staff are 'playing the system' are not noticed by management.

All managers can input sickness absence data. All staff are able to check the data held and can notify their manager if it is believed to be incorrect. Managers can view the data and run reports which could identify patterns of absence that may indicate that staff are 'playing the system'.

Training is mandatory for managers that are responsible for inputting sickness periods onto the payroll system. During the last financial year (2022-23) 21 managers attended sickness absence and I-Trent training. Managers can request to re-attend training at any time as a refresher or because they feel they would benefit from re-training.

Since February 2023, the reason for absence can no longer be left blank on I-Trent and managers have to put a reason, thus helping to identify patterns. Only a handful of HR officers are able to override this. The system sends reminders about absence to both the manager and staff member via email and logs it in the managers workflow. This happens when triggers have been hit, sick pay is due to change or to remind the manager to complete a return to work. The return-to-work reminder also has the RTW form linked to it.

When the policy for sickness absence was last reviewed and updated a meta training pop-up was issued. This remained live and available on the big buttons for a number of months early in 2022.

4.6 Health, Safety and Wellbeing Risks

4.6.1 Potential Risk: Sickness is not managed appropriately, with other staff being affected by additional workloads etc. which may in turn lead to them going off sick.

When a staff member is absent from work other staff are impacted with increased workloads, and this is something that the manager will monitor related to other team members. The support provided to these staff varies dependant on the length of time the individual is away from work, the expected return date and any changes or adjustments that may be required.

Hiring agency staff can be considered for longer absences. As managers manage their own budgets they would need to decide if support in the form of extra staffing is appropriate. Information on Comensura (the Council's agency staff provider) is available on the intranet and has been communicated at Managers Forum. Often, managers choose to rearrange work within the team or prioritise. Support and advice are available from HRBPs as well as from Heads of Service.

HR work with managers and staff to facilitate a return to work. They can provide advice, support, and, when needed, assist with referrals to OH. They work with managers who are managing sickness absence issues and provide additional training where required. HR are also responsible for updating managers and staff on sickness issues, such as advise of changes in policies, etc.

If a member of staff or manager is off sick the line manger should ensure that relevant staff are informed of any changes in reporting procedures or other temporary change. The policies provide information for managers and absent staff, but there is no guidance for the remaining staff in cases where the manager is absent, e.g. a point of contact for hierarchy purposes or queries / leave authorisation. The Long-Term Sickness and Ill Health Capability policy states that 'Senior managers are responsible for ensuring that managers who are managing sickness absence issues attend the appropriate training. Senior managers should also ensure that absence issues are treated equitably and consistently within their area of responsibility.' …. 'Managers have the right to initiate and maintain reasonable contact with the employee to inform their decisions. Employees are expected to co-operate with such contact and failure to do so may result in decisions being made based on the limited information available at that time.' Communicating with officers is a key issue, especially where there is a temporary change in hierarchy or workloads need adjusting. Where this isn't completed, additional stress may be put on staff as they might not know who to report to, or what changes in their workload are required.

Without the delegation of work and temporary change in hierarchy, priority work might not be completed and deadlines missed. In some areas within the business this lack of communication could result in breaches of legislation or the Council could incur fees and / or charges for missed deadlines.

Recommendation

Where an officer is absent, there should be effective communication with teams regarding short term (or long term) changes in hierarchy and expected workloads.

4.7   **Other Risks**

4.7.1   **Potential Risk: Personal data is not secure.**

The Attendance Management policy sets out the procedure to follow when reporting the absence. This includes clear timescales such as the staff member reporting their absence on day one by 10.00 am, providing an update on the absence on day three and producing a fit note from day eight. Managers are responsible for conducting a return-to-work interview within two days of the

staff member returning to work. The policy includes the timescales but it does not include what the manager should do with the information or accompanying documents, e.g. save them, upload them to I-Trent or forward them to HR. The only guidance on documents is for the staff member to send both HR and their Manager a copy of their fit note.

Absence reporting guidance available on the intranet states that managers are responsible for inputting sickness onto I-Trent. Absence details can only be input onto I-Trent by managers and some of the HR team. The guidance for sickness absence should link to the I-Trent guidance so managers are aware of the process to follow when receiving and sharing information related to sickness absence.

Recommendation

The role of managers should be included in the policy in regard to their responsibility for uploading and storing information and documents regarding attendance.

There is an HR Document Retention Policy in place that covers various potential data which could be held by HR. However, it is unclear where fit notes and return to work documents fit into the policy. There is a retention timeframe for sickness data but this was understood to be referring to the data held on systems and not documents. Other forms and documents are identified in the retention policy for example OH medical forms. Most data and forms on the policy are to be retained for seven years after employment ends, apart from COVID-19 related information which is two years from declaration. The Data Governance Officer confirmed that the retention policies are currently undergoing review so this should be identified and the policy updated. A discussion with the HR manager confirmed that the policy had now been updated with fit notes and return to work documents identified.

When a staff member's employment ends, related documents are moved to a new dated file clearly marked to show the employee has left. This allows easy disposal of the documents at the agreed timeframe after they have left the business. A walkthrough was completed as part of the audit and the files shown all clearly showed that the employee had left as well as their last day of employment with the Council.

I-Trent holds information including uploaded documents for the retention timeframe specified by the Council. After staff have left the Council the information and forms remain accessible to HR officers. An example of this was shown as part of the audit. As the system has not been in place for many years the current information held on the system only spans a few years requiring historic HR files to be maintained for the time being.

5   **Summary and Conclusions**

5.1   Section 3.2 sets out the risks that were being reviewed as part of this audit. The review highlighted weaknesses against the following risks:

Risk 7 - Sickness is not managed appropriately, with other staff being affected by additional workloads etc. which may in turn lead to them going off sick.

Risk 8 - Personal data is not secure.

5.2 Further 'issues' were also identified where advisory notes have been reported. In these instances, no formal recommendations are thought to be warranted, as there is no significant risk attached to the actions not being taken.

5.3 In overall terms, however, we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of the Employee Attendance Management are appropriate and are working effectively to help mitigate and control the identified risks.

5.4 The assurance bands are shown below:

Level of Assurance	Definition
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Employee Attendance Management – August 2023

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.6.1	Sickness is not managed appropriately, with other staff being affected by additional workloads, etc. which may in turn lead to them going off sick.	Where an officer is absent, there should be effective communication with teams regarding short term (or long term) changes in hierarchy and expected workloads.	Low	HR	To add to policy: 'If a member of staff or manager is off sick the line manager should ensure that relevant staff are informed of any changes in reporting procedures or other temporary changes to workloads.'	Dec 2023
4.7.1	Personal data is not secure.	The role of managers should be included in the policy in regard to their responsibility for uploading and storing information and documents regarding attendance.	Low	HR	Policy to be updated to include this.	Dec 2023

* The ratings refer to how the recommendation affects the overall risk and are defined as follows:

High: Issue of significant importance requiring urgent attention.
Medium: Issue of moderate importance requiring prompt attention.
Low: Issue of minor importance requiring attention.

INTERNAL AUDIT REPORT

FROM:	Audit and Risk Manager	**SUBJECT:**	IT Change, Configuration and Release Management
TO:	Head of Customer and Digital Services	**DATE:**	22 August 2023
C.C.	Chief Executive		
	Deputy Chief Executive		
	Head of Finance		
	Transformation Lead		
	Portfolio Holder (Cllr Harrison)		

1 Introduction

1.1 An audit had been included on the Audit Plan for 2022/23 to review the adequacy, effectiveness and efficiency of the systems and controls in place for Change Management for Warwick District Council.

1.2 This audit was performed by the Council's ICT Internal Audit contractors, TIAA, and completed in July 2023.

1.3 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and co-operation received during the audit.

2 Background

2.1 Change Management is the process by which changes to IT and related other systems and processes are recorded, authorised, tested, and deployed across the Council. The audit has used the COBIT 2019 Framework BAI06 – Managed IT Changes – as the basis for audit testing.

3 Objectives of the Audit and Coverage of Risks

3.1 Audits of ICT do not tend to follow the 'normal' risk-based approach, with the audit reviewing the management controls in place.

3.2 However, in scoping the audit, the following risks were identified by the auditor and agreed with the Head of Customer and Digital Services:

- Lack of coordination when evaluating, prioritising and authorising changes leading to unmanaged changes being implemented.
- Weak definition and management of emergency changes also resulting in unmanaged changes being implemented.
- Inadequate management reporting of change status resulting in ineffective resource management.

- Ineffective recording of change closures resulting in the potential for inadequate resource management and inaccurate management data for strategic decision making.

3.3 The risks identified above were covered in overview against the following key control areas:

- Evaluate, prioritise, and authorise change requests.
- Manage emergency changes.
- Track and report change status, and
- Close and document the changes.

3.4 The work will help to ensure the Confidentiality, Integrity, and Availability of the Council's data. Whilst this does not directly help the Council to achieve any specific objectives, it has a cross-cutting impact on several internal themes and objectives as set out in the Fit for the Future strategy.

4 Findings:

4.1 Recommendations from Previous Report

4.1.1 The last audit of Change Management was undertaken in 2017. Due to the passage of time, the recommendations made in that report were not specifically considered, other than where relevant to the risks and controls covered as part of this review.

4.2 Evaluate, prioritise, and authorise change requests

4.2.1 The Council has documented a formal Change Management policy, describing the need for formal change management procedures from the initial request to the final deployment of the change.

4.2.2 It was identified that the Change Management policy was last reviewed in 2021 at about the time of the planned (but subsequently aborted) merger with Stratford-on-Avon District Council. No physical changes were made at that time as it was anticipated that the policy would be changed once the merger had taken place.

Risk

Where a policy is not subject to regular review, there is an increased risk that the policy concerned becomes unfit for purpose due to changes in Council priorities and / or business processes not being accounted for.

Recommendation

The Change Management Policy should be reviewed as soon as possible and at regular intervals thereafter.

4.2.3 The change management process includes processes for categorising all change requests using pre-defined options that have been set up within the NetSupport ServiceDesk change management system.

4.2.4　The process also includes the ability to assign priorities to change request records, which helps to ensure that changes are managed as effectively as possible.

4.2.5　There is a process to ensure that change requests are approved by the appropriate management role or body. However, we have also noted the lack of a formal Change Advisory Board (CAB). The Council made a conscious decision not to implement such a process as it would introduce delays to the overall process that were not considered appropriate for a Council of its size.

4.2.6　It was also noted that, historically, the Council has seen a CAB function as being an ICT process alone and that the ICT service has been acting as an 'informal' CAB, reviewing the larger changes and any emergency changes that may be raised. We note that there have been no emergency changes raised since the current service desk system was implemented (2015).

4.2.7　Whilst we acknowledge that the lack of formal CAB was a conscious decision at the time, it is best practice to convene CAB meetings to review all change requests deemed a high enough priority for further scrutiny. This has been the 'informal' process to date, although we understand that the business areas are not involved with the current process.

4.2.8　A key aspect of a CAB is to review the higher priority changes, but to do so with the business leads concerned (or their assigned deputy) and others that may be dependent on the outcome of the changes under scrutiny. All decisions within these meetings also need to be formally documented.

Risk

Where there is no formal CAB process, there is an increased risk of unmanaged changes being implemented, in particular, where business areas may not have been consulted sufficiently.

Recommendation

The Council should implement a formal Change Advisory Board, ensuring that it has an agreed Terms of Reference, representation from across all Council service areas and documented roles and responsibilities. The CAB meetings should be held on a regular basis ideally (for example, quarterly), but at least on an extraordinary basis depending on amount of change backlogs.

4.2.9　There are several change requests that have been classified as standard changes. These are recurring changes that have been deemed low risk and can be implemented with reduced formality, including a formal signoff. Changes like this include patch management.

4.2.10　Where there are changes classified as standard changes, we would expect that the decision to categorise them as such is reviewed on a periodic basis and that a general review of all change requests be conducted at the same time. This review process is for the identification of potentially new standard changes where there is a trend of a certain type of change that may warrant it. These processes are not currently in place.

Risk

Where there is no periodic review of standard changes or a process to identify the potential for additional standard changes, there is a risk that existing standard changes continue to be managed as such when it is no longer be appropriate to do so. A lack of review to identify potential new standard changes misses an opportunity to help streamline the change management process.

Recommendation

The Council should implement a process whereby all existing standard changes are reviewed on a regular basis to help ensure that it remains appropriate for them to keep that status. In addition, a new process should be implemented in support of this by identifying the potential for new standard changes.

4.2.11   It was identified that the change request process is only initiated where there is a need for ICT assistance. The Council is continuing to increase its use of cloud-hosted services and it is these services where change requests are not raised as it is a process that the service area concerned manages with the respective vendors.

4.2.12   A change request may subsequently be raised should these interactions result in the need to involve the Council's ICT service for any reason.

4.2.13   It is accepted good practice to ensure that all changes are documented within the relevant systems, regardless of whether it is the service area managing a change with their vendor or whether the ICT Service is required to assist.

4.2.14   As the Council moves towards more cloud-hosted services, the current process would result in there being fewer change requests being logged despite a continuing need to document the work required to service them, whether that be within the service areas or the ICT service. This provides the opportunity to review the way in which changes that relate to cloud-hosted systems are managed.

Risk

A process whereby not all changes are recorded within relevant systems increases the risk of certain changes not being managed effectively and resource mismanagement.

Recommendation

The Council should ensure that every change request is recorded with the NetSupport ServiceDesk system, regardless of its source (including changes related to cloud-hosted systems) and priority / category.

4.3 **Manage emergency changes**

4.3.1 The Change Management policy includes a definition of what constitutes an emergency change. However, as reported above, there have not been any change requests prioritised as emergency changes since the current service desk system was implemented in 2015.

4.3.2 It was identified that there is reporting in place to detect new change requests that have been categorised in this way. However, as there have been no recent, relevant changes, no testing was required in this area.

4.4 **Track and report change status**

4.4.1 Upon review, it was identified that management reporting on change management is minimal. It covers three areas – closed changes, Emergency changes and Immediate (Broken) changes. It is in the form of a summary spreadsheet with lines for each of these metrics and months of the year along the top.

4.4.2 Internal Audit were advised that individual managers / team leads are responsible for monitoring changes under their jurisdiction. However, the viability of this process cannot be tested as there is no formal oversight of this work.

4.4.3 There is a need to develop more detailed change management reporting to cover more areas. Testing undertaken on a random sample of six change requests logged since September 2022 noted that there are change records that are open, marked as overdue or otherwise not closed. These calls are dated from late 2022, suggesting that a review of them may be appropriate.

Risk

Inadequate monitoring of the status of change requests increases the risk of unmanaged changes being implemented due to change records being missed or otherwise going into a dormant state without further updates. There is also an increased risk of weak resource management.

Recommendation

The Council should implement a process whereby improved change request monitoring reporting is designed and implemented. These might include (but not be limited to) the following:

- **Aging of change requests broken down into regressive time periods, to detect change records that have exceeded specific KPIs in this respect.**
- **New changes for specific time periods.**
- **Resource time allocations to changes, to detect allocation overruns where changes are more challenging to implement.**
- **Change request age (the time between the initial record being raised to the request being closed).**
- **Changes awaiting approval.**

All these examples will require agreed KPIs or other suitable metrics for them to be adding value to the service.

4.5   **Close and document the changes**

4.5.1   Where business approval to implement a change is required, the ICT service sends a predefined email to the relevant service lead to have them confirm their decision. No further action on a change can be undertaken without a response. The email contains three options as follows:

- Testing is complete and the change should be promoted to the live environment.
- Testing is not complete, but the change can still be promoted to the live environment.
- The change is to be withdrawn completely.

4.5.2   It is good practice to ensure that all relevant business process documentation is reviewed and updated as appropriate for the change being implemented. It is for the business areas to ensure that this is completed, ideally, prior to the change being implemented. The email process described above does not explicitly have the service areas confirm that the relevant process documents have been reviewed and updated as necessary. There is also no explicit option covering any training needs that may be required.

Risk

Should the service areas not be required to confirm that their business process documents have been reviewed and updated as needed, there is an increased risk of non-compliance with the new processes as changed. This could result in the potential for non-compliance with statutory requirements resulting in punitive fines and reputational damage.

Recommendation

The Council should update the email template used (to have the business authorise the next steps in the change cycle) to include an explicit option for having the service area confirm that their business process documentation has been updated as required and that relevant training on the new processes has been delivered.

4.5.3   ServiceDesk has every change request that has been recorded since the system's implementation in 2015. Upon review, it was identified that there has not been any analysis of the need to implement an appropriate retention policy on that data. This lack of data retention was not limited to change requests, relating to all data recorded across the ServiceDesk system, including service desk incidents that users raise to deal with day-to-day issues.

4.5.4   Whilst the Council's lack of a formal data retention policy for this data is not unusual, it is considered good practice to define one as there is the possibility of personally identifiable data being processed by the system from email conversations attached to call records and other sources.

Risk

The lack of an appropriate data retention policy or a Data Protection Impact Assessment increases the risk of non-compliance with Data Protection Act 2018 requirements, resulting in the potential for punitive fines and reputational damage.

Recommendation

The Council should document an appropriate data retention policy covering the data processed by the system. Alternatively, a Data Protection Impact Assessment should be undertaken on ServiceDesk to analyse the potential data processing risks associated with the system.

5   **Conclusions**

5.1   Following our review, in overall terms we can give a MODERATE degree of assurance that the systems and controls in place in respect of the Change Management are appropriate and are working effectively to help mitigate and control the identified risks.

5.2   The assurance bands are shown below:

Level of Assurance	Definition
Substantial Assurance	There is a sound system of control in place and compliance with the key controls.
Moderate Assurance	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited Assurance	The system of control is generally weak and there is non-compliance with controls that do exist.

5.3   The audit did not highlight any urgent issues influencing materially the Council's ability to achieve its objectives. However, seven issues were identified which, if addressed, would improve the overall control environment:

- The Change Management Policy requires review.
- The decision not to implement a Change Advisory Board requires review.
- Pre-approved (Standard) changes require periodic review and opportunities for new standard changes should be investigated.
- All change requests need to be recorded.
- Improved change management monitoring and scrutiny is required.
- Confirmation that the business areas are updating their process documentation to account for each change is required.
- A data retention policy or a Data Protection Impact Assessment for the ServiceDesk application is required.

6   Management Action

6.1   The recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr
Audit & Risk Manager

Action Plan

Internal Audit of IT Change, Configuration and Release Management – August 2023

Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.2	The Change Management Policy should be reviewed as soon as possible and at regular intervals thereafter.	Where a policy is not subject to regular review, there is an increased risk that the policy concerned becomes unfit for purpose due to changes in Council priorities and / or business processes not being accounted for.	Low	Head of Customer and Digital Services/ Transformation Lead	The Change Management policy does require a review as it was last looked at when we were merging. We will review the policy in context of best practice and bring this back to SLT for approval.	03/11/23
4.2.8	The Council should implement a formal Change Advisory Board, ensuring that it has an agreed Terms of Reference, representation from across all Council service areas and documented roles and responsibilities. The CAB meetings should be held on a regular basis ideally (for example, quarterly), but at least on an extraordinary basis depending on amount of change backlogs.	Where there is no formal CAB process, there is an increased risk of unmanaged changes being implemented, in particular, where business areas may not have been consulted sufficiently.	Medium	Head of Customer and Digital Services	A fully dedicated change advisory board may not be possible for the organisation, purely down to the amount of time and resource that would be needed. However, there is a need for greater accountability and visibility of change management processes, particularly for higher profile changes which hold greater risk. As such, the functions of a CAB could be integrated with a reformed ICT Steering Group.	03/11/23

Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.10	The Council should implement a process whereby all existing standard changes are reviewed on a regular basis to help ensure that it remains appropriate for them to keep that status. In addition, a new process should be implemented in support of this by identifying the potential for new standard changes.	Where there is no periodic review of standard changes or a process to identify the potential for additional standard changes, there is a risk that existing standard changes continue to be managed as such when it is no longer be appropriate to do so. A lack of review to identify potential new standard changes misses an opportunity to help streamline the change management process.	Low	Head of Customer and Digital Services	Agreed – each standard change will be reviewed and a "review by" date included within the documentation or a "review trigger".	01/03/24
4.2.14	The Council should ensure that every change request is recorded with the NetSupport ServiceDesk system, regardless of its source (including changes related to cloud-hosted systems) and priority / category.	A process whereby not all changes are recorded within relevant systems increases the risk of certain changes not being managed effectively and resource mismanagement.	Medium	Head of Customer and Digital Services/ Transformation Lead	Agreed – this will be addressed as part of reviewing the Change Management Process.	03/11/23

Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.4.3	The Council should implement a process whereby improved change request monitoring reporting is designed and implemented. These might include (but not be limited to) the following: • Aging of change requests broken down into regressive time periods, to detect change records that have exceeded specific KPIs in this respect. • New changes for specific time periods. • Resource time allocations to changes, to detect allocation overruns where changes are more challenging to implement. • Change request age (the time between the initial record being raised to the request being closed). • Changes awaiting approval. All these examples will require agreed KPIs or other suitable metrics for them to be adding value to the service.	Inadequate monitoring of the status of change requests increases the risk of unmanaged changes being implemented due to change records being missed or otherwise going into a dormant state without further updates. There is also an increased risk of weak resource management.	Low	Head of Customer and Digital Services/ Transformation Lead	Agreed – this will be addressed as part of reviewing the Change Management Process.	03/11/23

Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
4.5.2	The Council should update the email template used (to have the business authorise the next steps in the change cycle) to include an explicit option for having the service area confirm that their business process documentation has been updated as required and that relevant training on the new processes has been delivered.	Should the service areas not be required to confirm that their business process documents have been reviewed and updated as needed, there is an increased risk of non-compliance with the new processes as changed. This could result in the potential for non-compliance with statutory requirements resulting in punitive and reputational damage.	Low	Head of Customer and Digital Services/ Transformation Lead	Agreed – this will be addressed as part of reviewing the Change Management Process.	03/11/23
4.5.4	The Council should document an appropriate data retention policy covering the data processed by the system. Alternatively, a Data Protection Impact Assessment should be undertaken on ServiceDesk to analyse the potential data processing risks associated with the system.	The lack of an appropriate data retention policy or a Data Protection Impact Assessment increases the risk of non-compliance with Data Protection Act 2018 requirements, resulting in the potential for punitive fines and reputational damage.	Low	Head of Customer and Digital Services/ Transformation Lead	Most of the information retained within Change Control records does not detail individuals – other than the details required to process changes, such as an authorising managers name and email. As such, the privacy impact of our data retention is minimal. However, it is appropriate that information is not kept in perpetuity, particularly when	03/11/23

Report Ref.	Recommendation	Risk	Risk Rating*	Responsible Officer(s)	Management Response	Target Date
					systems are decommissioned and never reused. This will be addressed as part of reviewing the Change Management Process.	

* Risk Ratings are defined as follows:

High Risk: Issue of significant importance requiring urgent attention.
Medium Risk: Issue of moderate importance requiring prompt attention.
Low Risk: Issue of minor importance requiring attention.

	INTERNAL AUDIT REPORT

FROM:	Audit and Risk Manager	**SUBJECT:**	Purchasing Cards
TO:	Head of Finance	**DATE:**	22 August 2023
C.C.	Chief Executive		
	Strategic Finance Manager		
	Grants & Loans Manager		
	Portfolio Holder (Cllr Chilvers)		

1 Introduction

1.1 In accordance with the Audit Plan for 2023/24, an examination of the above subject area has recently been completed by Emma Walker, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.

1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 Background

2.1 A Purchasing Card (PCard) works in the same way as a company credit card; it is a MasterCard in which cardholders have both a monthly and single transaction credit limit. PCards are specifically for low value, ad-hoc purchases, subscriptions, and low value contract spends. The PCard scheme has, in effect, replaced petty cash and therefore usage is encouraged as a viable alternative to the Purchase Order process.

2.2 Transactions through PCards are uploaded to a Smart Data Online (SDOL) system, approximately two to three days after the cardholder has undertaken the transaction. Transactional information is then analysed by the cardholder and an 'approver' who has been given delegated authority by the Head of Service to fulfil this role. 'Approvers' are usually line managers and/or budget holders. All card transactions are published monthly on the Council's website, in line with the Local Government Transparency Code (2015). There are currently 104 cardholders registered under the PCard scheme. The total expenditure through the PCard scheme for 2022/23 amounted to £489,345.99.

3 Objectives of the Audit and Coverage of Risks

3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. It should be noted that the risks stated in the report do not represent audit findings in themselves, but rather express the potential for a particular risk to occur. The findings detailed in each section following the stated risk confirm whether the risk is being

controlled appropriately or whether there have been issues identified that need to be addressed.

3.2   In terms of scope, the audit covered the following risks:

1.   Expenditure is not in line with the Code of Procurement Practice.
2.   Unable to reconcile transactions made on purchase cards.
3.   Failure to comply with key legislation or legal requirements.
4.   Failure to protect financial data.
5.   Ineffective monitoring of PCard contract.
6.   Cardholder breach of terms and conditions e.g., circumnavigating WDC spending limits.
7.   Decline in public trust due to lack of transparency regarding purchases.
8.   Cards used for personal expenditure.
9.   Unauthorised individuals authorise/approve/review transactions.
10. Loss of IT/key records resulting in inability to manage purchase card transactions.

3.3   A 'risk-based audit' approach has been adopted, whereby key risks have been identified during discussions between the Internal Auditor and key departmental staff. The Finance and Significant Business Risk Registers have also been reviewed.

3.4   These risks, if realised, would be detrimental to the Council with regards to meeting the internal 'Services' and 'Money' elements of the Fit for the Future Strategy. The Council has a duty to ensure the effective continuation of cost management.

4   **Findings**

4.1   **Recommendations from Previous Reports**

4.1.1 There were no recommendations arising from the previous report.

4.2   **Financial Risks**

4.2.1 **Potential Risk: Expenditure is not in line with the Code of Procurement Practice.**

The minimum expenditure limit is £1000 for monthly credit and £1000 for single transactions. There is no maximum limit as this depends on what Heads of Service deem appropriate. Previously, the Council's credit limit was set to £100,000 per month; however, due to the urgent incident at Christine Ledger Square, this credit limit was increased to £200,000 per month in order to temporarily house residents elsewhere. This decision was approved by the Head of Finance.

Monthly expenditure from 2022/23 was tested by the auditor through four separate monthly journals. This was to ensure that cardholders had not breached either their single or monthly transaction limits. In all cases tested, the cardholder had adhered to both their single and monthly limits.

Requests to amend a PCard spending limit have to be authorised by Heads of Service before being sent to the Grants & Loans Manager (GLM). Any changes on the system are all stored on the network files. In all cases tested by the auditor, new credit limits had been appropriately authorised by the relevant Head of Service and evidence was held to corroborate this. Most PCard purchases are made through the Council's Amazon Business account or Booking.com for temporary accommodation; individual local artists, whose products are sold in the Visitor Information Centre, are paid through PayPal.

A number of completed transactions for commodities over £1000 in value were investigated to ensure that these were appropriately approved and authorised. In all cases tested, the high-value transactions had been appropriately authorised by the relevant approver and a reason for the transaction was provided. Most of the high-value transactions related to temporary accommodation. Other transactions concerned licenses, courses, and subscriptions. High value transactions were generally authorised in a timely manner (seven within the same month as the transaction and thirteen within one month of the transaction). Transactions must be reviewed and authorised no later than seven days after the 28th day of the month. Eleven of these transactions were authorised within this timescale. Of the nine overdue authorisations, six cardholders had been emailed advising them to adhere to administration requirements. Approvers are advised of the transaction authorisation deadlines though the approver guide; an updated approver guide was issued to all approvers in October-2022 reinforcing this deadline. The GLM further advised that the monthly deadline for transactions has been highlighted through an FAQ page on the Intranet. Cardholders have been advised to proactively ask an approver to authorise a transaction immediately and ensure that approvers are aware of the monthly deadline.

4.2.2 **Potential Risk: Unable to reconcile transactions made on purchase cards.**

Transactions are expected to have a VAT receipt or invoice, where applicable. If a receipt is lost or destroyed, the cardholder is expected to email the approver and use this email as evidence of the transaction. Transactions must be reviewed by the cardholder; a transaction review involves the cardholder populating the NatWest SDOL system with details of the transaction. Transactions are available for review as soon as they have been posted on the SDOL system.

The review process involves:

- Adding a VAT amount and VAT code for the transaction.
- Selecting the correct delivery point to allocate the transaction to a budget.
- Selecting the correct product code for the type of transaction.
- Including a comprehensive description of the purchase.
- Uploading a copy of the transaction receipt and or VAT receipt.

Monthly transaction logs do not link directly to the Ci Anywhere ledgers; however, the journals do contain the delivery points and product codes which correlate with the finance system. A number of monthly transaction logs were

investigated to check that these had been appropriately coded to the correct ledger and that payments had been authorised by an appropriate approver; transaction logs were also investigated for any duplicated payments. In all cases tested by the auditor, the transactions had been authorised by the relevant approver. There was just one duplicated payment where the cardholder had uploaded the same receipt for two transactions of the same amount; however, this was rectified by the GLM. Payments were generally authorised in a timely manner: five within the same month as the transaction, fourteen within one month of the transaction and one within two months of the transaction. Fourteen of the twenty transactions had been authorised by the 7th calendar day following the 28th monthly. Of the six outstanding authorisations, five of these cardholders were emailed to reiterate expected administration requirements.

Monthly expenditure journals include the value, description, delivery point and product code for each transaction. Each journal includes the NET expenditure as well as the total VAT for all PCard expenditure made during that month. A number of transactions were investigated to check that these had been appropriately coded to the Ci Anywhere journals. The delivery and product codes were also checked to ensure that these were correct. In all cases tested, the transactions were reflected in the corresponding Ci Anywhere journals. Fifteen transactions had the correct delivery/product codes; however, five of these had to be amended by the GLM as they had been incorrectly completed by the individual cardholder. Cardholders are made aware of the product code guides through the card agreement, Intranet pages and communications from the GLM, including automatic reminders from the SDOL system.

A number of transactions were also investigated to check that the VAT had been calculated correctly. In fourteen cases, the VAT had been correctly calculated; in just one case, the VAT was not applicable and so the expenditure had to be reviewed and amended by the GLM. An email has been distributed to cardholders to highlight the calculation that should be used where a receipt or invoice has no VAT breakdown. A new FAQ has also been added to the Intranet page instructing cardholders on how to manually calculate the VAT amount on a card payment.

4.3 Legal and Regulatory Risks

4.3.1 Potential Risk: Failure to comply with key legislation or legal requirements.

There have been no recent changes in legislation. Any applicable changes would be cascaded via email to Senior Management, as well as to all cardholders and approvers.

Cardholders are informed of their responsibilities and obligations when using their PCard. The PCard agreement form outlines the terms and conditions to which cardholders must adhere when using their PCards. The cardholder's guide is emailed to new cardholders as soon as their card has been ordered, although it can also be found on the PCard Intranet page; a guide to the UK VAT Rates is also available for cardholders on the Intranet. The product code guide is available on the Intranet and highlights the product name and product key words to ensure that transactions are appropriately coded to the SDOL system.

New cardholders are required to sign the PCard agreement form before being issued a card. In all cases tested by the auditor, a card agreement was held on file which had been signed by the relevant cardholder. Thirteen cardholders emailed the GLM to advise that they had received their card within the same week as the card agreement being signed; one card had been received beforehand as this was needed for an immediate start in a new role. The cardholder was contacted and confirmed that the card agreement had been signed upon receipt of the card.

A cardholder guide has been compiled which aligns with the SDOL banking system. This guide reiterates the Council's policy on PCard usage and provides step-by-step instructions on how to log into the SDOL system. The guide also outlines general instructions for the use of the online banking system, including how to view transactions, handle VAT receipts, upload receipts, split transactions and save information. This guide was last updated in September 2022 and is available on the Council's Intranet. Similarly, a guide has been compiled for approvers when using the SDOL system. This highlights how to review and authorise transactions and was last updated 20 October 2022.

There is no formal training with regards to usage of the PCards, as the GLM will provide instructions in an email to all new cardholders, which has the cardholder guide attached. The GLM has emailed Senior Management with methods of contact should they require business support. Cardholders are actively encouraged to email the PCard inbox with any queries, in order to avoid inappropriate usage and errors. The GLM will also hold MS Teams-calls for officers in need of assistance when using the SDOL system.

4.3.2 Potential Risk: Failure to protect financial data.

In the event that a card is lost, damaged or stolen, cardholders are instructed to immediately notify NatWest Bank, then advise their Head of Service and the GLM. Telephone numbers for the NatWest Customer Service Centre and NatWest Fraud Hotline are outlined in the cardholder guide. The audit found no cards to have been lost, stolen or damaged.

The Council adheres to the Local Government Transparency Code (2015). Local Authorities must publish details of each individual item of expenditure that exceeds £250. In light of this, card transaction logs are uploaded to the Council's website. These are appropriately formatted to ensure that any secure data is protected and redacted from public view. Transaction logs outline the service area, the transaction dates, the merchant's name, NET, VAT and GROSS amounts, description of goods and the merchant category. Cardholders are reminded not to use staff or customer names within the descriptions. Staff are also not permitted to include long-winded explanations for purchases or use the description fields to explain why a purchase was made from a particular merchant. Most data published on the internet was found by the auditor to have been appropriately redacted in line with GDPR requirements. The auditor located just one instance on the monthly transaction logs wherein an officer's name had been included in January-2022. The GLM has since corrected this and republished the redacted report.

4.3.3 **Potential Risk: Ineffective monitoring of PCard contract.**

The contract for the PCard software began on 10 August 2020 and is not due to expire until 9 August 2024, following several contract extensions. Currently the Council incurs no annual contract fee but instead receives a rebate for any expenditure; thus, the more the Council spends through the PCard system, the more cashback they will receive. The cashback received for 2021 amounted to £903 and £1,173 for 2022. The GLM also advised that, because it is a zero-value contract, meetings to discuss the contract with NatWest do not take place. Any issues with the SDOL system are flagged on an ad-hoc basis. The GLM can also contact the NatWest Account Manager or Implementation Manager should assistance be required.

4.3.4 **Potential Risk: Cardholder breach of terms and conditions e.g., circumnavigating WDC spending limits.**

A list of current cardholders and approvers is maintained on the Council's Intranet. The GLM maintains a draft spreadsheet in which upcoming changes to the list of cardholders are outlined. Changes include any employees leaving the organisation, employees internally transferring to another role, or employees whose credit limits have been amended.

Since the last audit, two forms have now been merged together: the card request form and the card agreement. New cardholders are instructed to complete a 'New Card Request and Agreement' form, located on the Council's Intranet. Applicants are required to submit personal information to satisfy the anti-money laundering guidelines of NatWest. Forms must be signed by an appropriate Head of Service to ensure PCards are only issued where there is a legitimate business need. Previously, staff who did not sign a card agreement within seven days of a card request, had their card blocked. Given that it takes seven to ten days for a cardholder to receive a card, this process was no longer viable; however, with the newly combined card agreement and application form, cardholders are now required to sign the agreement prior to the card being ordered. Card agreements signed by both the Head of Service and the individual officer are approved by the GLM before being saved to the network files. HR Support also obtain a copy of any card agreements; it was found during testing that 90% of card agreements had been sent to the HR Support team within the same week as the agreement being signed. As PCards are sent to the applicant's home address, applicants are expected to email the GLM to confirm receipt of the card. It is also imperative that up-to-date officer address details are passed onto the GLM.

A sample of new card application forms was interrogated to check that these had been appropriately authorised. The testing focused on the newly-merged card agreement and card application forms. In all cases, a reason for the card had been provided on the application form. In two cases, the application form had been signed by the relevant Head of Service. In one case, the application was not signed by the Head of Service but instead by a line manager. There was, however, an email from the relevant Head of Service delegating the authorisation of PCards to a Senior Manager. Two applications had no signature provided from the Head of Service but instead an email from the Head of Service confirming authorisation of the card. The cards were ordered in a timely

manner following the applications. One was ordered two days prior to the application being signed; however, the card agreement was received in advance of the card being delivered.

Methods of non-compliance with the PCard scheme are outlined on both the Intranet and the PCard agreement. Inappropriate usage or failure to meet the administration requirements of the scheme may potentially lead to the card facility being withdrawn and/or disciplinary action being taken dependent on the circumstances; reminders to this effect are circulated by the Chief Executive. There are automated emails set up on the NatWest card system which will be sent to cardholders with outstanding transactions for review. This warns them of the deadline should any transactions remain outstanding.

Instances of non-compliance result in cards being blocked. This includes cardholders who have failed to review transactions or approvers who have neglected to authorise transactions. Failure to adhere to authorisation timescales will result in the PCard being blocked until all transactions from the previous statement have been authorised.

4.4 **Reputational Risks**

4.4.1 **Potential Risk: Decline in public trust due to lack of transparency regarding purchases.**

All monthly transactions are uploaded to the Council's website. This is in line with the Code of Recommended Practice for Local Authorities on Data Transparency. There is also information within the FAQ section of the PCard Intranet page. The FAQ information refers to the Local Government Transparency Code (2015) which dictates the publishing of all card transactions on the Council website. The Local Government Transparency Code (2015) mandates that the following details must be published:

- Date of the transaction
- Local authority department which incurred the expenditure
- Beneficiary
- Amount
- VAT that cannot be recovered
- Summary of the purpose of the expenditure
- Merchant category (e.g., computers, software)

The Local Government Transparency Code (2015) also requires the Council to publish PCard transaction data no later than one month after the quarter to which the data and information is applicable.

Monthly reports from January 2022 to April 2023 were interrogated by the auditor, to ensure that the figures published on the internet matched those of the journals and transaction log data. In fifteen cases, the internet GROSS, NET and VAT figures all matched the journal data and transaction logs. This was not, however, the case for the February 2022 report; although the total expenditure figure was a match, the NET and VAT journal figures were not the same as those published on the internet. The GLM advised that, when the finance management system changed from TOTAL to Ci Anywhere, journals could not initially be

created. This led to a backlog of three months' work, followed by a change in structure of the previously named Financial Services team. Whilst TOTAL allowed VAT to be debited automatically from the VAT code, Ci Anywhere did not have this function. Therefore, the GLM had to extract a journal report from the SDOL system, which the Strategic Finance Manager converted to process the recharges. This resulted in a change of some of the NET and VAT figures; however, there is now an ETL (extract, transform, load) process on Ci Anywhere which is used directly to process the SDOL journal without the need for intervention.

All transactions are checked by the GLM on a monthly basis through a checking spreadsheet. This determines the type of expenditure, whether it has been appropriately coded and whether the transactions have been posted to the correct account. In 90% of cases tested by the auditor, the checking spreadsheet fully matched the figures shown on the internet and journal reports. The monthly checking for September 2022 was out by £45. The GLM ran a transaction report following the closure of the statement period and copied all the transactions over to the checking spreadsheet. The transaction of £45 was posted on the 28th (the last day of the statement period). This appeared on the reports from two days after the closure of the statement period which the GM had not noticed as the transactions had already been copied to the checking spreadsheet. The GLM is the only officer who performs monthly transaction checks. Best practice dictates that these quality control tasks should be segregated amongst a team of people; however, available resources mean that this is difficult to achieve. Nevertheless, the reconciliation process is incredibly comprehensive. The GLM checks that every transaction made within the month has a valid VAT invoice and has the correct VAT, delivery point and product codes assigned.

4.5 Fraud Risks

4.5.1 Potential Risk: Cards used for personal expenditure.

Cardholders are required to use their PCard for appropriate reasons and must report expenditure in line with compulsory procedures. When a PCard is cancelled, the GLM requests photographic evidence that the card has been destroyed. Cards are cancelled if the cardholder leaves the organisation, transfers to an internal role that no longer requires the card or does not make use of the card in their current role. I-Trent alerts are sent to the PCard inbox which highlight any leavers or internal transfers. If a cardholder left the organisation without returning the card, the card would be blocked. The GLM can also reduce the credit limit to £0, meaning that any attempted purchases could not go ahead due to insufficient funds; the user is then deleted from the system.

A number of card cancellations for 2022/23 were obtained through the network files. These were inspected to check that they had been cancelled in a timely manner, following a leaver/change notification. The test revealed that eight cards were cancelled one month in advance of the effective date of change; a further eight cards were cancelled within the same month. Two cards were cancelled retrospectively, as the relevant cardholder was on long-term sick leave. Moreover, two cards were cancelled due to them not being used and the

cardholder failing to keep up with administration requirements; no effective date of change was required in these circumstances. In all cases, the card was appropriately destroyed with evidence held to substantiate this.

Transactions in which a card is used for personal expenditure in error should be raised with the GLM. If staff continued to pay for personal items with a PCard, the card would be blocked. Purchases made through Amazon must be completed through the Council's Amazon Business account. Cash withdrawals are also blocked and cannot be performed by cardholders. PCards must not be used for:

- Personal transactions
- Personal/subsistence expenses, for example: meals, snacks, drinks, fuel for personal vehicles
- Leaving/retirement/birthday/get well soon/condolence/well done/thank you gifts such as cards, flowers, chocolates, wine.
- Buffets or meals for personal events such as staff members leaving/retiring/birthdays.
- Fines that individual staff members have received by not adhering to the law/enforceable regulations such as parking fines, speeding fines, penalty fines such as mobile phone usage whilst driving.

Any personal transactions made in error are included on the monthly transaction logs uploaded to the Internet. This is evidence of an honest and transparent culture, in line with the Local Government Transparency Code (2015). The GLM often issues PCard scheme reminders in which staff are reminded that PCards must only be used for official Council business and failure to adhere to this policy will lead to the card facility being withdrawn.

Only an actual cardholder should make a transaction with their card; although cardholders can make transactions themselves on behalf of colleagues, the actual card or the card details must not be given to colleagues to use. Cards are not 'team cards' but instead for the sole use of the individual cardholder and remain the responsibility of that individual. If other staff regularly need to make transactions or need access to a card as a business contingency, they should have their own PCard; this is to support budget control and anti-fraud. Cardholders are also prohibited from circumnavigating credit limits i.e., splitting transactions in order to prevent them from being declined due to insufficient balance. Credit limits are in place as a form of financial control, authorised by Heads of Service. Staff are reminded to first ask colleagues with sufficient balance to make the transaction on their behalf or request an increased spending limit from their Head of Service if their current limit is insufficient. Limits cannot be increased or decreased for one-off transactions due to administrative time and resources. The cardholder limit should be of sufficient level to cover all card spend eventualities. The GLM will send advisory emails to this effect; if financial controls are not adhered to, cards will be withdrawn. The GLM, during monthly transaction checking, will inform the relevant cardholder of any potential breaches of use. This includes circumnavigating credit limits, personal transactions, and non-cardholder use. In most instances, the cardholder is given a warning and accepts not to repeat the action.

Across all forms of testing, transactions were reviewed by the auditor to ensure that these were relevant to Council business. The test revealed what appeared

to be ten parking fines that had been charged to the PCard. The GLM advised that these were for parking bay suspensions which were needed in order to close specific roads during events; all ten transactions had receipts to verify this. Five transactions were identified that appeared to contravene the PCard usage policy. These included the purchase of flowers, vouchers, and a retirement gift. In two of these instances, the cardholder had been emailed to warn that repeat behaviour would lead to the card being withdrawn. Since the card guidance has been extended to outline that gifts cannot be purchased through the PCard scheme, these events have become rarer. 75% of transactions had been appropriately authorised by the 7th calendar day following the 28th monthly. Of the four outstanding transactions, two of these cardholders had been emailed to warn them about maintaining administration requirements.

4.5.2 **Potential Risk: Unauthorised individuals authorise/approve/review transactions.**

The overall responsibility for ensuring the accuracy and timeliness of transaction reviews rests with the approvers. Approvers check that all transactions:

- Are legitimate business expenses.
- Have the correct VAT figures included and have the correct VAT code input.
- Have the correct delivery points and product codes.
- Have an expense description that makes sense and is a comprehensive description of the purchase.
- Includes a receipt for the purchase and a VAT receipt if the transaction includes VAT.

Cardholders cannot authorise or reconcile their own transactions. Approvers are instead responsible for ensuring that all information is correct before authorising any transactions. If satisfied that the cardholder has correctly completed the transaction review, the transaction can be authorised. In instances where information is found to be incorrect or incomplete, the approver sets the transaction back to the review stage on the SDOL system and provides feedback to the cardholder outlining any changes that need to be made. Some users of the SDOL system are both cardholders and approvers. In these instances, the individual is not permitted to authorise their own transactions. A segregation of duties exists between the cardholders and the approvers performing the reconciliations. Approvers can authorise any cardholder transactions within their service area, providing that it is not their own transaction. This is to ensure that in the absence of an approver, transactions can still be authorised. Transaction descriptions are also checked and amended by the GLM to ensure that these are concise and professional; the GLM can authorise, unauthorise, review and unreview changes. If transactions are incorrect and have been wrongly authorised by the approver, the GLM will unreview a transaction and notify both the cardholder and approver for future reference. It should be noted that the GLM is not a cardholder.

The SDOL system also has controls in place to prevent unauthorised access; the system sends a smart one-time passcode to the individual, at which point the system will highlight when that individual last logged in. The SDOL system also displays all cardholders and their approvers. Names that appear twice indicate

that the person is both an approver and a cardholder; a closed account denotes that a particular card has been cancelled.

The GLM will only upload new delivery codes or product codes onto the SDOL system if they have been authorised by the Principal Accountant or Strategic Procurement and Creditors Manager.

4.6   Other Risks

4.6.1   Potential Risk: Loss of IT/key records resulting in inability to manage purchase card transactions.

Images of receipts are extracted to the network files, as the SDOL system retention policy (3 years) does not align with the Council's document retention policy (6 years + current). A number of transactions were investigated to check that relevant receipts corresponded to the journal figures. In all cases tested, the transaction had a valid receipt saved to the network files which appropriately substantiated the payment.

NatWest continue to send monthly statements to the Council, meaning that in the event of an SDOL system failure, receipts and invoices could be reconciled against these monthly statements.

5   Summary and Conclusions

5.1   Section 3.2 sets out the risks that were reviewed as part of this audit. Reassuringly, the review did not highlight any significant weaknesses against these risks.

5.2   In overall terms, therefore, we can give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Purchasing Cards are appropriate and are working effectively to help mitigate and control the identified risks.

5.3   The assurance bands are shown below:

Level of Assurance	Definition
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

6   Management Action

6.1   There are no formal recommendations arising from this report.

Richard Barr
Audit and Risk Manager

	INTERNAL AUDIT REPORT

FROM:	Audit and Risk Manager	**SUBJECT:**	Refuse Collection & Recycling
TO:	Head of Neighbourhood & Assets	**DATE:**	25 August 2023
C.C.	Chief Executive		
	Head of Finance		
	Neighbourhood Services Manager		
	Portfolio Holder (Cllr Roberts)		

1 **Introduction**

1.1 In accordance with the Audit Plan for 2023/24, an examination of the above subject area has recently been completed by Emma Walker, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.

1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 **Background**

2.1 A new joint waste and recycling collection contract was launched in partnership with Stratford-on-Avon District Council (SDC) in August 2022. The new 123+ collection service includes a food waste collection every week, a recycling and garden waste collection every two weeks and a refuse bin collection every three weeks. As part of this system households were provided with blue-lidded recycling containers and food caddies free of charge. The waste collection provider is currently Biffa Waste Services Ltd.

2.2 The 123+ collection serves approximately 126,000 households and aims to reduce waste and the cost of treatment and disposal of refuse. The launch of the separate food waste collection aims to reduce the amount of waste sent for incineration and prevent greenhouse gases from entering the waste stream. Collecting waste every three weeks saves 102,796 miles per year, which equates to 2,650 tonnes of CO_2 emissions per year.

3 **Objectives of the Audit and Coverage of Risks**

3.1 The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. It should be noted that the risks stated in the report do not represent audit findings in themselves, but rather express the potential for a particular risk to occur. The findings detailed in each section following the stated risk confirm whether the risk is being controlled appropriately or whether there have been issues identified that need to be addressed.

3.2   In terms of scope, the audit covered the following risks:

1. Costs of contract exceeding allocated budget.
2. Failure of SDC to reimburse WDC with charges owed to them.
3. Failure to meet statutory/regulatory requirements.
4. Risk of contractor going into administration or deciding to withdraw from the contract.
5. Appropriate levels of insurance are in place.
6. Service level not clearly defined.
7. Failure of contractor to deliver services/performance of contractor not to contract specification.
8. Sub-standard delivery leading to customer complaints/damaged reputation.
9. Service disruption leading to inability to meet performance targets.
10. Breakdown in partnership with SDC.
11. Green waste collected at properties who have not paid the service charge.
12. Staff evade paying bin fees/green waste service charge.
13. Accidents/health and safety of contractors.

3.3   A 'risk-based audit' approach has been adopted whereby key risks have been identified during discussions between the Internal Auditor and key departmental staff. The Significant Business and Neighbourhood & Assets Risk Registers have also been reviewed.

3.4   These risks, if realised, would be detrimental to the Council with regards to meeting the external 'Services' element of the Fit for the Future Strategy. The Council has a responsibility to focus on customer needs, continually improve processes and work towards lower carbon emissions.

4   Findings

4.1   Recommendations from Previous Reports

4.1.1   There were no recommendations arising from the previous report.

4.2   Financial Risks

4.2.1   Potential Risk: Costs of contract exceeding allocated budget.

There are several budgets for the service including general expenditure, the integrated waste collection contract, general contract management and the joint waste contract with SDC. Based on the figures provided by the Contract Manager at SDC, the budget is reviewed on a monthly basis. The Neighbourhood Services Manager (NSM) also conducts quarterly budget meetings with the Strategic Finance Manager to discuss any variables in the contract and the costs associated with the new Materials Recovery Facility (MRF). The full year budget for 2022/23 was £8,044,400. Total expenditure was £9,361,659, meaning that there was an overspend of £1,317,259; however, this was due to the implementation of the new waste contract. The current waste management budget for 2023/24 is set at £6,908,000. Total expenditure to date has only equated to £931,161.

The last budget review took place in January 2023. There were several issues highlighted regarding the waste management and joint waste contract consultancy with SDC, relating to either miscodes or over-expenditure. The actions taken to rectify these issues were, reassuringly, recorded. This involved transferring monies from other codes to cover the costs.

The fees and charges were formulated in accordance with SDC as both Councils approached a merger. Had the merger been successful, Warwick District Council's (WDC) charges would have been aligned to SDC. However, WDC Councillors made the decision to pitch WDC's waste charges at a lower rate as the Council is not permitted to make a profit from these charges. The fees and charges for 2022/23 were agreed at Cabinet on 4 November 2021. The fees and charges for 2023/24 were agreed at Cabinet on 3 November 2022. The published fees on WDC's Internet page fully match the fees agreed by Cabinet. Whilst SDC charge based on bin capacity, WDC charge a standard fee for all-sized wheelie bins. In contrast, WDC charge for recycling boxes where SDC does not. However, both authorities charge the same fee for reusable green waste sacks, replacement kitchen caddies and replacement food bins. Although there would appear to be some discrepancies between the bulky waste collection charges, WDC offer concessions on these for residents who are on state pension, registered disabled or in receipt of income support whereas SDC does not offer this discount.

The Council spends approximately £165,000 per annum on the provision of waste containers. Due to a significant reduction in central government funding, the Council can no longer afford to provide new or replacement containers entirely at its own cost. Section 93 of the Local Government Act 2003 allows Councils to charge for discretionary services such as the provision of containers. The charges therefore cover the supply and delivery of the containers, as well as administration costs. The charge does not, however, pass ownership of the container to the resident; containers remain the property of WDC. Prior to the commencement of the contract, funding was provided for blue-lidded bins and food caddies; a charging policy for grey wheelie bins has been in place since 2016.

A number of garden waste permits were investigated by the auditor to ensure that the correct fee had been charged. In all cases tested, the correct fee of £40 had been charged to the resident and received by WDC. Residents are requested to pay for their permit during the application stage. Once payment is made for a green waste permit, Permiserve automatically generates a permit which is then posted out to the resident. This information is then provided to the contractor via SDC. All green waste permits are valid until 31 March regardless of when they were purchased during the financial year. There is no limit as to how many green waste permits can be purchased by one household. Households are also permitted to share bins where private arrangements have been made between neighbours.

A number of payments made to SDC were also interrogated to ensure that these were reflective of the invoices received. In all cases tested, the amount paid to SDC fully reflected the invoice. All payments had been coded to the correct ledger and evidence of this was corroborated through the accounts payable

module on Ci Anywhere. There were just five instances where the remittance advice had been mislabelled.

Advisory - Consideration should be given to reminding the Purchasing & Payments team to ensure that remittance advice reflects the exact wording of the invoices received from SDC.

Reviews for cost-of-service provision take place as part of the quarterly meetings with the Strategic Finance Manager; costings are also discussed at Contract Partnership Board meetings. The monthly contract charge is one twelfth of the annual contract rate. Biffa are entitled to make a fair net profit of up to 9% on the cumulative net profit in any contract year. Where Biffa generates a cumulative net profit which is in excess of the agreed net profit margin, this excess profit is then divided. One third is split between both local authorities, one third is retained by Biffa and the remaining third is ring-fenced as part of cost-saving initiatives agreed to by the Contract Partnership Board.

4.2.2 **Potential Risk: Failure of SDC to reimburse WDC with charges owed to them.**

SDC process and take payment for all orders related to the purchase of new, replacement or additional bins. WDC monitor the fees that they are owed and corroborate these against the income received from SDC. WDC receive a reconciliation spreadsheet that breaks down the income and details the individual transactions between SDC and the resident. As per the inter-authority agreement, SDC maintain complete records of all financial transactions and make these available to WDC for inspection upon request. WDC reconcile financial matters on a quarterly basis and report any concerns or issues within one month of that reconciliation. The NSM also keeps track of the fees that WDC are owed.

WDC finance the purchase of any frontline vehicles from Biffa and invoice 50% of the costs to SDC. Therefore, SDC are the beneficial owners of 50% of the frontline vehicles financed by WDC and should the contract cease, SDC are entitled to their 50% share of the vehicles. Invoices were located by the auditor relating to the payments received from SDC for the waste collection vehicles. The monies paid by WDC to Biffa amounted to £5,165,470.20. 50% of this amount was reimbursed in full to WDC by SDC.

SDC are responsible for receiving and paying invoices from Biffa in respect of the core waste collection services on behalf of both Councils. SDC then recharge Warwick 50% of the monthly invoice for the core services and WDC pay the sum due prior to SDC's payment to Biffa. For bulky waste collections, the recharge by SDC to WDC is based on the number of collections multiplied by the unit rate set out in the contract. The contract has an annual base quantity of 4,106 collections of bulky waste: if this base quantity is not reached, Biffa are entitled to a payment for the shortfall, which would be split 50:50 between WDC and SDC. The liability for the gate fees at the MRF is determined by the number of vehicle deliveries to the MRF, load tonnage, contamination, and their district origin. Sherbourne Recycling Limited issue a single invoice to SDC. WDC are then invoiced according to the percentage of actual tonnage of recycling within

the Warwick district. Waste collections for events are paid for by the Council in whose district the event takes place.

4.3 Legal and Regulatory Risks

4.3.1 Potential Risk: Failure to meet statutory/regulatory requirements.

Under the Environmental Protection Act 1990, local authorities have a responsibility for waste collections. Section 45 requires waste collection authorities to collect household waste unless it is in an isolated location or arrangements can reasonably be expected to be made by the person who controls the waste. It is a statutory requirement to collect domestic waste within the district; however, the Council is not allowed to charge for the collection of domestic waste under the Environmental Protection Act 1990. The collection of garden waste is a discretionary service and so a charge is imposed for this.

4.3.2 Potential Risk: Risk of contractor going into administration or deciding to withdraw from the contract.

Whilst SDC are the lead authority on the contract, the roles and responsibilities of both Councils are outlined in the inter-authority agreement. No issues with roles and responsibilities were recorded in either the contract operation minutes or the Contract Partnership Board minutes. There was a slight amendment to the roles and responsibilities; however, these were agreed and signed off by both Deputy Chief Executives in January 2023.

The only significant issue identified with the contract related to the quantity cost. The starting property count number was incorrect as it did not include farms and there were several property duplications meaning that the figure was approximately 1,000 properties lower than it should have been. The contract fee increases with the more properties that are added to the database. Consequently, Biffa rebased the number and backdated the payment to September 2022. As a result, the local authorities were obliged to pay Biffa a combined sum of £15.5k for a third rebasing of the contract. This cost was divided equally between both authorities; invoices corroborating this were provided to the auditor by the Contract Manager.

SDC have been provided with copies of the business continuity and emergency plans from Biffa. The business continuity plan is to be invoked following a disruptive event that impacts the ability to operate on a normal daily basis. The plan provides an overview of the operations, and also acts as a guide to providing continuity of service. Biffa are responsible for managing and maintaining refuse, green waste, food, and recycling activities. An essential activity that needs to be conducted as part of the continuity process is to inform customers, stakeholders, suppliers, and service providers that Biffa has been impacted by a disruptive event. Whilst SDC are listed as a customer, WDC are not and therefore WDC is heavily reliant on communication coming from SDC.

Advisory – Consideration should be given to asking Biffa to include WDC as a dependent customer on the business continuity plan.

Biffa have also provided SDC with their emergency and incident response plan which outlines emergency contacts, isolation points, evacuation procedures and fire responses. Biffa are expected to prepare an exit management plan six months prior to contract expiry including a handover, the return of all data to the relevant authorities, the return of all authority assets and the return of all authority vehicles and depots in serviceable conditions.

4.3.3 Potential Risk: Appropriate levels of insurance are in place.

As lead authority, SDC have been provided with copies of the contractor's insurance. Biffa have employer's liability insurance which is valid until 31 March 2024. A certificate of motor insurance was also provided, covering all Biffa Limited vehicles until 31 March 2024. This insures any person driving on the order or with permission of Biffa Limited, providing that the person driving holds a valid licence. The contractor is further insured for public and products liability.

It is outlined in the inter-authority agreement that each Council will ensure that adequate insurance cover is maintained in respect of their respective liabilities under the contract, including where necessary professional indemnity insurance. Each Council shall indemnify the other against injury and death to any persons or for loss or damage to property which may arise out of default or negligence of their respective employees, agents, or contractors. WDC is not liable for any claims due to negligence of the contractor. Neither would WDC pay any claims for loss or damage caused by Biffa.

Recommendation – Copies of contractor insurance should be obtained and passed on to the WDC's Risk and Insurance officer.

4.4 Reputational Risks

4.4.1 Potential Risk: Service level not clearly defined.

The strategic aims and objectives of the joint venture with SDC are formalised in the contract. These aims have been agreed to by both Chief Executives and include:

- Delivering maximum value for money and maintaining and enhancing a financial position.
- Delivering continuous improvement in carbon emissions with the aim of being as close as possible to net zero carbon and zero air pollution by 2030.
- Ensuring that the residents are at the centre of service delivery and the contractor works in partnership with the authorities to address the needs of residents in an efficient and effective manner.
- Retaining flexibility to consider future changes, including new environmental legislation and national, regional, and local policies.

All bins, containers and caddies required for the commencement of the contract were purchased by WDC. WDC were supposed to have invoiced SDC for the containers required for properties in the Stratford district prior to the commencement of the contract; however, the auditor was unable to locate any invoices of this nature through Ci Anywhere. The NSM advised that they would be raising this at the next Contract Operations meeting.

Recommendation – Any waste container charges incurred by WDC, of which 50% are rechargeable to SDC, should be included on separate invoices and raised against SDC as a sundry debtor.

Residents can order new or replacement bins through the WDC website. SDC are responsible for collecting all other miscellaneous income, including additional bin capacity permits and bulky waste collections; they then account to WDC for the income received in respect of properties in the Warwick district. Garden waste income is currently distributed to WDC on a fortnightly basis; bulky waste income is distributed monthly. Any marketing, communications, printing, and design costs are split 50:50 between the Councils unless it is specific to a single Council. Each Council is responsible for its own waste permit.

The contractor must collect all waste on the same day as outlined in the collection schedule. They cannot change the scheduled collection day of any household without prior written consent, specifying the proposed change and the rational for this request, including the impact on households and the benefits of changing the day. Working hours are between 6.30am and 18:00pm for collections Monday to Friday unless otherwise agreed. In exceptional circumstances, such as inclement weather, the Council may permit the contractor to change or extend the operational hours/days. Bank Holidays and Public Holidays are classed as working days.

Containers should be returned in an upright position, with lids closed, or neatly stacked. Gates and doors should be shut and locked in communal collection areas. A missed collection must be reported within two working days of the scheduled collection day. Where the contractor investigates a missed collection and they can evidence that the container was not presented, not presented on time, or presented in an incorrect collection point, then it is not classed as a missed collection. Prior to emptying any container, Biffa are expected to visually inspect the visible contents of the containers for any contrary materials. Where they find contrary materials, they should separate the contrary materials from the acceptable materials that can be safely removed. Where it is impractical to separate the materials, the container is left unemptied and a notification left with the household, informing them of the reason why the materials were not collected. Contrary materials are recorded through Biffa's Whitespace system, where households can be instructed to dispose of waste appropriately by the Council.

It is outlined in the contract that Biffa provide a monthly collection of patient-returned sharps from pharmacies located across the district. However, pharmacies were contacted in August 2022 to advise that sharps would only be collected as an on-request service, meaning that Biffa will only attend the pharmacy as and when requested. Biffa also collect dry recycling from schools in the area, although they are not permitted to schedule the collection within close proximity of school drop off and pick-up times. The Contract Services team maintain spreadsheets detailing the lists of schools, pharmacies, communal areas, and properties commercially owned by WDC requiring collection.

WDC offer assisted collections to those residents who are unable to physically move bins to the kerbside due to age, disability or infirmity. A list of assisted collections is maintained by the Contract Services team. In such cases, the

contractor shall provide a scheduled collection from an agreed collection point within the boundary of the property. Biffa are provided with a list of the households that qualify for an assisted collection. When an assisted collection is no longer required, this can be cancelled through the Whitespace system.

4.4.2 **Potential Risk: Failure of contractor to deliver services/performance of contractor not to contract specification.**

The contract with SDC commenced on 1 August 2022. This is in place for eight years and not due to expire until 31 July 2030. The approved spending limit is £80,000,000. Expenditure thus far has amounted to £5,079,565.59; therefore, the remaining approved limit is £74,920,434.41. The contract is divided into service specifications and payment and performance.

Biffa are expected to provide, operate, and maintain all vehicles and equipment and are responsible for purchasing any additional vehicles required as suitable replacements for those that are not fit to deliver the service. Biffa are also responsible for licensing all vehicles and equipment including taxes, fuel, and insurance premiums as well as the maintenance and upkeep of the vehicles to ensure they are in good serviceable repair; this includes making good any accidental damage. It remains Biffa's responsibility to ensure that vehicles and equipment meet UK emission standards and noise legislation requirements. The contractor is required to pay for the replacement or repair of any containers where damage to the containers has been caused by their negligence. Biffa are also responsible for delivering containers to new properties, replacing lost, stolen, or damaged containers and collecting unwanted containers from households.

Biffa provide additional waste capacity for households that contain:
- 6 or more permanent occupants in the household.
- 2 or more children in disposable nappies.
- Residents with a medical need using incontinence products.

SDC verify and approve applications from households for additional residual waste capacity. A list of households that qualify for this service is then sent to Biffa through Whitespace. Likewise, any households in which additional waste capacity is no longer required are cancelled through this system.

Biffa are not expected to collect waste (be that garden waste, food waste or household waste) that is set out other than in the wheeled bins. Neither are they expected to empty the wheeled bins if they are too full for the lids to fully close. Households that are unsuitable for a wheeled bin (e.g., flats above shops, terraced houses) receive a sack collection once every fortnight. No more than two sacks of waste per household can be collected unless the household has met the criteria for additional waste capacity. Any households that set out excess waste will have a note affixed to the container informing them of why the waste was not collected.

Biffa are expected to report any defects to doors, locks, lighting, damaged bins or where bin stores are left in an inappropriate state (e.g., broken glass on the floor). Any spillages that occur whilst Biffa are undertaking collection should be

thoroughly cleaned. For this reason, brooms, shovels, dustpans, and spill kits are located in each of the waste collection vehicles.

Households are entitled to present more than one designated container for dry recycling and food waste. Households that subscribe to more than one garden waste permit are also entitled to have additional green waste containers emptied as part of their routine collection. New participants to the garden waste collection service are reported to the contractor through Whitespace. Biffa then provide new containers and commence the collection service within ten days of notification. Households wishing to discontinue their participation in the garden waste collection service are expected to give four weeks' notice to the Council.

Households who have not renewed their garden waste permit are terminated from the system and their container removed. Bulky waste charges are set at the Council's discretion and can be changed at any time during the contract. The Council retains all income from bulky waste charges but is responsible for operating and administering a booking and scheduling system for the service. Biffa also collect clinical waste on a weekly basis; a list of households where this service is required is compiled through Whitespace.

KPIs/performance measures have been written into the contract; however, the Contract Operations & Performance Officer (COPO) advised that the figures include data from both WDC and SDC. Figures of where KPI's have not been met are indicative of cases where issues have not been rectified within the contractual timescale. Monitoring against performance indicators is completed on a monthly basis. Performance indicators include:

-   Number of containers not returned to properties in the correct location.
-   Number of containers delivered.
-   Number of spillages.
-   Missed collections per 100,000.
-   Missed assisted collections per 100,000.
-   Tonnages per waste stream.
-   Near misses and personal accidents.
-   Vehicle downtime.
-   Insurance claims.

Biffa are responsible for monitoring and accurately recording their own performance and compliance with the contract. They notify the Council of any service failures by the end of each working day through Whitespace and summarise the service failures in the monthly and quarterly performance management reports.

All waste collection vehicles are fitted with GPS trackers and CCTV which records at all times when the vehicles are in operation. Footage is securely stored for a minimum of 30 days and can be requested by WDC. The Contract Manager confirmed that the CCTV footage from the collection vehicles is stored on the Contel system and can only be extracted by authorised users via their Intelligent Vehicle Monitoring System (IVMS).

A section of the Council-owned depot at Stratford Road in Warwick is primarily used by Biffa for the storage of containers; Biffa therefore manage the deliveries

of new containers to the depot and return any unwanted containers to storage for reuse. It became apparent during the audit that WDC are responsible for Non-Domestic Rates (NDR) at the depot; however, it is stipulated in the contract that Biffa are responsible for paying any NDR associated with designated areas of the depot; a sum of £10,416 has been outlined in the contract. The land is currently leased by IDVERDE, the grounds maintenance contractor. Whilst IDVERDE reimburse WDC for NDR (£18,000), it is not made clear as to whether Biffa reimburse IDVERDE for the rates owed. The COPO confirmed that the Senior Building Surveying Project Manager is currently compiling a lease. This will mean that peppercorn rent and NDR will be paid by Biffa directly to WDC.

The contract aims to deliver continuous improvement in carbon emissions with the aim as being as close as possible to net zero carbon and zero air pollution by 2030. As such, Biffa are expected to annually calculate and review the carbon emissions and report on progress against the carbon reduction plan. The COPO did advise that there have been preliminary discussions about procuring electric waste collection vehicles. As stated in the contract, the authorities seek to utilise vehicles that operate on clean, low emission technologies whenever this is financially and operationally practicable, thereby minimising carbon emissions and air pollutants arising from their usage. Biffa therefore developed a Quality Environmental Management Plan as part of their tender process, which sets out the aims and objectives for reducing carbon emissions.

4.4.3 **Potential Risk: Sub-standard delivery leading to customer complaints/damaged reputation.**

Complaints themselves are not viewable on the Whitespace system, although the system does indicate where a property has had a missed collection. The system does, however, require the user to already know which property has experienced issues in order to locate the corresponding information. Any issues are reported through a webform directly to SDC which is then uploaded to Whitespace. Worksheets against the property will show when missed collections were reported and their resolution date. The number of days to resolve a complaint is outlined in the contract. Any complaints not resolved within these timescales are classed as a service failure. As the Contract Services team have access to the Whitespace system, WDC can notify any affected residents, where Biffa have been unable to complete a collection round, through the 123+ app.

It is the resident's responsibility to make sure that their bins are kept safe. To prevent loss or theft, residents are advised to put house numbers or names on the containers. Residents are also advised to put containers out in the morning rather than the night before and make sure that they are returned to the home as soon as possible after collection. Communal refuse and recycling bins are the responsibility of the landlord, managing agents or residents' association. The Council aims to deliver all containers within five working days and does not take responsibility for any containers that go missing after delivery. It is stated in the contract that residents are expected to sign upon receipt of their bin/container; in April 2023 Biffa were provided with delivery notes to leave at a property once a new container had been delivered.

Advisory – Consideration should be given to asking Biffa to upload copies of container delivery notes to the Whitespace system.

In previous years, there have been performance bonds to protect the Council against financial loss in the event of a contractor failure. There are now penalty charges in place in the event that Biffa fail to perform the service as outlined in the contract. Performance Deductions apply where a service failure has not been rectified within a certain timeframe. This does not apply to Force Majeure events, civil emergencies, or inclement weather. Performance Deductions set out in the monthly performance management report are supposed to be included as a deduction against the charges in Biffa's monthly invoice. It was, however, found that deductions calculated in the performance review are not included on the invoices from Biffa.

Recommendation – Both SDC and the contractor should be reminded to highlight where performance deductions have been subtracted from the core waste service costs on monthly invoices.

The Contract Services team maintain a list of damaged communal bins reported by Biffa and the actions that have been taken to rectify this. This is to ensure that should residents contact either authority, officers can advise that the responsibility lies with the managing agents or owners to repair or replace a damaged bin. Managing agents are given a timeframe in which to repair or replace a damaged bin. If not completed by the date provided, then the bin will not be emptied; the bin will not be emptied if it is deemed to be unsafe to move or unsafe to place on the lifting arms of the refuse collection vehicle.

4.4.4 **Potential Risk: Service disruption leading to inability to meet performance targets.**

Monthly liaison meetings take place between WDC, SDC and the contractor. Performance is a standard agenda item, and any issues are flagged and actioned appropriately. These meetings not only review the performance management report but also aim to resolve any issues associated with the monthly invoices. Communication requirements to support the service delivery for the next quarter are also agreed. Contract Partnership Board meetings take place quarterly with Biffa. This comprises senior management from the authorities and the contractor. The Contract Partnership Board agree the performance management report, discuss performance trends, implement improvements to the service, reduce inefficiencies, discuss legislative changes, and discuss the overall contract.

4.4.5 **Potential Risk: Breakdown in partnership with SDC.**

There is an inter-authority agreement in place between SDC and WDC relating to the management and administration of the joint waste collection contract. This was signed 27 July 2022 by both Chief Executives. This includes the management of conflicts and disputes, confidential information, and contract termination. The agreement outlines that the Councils will work together in good faith to resolve and/or mitigate the consequences of a delay or contract failure in a timely manner.

The following costs were incurred by SDC prior to the commencement of the Contract and shared by WDC on a 50:50 split:

- costs arising from enabling payments to be processed at Stratford.
- costs arising from staffing the required contact centre to answer calls and take payments.
- costs associated with enabling communication systems between Stratford and Biffa.
- the development of ICT processes to support the Contract.
- costs arising from staff time mobilising the Contract.

Invoices confirming a 50:50 split were obtained and substantiated by the auditor. Each Council bore the procurement and legal costs incurred prior to commencement of the contract. Evidence of legal costs paid by WDC was located on Ci Anywhere. The costs arising from the daily monitoring and management of the contract are shared by WDC on a 50:50 split; this was confirmed by the auditor during testing. A number of invoices from Biffa to SDC were obtained. These were then reconciled against invoices from SDC to WDC to ensure that costs were equally split. In all cases tested, both the unit amounts and VAT amounts charged to WDC were representative of half of the costs charged to SDC by Biffa.

4.5 Fraud Risks

4.5.1 Potential Risk: Green waste collected at properties who have not paid the service charge.

Residents do not receive their bins until they have paid for them during the application stage. Residents are expected to purchase each container regardless of the waste stream; they are, however, only expected to pay a service charge for the collection of green waste. This is a £40 subscription per annum which is payable at the start of the financial year. In-cab technology provides Biffa crew members with a list of properties who subscribe to the green waste collection to avoid the risk of collecting from households with an out of date or incorrect permit; this also prevents collection from non-subscribing households. The in-cab system would also detect if a property presented a bin for collection for which payment had not been made. The contractor records all instances where garden waste is collected on the in-cab system. This record includes the address and details of any non-compliance or non-participation including, where appropriate, a digital photograph in order to provide real-time information to Whitespace.

4.5.2 Potential Risk: Staff evade paying bin fees/green waste service charge.

Management do not currently undertake reviews of which residents have paid for containers or green waste permits. The only way in which residents, including Council staff, could obtain a container or green waste permit is by applying for these through the website. The inter-authority agreement states that SDC deal with all first enquires which includes payment. Neither containers nor permits would be delivered without payment up front.

4.6   **Health and Safety Risks**

4.6.1   **Potential Risk: Accidents/health and safety of contractors.**

There are several risk assessments in place that cover the service. The portion of the storage depot covered by the risk assessment is for the area north of the Stratford Road site. The assessment was carried out in November 2022 and is not due for review until November 2023. The bulk delivery of bins is avoided during adverse weather conditions to avoid slips, trips, and falls. Site operatives wear protective footwear and allow safe access and removal of the containers to minimise damage of the containers during storage. The majority of the depot does not have external lighting facilities; therefore, operations are ceased when light conditions make normal operations impractical. There is a gate at the depot entrance and a further gate into the depot to prevent members of the public from entering the site. Mitigations for contractors include wearing protective equipment and hand washing to prevent disease or contact with chemicals. Staff are also provided with midsole and steel toe-capped shoes and gloves to protect against sharp objects. The contractor health and safety assessment is due for renewal in November 2023.

There are assessments in place for waste advice visits, lone-working and the use of the Contract Services garage in the Riverside House car park. The COPO confirmed that these are no longer relevant.

Advisory – Consideration should be given to removing redundant risk assessments from Assessnet, including the risk assessment for Recycling Bring Sites, as these were removed in February 2021.

The WDC Health & Safety Policy was last updated March 2023. This outlines that Heads of Service are responsible for ensuring that all personnel, including contractors, adhere to safety standards within the policies maintained by the Council. Similarly, any employees of WDC whilst out of the office or on site must comply with the safety requirements of the contractor.

The Contract Manager at SDC has received health and safety risk assessments from Biffa. These highlight the control measures implemented regarding manual handling, slip, trips or falls, movement of mobile vehicles, weather conditions, falling objects and unauthorised persons. Neither SDC nor Biffa have been provided with copies of WDC risk assessments for contract officer health and safety.

Recommendation – The WDC Contract Officer Health & Safety Risk Assessment should be shared with both SDC and Biffa.

The contractor is responsible for making sure that equipment is safe and suitable and operated by trained operatives. They are also responsible for providing health and safety equipment on board all vehicles, providing first aid facilities, PPE, and suitable clothing. Summary statistics relating to all health and safety accidents, incidents, and near misses are reported in the Contract Operations meetings. It should be noted that incidents reported during these meetings are not separated into those that occurred within the Stratford district

and those that occurred in the Warwick district. The COPO advised that Biffa had been asked to separate reports of accidents and near misses by district; however, WDC and SDC are treated as one unit under the South Warwickshire contract and so this is not currently feasible.

WDC Contract Officers conduct weekly health and safety inspections via crew monitoring. These observations relate to several different waste collections along various roads in the district. The aim of the monitoring is to ensure that:

- all manoeuvres are programmed, planned, and controlled.
- the route and time selected avoids peak times.
- a risk assessment of the vehicles has been conducted.
- manual handling techniques are adhered to.
- bin lift mechanisms are operated safely and in accordance with the manufacturer's instructions.
- appropriate uniform and PPE are worn.
- pedestrians are kept safe.
- staff practice single side of street collection where appropriate.
- staff cross the roads at the safest point.
- bins, boxes, and caddies are returned to the correct collection point.
- the crew can demonstrate use of emergency stop buttons.
- the vehicles are reversed safely where appropriate.
- any spillages are cleaned.
- vehicles are clean and reversing alarms, aids, lights, and mirrors are operating and being used appropriately.

A number of safety inspection sheets were obtained through the network files. This list was then interrogated by the auditor to ensure that these checks had been conducted appropriately. In fourteen of the fifteen cases tested, the outcome of the inspection had been declared as 'safe'. The remaining case was only declared safe once issues were rectified following discussions with the supervisor, as the incorrect loading procedure was used for overfilled bins and the incorrect uniform was worn by the crew. No accidents or near misses were reported during the monthly safety checks. In four cases, however, it was not made clear as to which waste collection round had been observed.

Recommendation - Staff should be reminded to include the type of waste collected during monthly safety checks on the observation reports.

Advisory – Consideration should be given to checking that contractors are inspecting bins for contaminants during health and safety checks, as dictated in the contract.

Advisory – Consideration should be given to conducting health and safety checks in alignment with the criteria set out in the contractor risk assessment.

5   **Summary and Conclusions**

5.1   Section 3.2 sets out the risks that were reviewed as part of this audit. The review highlighted weaknesses against the following risks:

- Risk 5 – WDC are not made aware of contractor insurance policies.
- Risk 6 – WDC may not have received charges owed for the purchase of containers to be used in the Stratford district.
- Risk 8 – WDC may not be aware of the performance deduction charges subtracted from the core contract costs.
- Risk 13 – Contractor may not be aware of WDC risk assessments with which they must comply. Records of observed collection routes are not always consistently detailed.

5.2   Further 'issues' were also identified where advisory notes have been reported. In these instances, no formal recommendations are thought to be warranted, as there is no significant risk attached to the actions not being taken.

5.3   In overall terms, however, despite the identification of several weaknesses, we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Refuse Collection and Recycling are appropriate and are working effectively to help mitigate and control the identified risks.

5.4   The assurance bands are shown below:

Level of Assurance	Definition
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

6   **Management Action**

6.1   The recommendations arising above are reproduced in the attached Action Plan (Appendix A) for management attention.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Refuse Collection and Recycling – August 2023

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.3.3	Legal & Regulatory Risk: Appropriate levels of insurance are in place.	Copies of contractor insurance should be obtained and passed on to the WDC's Risk and Insurance officer.	Low	Contract Operations & Performance Officer	An email will be sent to SDC asking for copies of this.	Completed 3 Aug 2023
4.4.1	Reputational Risk: Service level not clearly defined.	Any waste container charges incurred by WDC, of which 50% are rechargeable to SDC, should be included on separate invoices and raised against SDC as a sundry debtor.	Medium	Neighbourhood Services Manager	SDC pay all invoices relating to Biffa and the MRF and then recharge the appropriate proportion to WDC. The only charges WDC incur are for waste containers and an email will be sent asking for this information.	End of Aug 2023
4.4.3	Reputational Risk: Sub-standard delivery leading to customer complaints/damaged reputation.	Both SDC and the contractor should be reminded to highlight where performance deductions have been subtracted from the core waste service costs on monthly invoices.	Medium	Neighbourhood Services Manager	An email will be sent to SDC to ask that this is highlighted on future invoices.	End of Aug 2023

Report Ref.	Risk Area	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.6.1	Health & Safety Risk: Accidents/health and safety of contractors.	The WDC Contract Officer Health & Safety Risk Assessment should be shared with both SDC and Biffa.	Low	Neighbourhood Services Manager	This will be sent via email to SDC.	8 Sept 2023
		Staff should be reminded to include the type of waste collected during monthly safety checks on the observation reports.	Low	Contract Operations & Performance Officer	An email will be sent to staff to remind them to ensure they include the waste type on the Health & Safety checks.	Completed 3 Aug 2023

* The ratings refer to how the recommendation affects the overall risk and are defined as follows:

High: Issue of significant importance requiring urgent attention.
Medium: Issue of moderate importance requiring prompt attention.
Low: Issue of minor importance requiring attention.

INTERNAL AUDIT REPORT	

FROM:	Audit and Risk Manager	**SUBJECT:**	Shared Legal Services
TO:	Head of Governance & Deputy Monitoring Officer	**DATE:**	27 July 2023
C.C.	Chief Executive		
	Head of Finance		
	Portfolio Holder (Cllr Davison)		

1 Introduction

1.1 In accordance with the Audit Plan for 2023/24, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.

1.2 Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2 Background

2.1 The Council paid a total of £805,871 on legal services for the last financial year (2022-23), covering both the shared service with Stratford-on-Avon (SDC) and the contract with Warwickshire County Council (WCC). The bulk of the legal work is completed through the Shared Legal Service between Warwick District Council and SDC. This first came into effect in April 2022 for a period of five years, ending 31 March 2027.

2.2 The Service consists of a team, based at SDC, with the aims of improving resilience, maintaining sufficient capacity through fluctuations in demand and reducing reliance on external resources to the benefit of both parties.

2.3 Since 1 April 2023, the management of the agreement at the Council has been undertaken by the Head of Governance & Deputy Monitoring Officer (HG). Prior to this, the responsibility was with the Deputy Chief Executive.

2.4 WCC provide some ad-hoc legal support to the Council, mainly for employment law matters. As this is not part of the shared service, and as use of this service is infrequent, it hasn't been explored in as much depth within this audit. There is a contract in place for this work which expires in 2027.

2.5 SDC outsources its internal audits to WCC who confirmed that no audit had been completed for the legal service within the last eight years. Therefore, no additional assurance could be provided or relied on for this audit.

3   **Objectives of the Audit and Coverage of Risks**

3.1   The management and financial controls in place have been assessed to
         provide assurance that the risks are being managed effectively. It should be
         noted that the risks stated in the report do not represent audit findings in
         themselves, but rather express the potential for a particular risk to occur. The
         findings detailed in each section following the stated risk confirm whether the
         risk is being controlled appropriately or whether there have been issues
         identified that need to be addressed.

3.2   In terms of scope, the audit covered the following risks:
         1.   Council incorrectly charged for the services provided.
         2.   Council subjected to avoidable penalties or financial loss.
         3.   Poor legal advice is given leading to inappropriate decisions being taken.
         4.   Cases are not dealt with in accordance with required standards.
         5.   Conflicts of interests where the cases involve both the Council and SDC
              and / or WCC.
         6.   Staff resource / capacity unavailable.

3.3   These risks, if realised, would be detrimental to the Council as having an
         appropriate legal service in place contributes to the Council's objectives, set
         out in the Fit for the Future programme under the Council's business
         improvement plan, by ensuring legal compliance across all Council service
         areas.

4   **Findings**

4.1   **Recommendations from Previous Reports**

4.1.1   The current position in respect of the recommendations from the previous
         audit reported in July 2020 were also reviewed. The current position is as
         follows:

	Recommendation	Management Response	Current Status
1	The user guide should be updated to provide accurate, up-to-date information and should be rolled out to relevant staff.	The guide has been updated on a number of occasions and posted on the intranet for staff viewing. Further relevant changes will be made.	No guide in place at present. The below report includes information about this.
2	The procedure for updating the authorised commissioning officers list should be reviewed and the list updated.	The list has been updated on a number of occasions and will be reviewed again to make sure it is up to date.	The legal services cost is included in the centralised charges. As the costs paid are not linked to the use of the service, any Council officer can request legal work. Therefore, no authorised list is required.

	Recommendation	Management Response	Current Status
3	The level of service should be reviewed to ensure requests are dealt with promptly and efficiently.	Given the many hundreds of instructions that are made through the course of the year, I consider this to be a rarity with no service review necessary.	A new service level agreement has been in place since April 2022. The agreement includes various measures and requirements which can be used when completing monitoring to ensure that the level of service expected can be maintained.
4	Budget managers should be reminded of the need to set accurate budgets based on available information.	As acknowledged, it is very difficult to predict precise budgets at the beginning of the year. Variances are monitored on an ongoing basis and this process will continue.	Legal charges are now incorporated into the centralised charges. The budgets for these are set by the Accountancy team so budget managers do not need to set legal charges in their budgets.
5	The monthly coding spreadsheets, supplied by Legal Services, should be made available to all relevant (commissioning) staff.	Agreed. I will speak with the relevant finance officer so we can disseminate the relevant information.	This is no longer relevant with the move to the charges being included in the centralised charges.

4.2   **Financial Risks**

4.2.1   **Potential Risk: Council incorrectly charged for the services provided.**

The Service Level Agreement (SLA) with SDC sets out terms for the payment for the legal provisions, with the Council paying 60% of staff costs and SDC paying the remaining 40%. Where the Legal Services teams do not have the skills or specialisms required to carry out the work for the Council, they will seek three quotes from external providers and issue disbursements invoices to the Council. The SLA lists examples of costs that are not included in the annual budget where a disbursement invoice will be issued. The SLA terms request that invoices issued by SDC should have any queries raised within ten days of receipt, and that payments should be made within 30 days. Six invoices were identified for 2022-23 and all had been paid within 30 days of being received.

SDC issue a spreadsheet to the Strategic Finance Manager (SFM) on a monthly basis which details the staffing costs, admin charges and any disbursement amounts. In most cases, costs are not recharged to a cost code. Instead the legal costs are incorporated into the centralised charges. As the Council has committed to paying 60% of the staff costs, the service is paid for regardless of how much it is used. The costs which are recharged are

those associated with HRA (as this is a legal requirement) or when Legal Services have needed to outsource the work.

When work is requested by the Council, cost codes are obtained to allow the accountants to determine whether the costs are for HRA or capital. The codes ensure that the HRA is recharged appropriately as legislation states that HRA has to be recharged for legal work. Where bespoke work has been completed, the cost code enables the accountants to recharge the relevant service.

The estimated cost for year one, according to the SLA, was £566,400, with actual expenditure coming out as £567,605. The business case (schedule 2 in the SLA) sets out the previous costs for the provision of legal services (from WCC) as £650,000 per year, and estimates a saving of £88,000 per annum to the Council, should the SLA be agreed. This saving is reflected in the MTFS and the budget book across the years 2022-24.

The most recent quarterly invoice for staff costs, disbursements and admin charges was £166,619, giving a total predicted cost for the year of £666,476. The Legal Services Manager (LSM) at SDC advised that the service had not been fully staffed and there had been agency charges incurred. However, he confirmed that this is mostly resolved with the addition of more permanent staff, resulting in less spend on agency staffing.

Payments totalling £238,266 have been made to WCC against the contract. The costs in the early part of the year were higher, as the existing (legacy) casework from the previous year was completed, before the costs dropped significantly as the workload switched to employment related cases only.

The SFM confirmed that they are monitoring the spending to help ensure that it stays within or close to the estimated amounts. There are concerns that additional spending with other legal services is still required which is resulting in the combined legal costs being well over previous amounts. This monitoring also enables them to ensure that the costs are fairly and accurately reflected in the centralised charges. The decision to include legal provisions within the centralised charges is very recent so the monitoring helps to keep track of the spending and ensures that budgets are updated as needed to reflect any changes.

Recommendation

To ensure the Council is getting value for money the expenditure with all legal suppliers should be kept under review and the service requirements considered when the SLA is next renewed.

4.2.2 **Potential Risk: Council subjected to avoidable penalties or financial loss.**

Regular meetings are held between lead officers from the Council and Legal Services at SDC to discuss performance issues. The meetings are held on a bi-monthly basis and provide an opportunity to discuss staffing issues, performance measures and workloads.

The meetings have agendas and are minuted to ensure any actions are recorded and can be followed up. The agendas include an opportunity to raise any concerns or issues. The HG confirmed that, since becoming the officer responsible for the management of the SLA, they have begun to ask for feedback at Managers Forum prior to the bi-monthly meetings.

A selection of minutes and agendas were shared for the audit. The minutes showed that performance is discussed along with vacancies within the team, staff planning and workloads. The minutes are bullet pointed and list actions at the end. Actions are then followed up in subsequent meetings and the minutes provide outcomes.

4.3 **Legal and Regulatory Risks**

4.3.1 **Potential Risk: Poor legal advice is given leading to inappropriate decisions being taken.**

Feedback has not been gathered by SDC over the last year.. There are plans to implement the collection of feedback on a six-monthly basis from regular service users. This is due to the team managing 100's of cases each year and there not being the resource to compile the data generated for each and every case. The LSM suggested that feedback is more likely to be provided if officers are asked to provide it an intervals, rather than at the conclusion of every case.

The HG has recently taken on the role of managing the 'contracts' and, as highlighted above, plans to collect feedback at Managers Forum before the bi-monthly meetings held with SDC. This has been completed once and is on the agenda for the next meeting. Any relevant feedback will be reported to Legal Services staff at SDC for them to action as appropriate.

There is an opportunity to raise issues with the work completed and gather feedback at the bi-monthly meetings between the HG, SDC's LSM and the SDC Legal Team Leaders. The minutes and agendas provided show brief details of the main discussions covered. As reported at 4.2.2 above, they include staffing issues and work capacity as well as progress against work programmes, providing an opportunity to discuss any concerns and / or issues.

As mentioned in para. 2.5 there has not been an internal audit carried out for the legal service at SDC for over 8 years. This would help to provide additional assurance that the service is operating in line with legislative requirements.

Advisory

It may be worth discussing in bi-monthly meetings the potential additional assurance that would be provided by internal audits or peer reviews. Especially as legislation evolves and changes. This would help to provide assurance that SDC legal are operating effectively.

4.4   **Reputational Risks**

4.4.1   **Potential Risk: Cases are not dealt with in accordance with required standards.**

The SLA details the expectations of the Council and SDC. This includes set response timeframes for service requests, monthly updates to be provided on progress made, steps outstanding and material changes, and staff provisions. The costs and fees are covered within the SLA, with details of what is included in the quarterly payments and where additional costs will be incurred. The terms also refer to various legislation and standards which will be adhered to.

A copy of the business case is included with the terms which sets out the details of the SLA and any potential savings the Council can make. It also includes the key performance measures which are reflected in the SLA.

Monitoring of cases is completed on a monthly basis by two team leaders at SDC who review the status of cases, obtain updates and monitor work against KPIs. One manages the team who work on planning and regulatory cases and the other oversees the team who specialise in property and commercial cases. This is then fed back to WDC at the bi-monthly meetings with the HG.

Advisory

It may be worth considering the KPI's in the SLA, with relevant measures being included in the service area plan for Governance Services.

The HG confirmed that they are creating a Service Area Plan and Risk Register for Governance Services. The agreement with SDC for the shared legal services will be considered for inclusion in the risk register and monitoring of the agreement will form part of the workload for the Governance team.

Ad-hoc work is completed by WCC, who manage any employment law cases on behalf of the Council. There is a contract in place for this work which runs until April 2027. The contract states that services shall be provided in accordance with the standards, applicable laws and with reasonable skill and care. Monitoring is completed infrequently as there are few cases commissioned to WCC.

4.5   **Other Risks**

4.5.1   **Potential Risk: Conflicts of interests where the cases involve both the Council and SDC and/or WCC.**

There is potential for there to be conflicts of interests where the cases involve both the Council and SDC (or WCC). Both the SLA with SDC and the contract with WCC have a section covering conflicts which confirms that all parties shall comply with the 'conflicts protocol' and shall make the client aware of any potential conflicts of interest. The protocol is included in the appendices

of the agreements which helps to ensure that conflicts of interest are declared early and steps are taken to maintain independence and objectivity.

The LSM at SDC provided a complete list of cases from 1 January 2023 – 31 March 2023. There were 108 cases listed and all relevant details of the cases were provided so they could be reviewed. There were no conflicts noted in any of the cases and none were identified as having a potential conflict between the two Councils. The LSM confirmed that there are rarely conflicts of interest and that all staff are aware of the conflicts protocol should they have a concern.

4.5.2 **Potential Risk: Staff resource/capacity unavailable.**

Previously there had been a guide available for staff to use when requiring legal work. This is currently under review as the implementation of a micro-site will change how work is requested and commissioned.

The HG became responsible for the management of the legal services 'contracts' in April 2023 and has been gathering the relevant information since then. This information is to be used to redevelop the instruction and commissioning forms and the user guide to ensure it captures the information required and does not create extra work for staff where not needed.

The LSM provided blank copies of the instruction forms currently used by the Council to request legal services. There are two forms used, one for planning work and one for all other services. If Legal Services staff do not have the required skills for a case the work will be commissioned from external providers.

The instruction forms include a section for the officer requesting work to provide the cost code for the recharge, details of the work required, timescales and any key dates and milestones. This information can then be used by Legal Services to prioritise the work and plan workloads with the resource available.

The service was under-resourced when the SLA began in terms of permanent staff although the service was supplemented with agency staff. However, staff have been recruited into most of the vacant roles leaving only a couple of part time posts filled with agency staff. The staff list is provided on a quarterly basis with the invoice allowing the available resource to be reviewed. As highlighted above, staff resource is discussed at the bi-monthly meetings between the Council and SDC to ensure the capacity is there for the workload. Any staff shortages or concerns can be raised at these meetings.

Regular team meetings are held between the SDC Legal Team Leaders and their staff to review the workload and progress against plans, providing an opportunity to highlight any capacity issues.

Both the HG and the SFM confirmed that all Council staff are authorised to commission / instruct legal work. They have both requested that SDC's Legal Services staff ensure that they provide information on cases, including the

officers name who has instructed the work. This will allow monitoring to be completed to ensure that works requested are valid and necessary.

A sample of current cases was selected and a request was made to review the instruction forms for each sampled case. However, SDC were unable to provide instruction forms for any of the sample. In some cases, the requests were said to be for general advice / ad hoc queries which Legal Services suggest do not require instruction forms. Others were legacy cases which had been transferred over to the SDC from WCC at the start of the SLA.

The LSM confirmed that instruction forms are not always obtained as often the instruction is sent in an email or via phone call. As long as all information required is collected and the key information is understood, he advised that there is no need for Council officers to spend additional time completing the instruction form and instead the team can get on with the work.

No recommendation is being given regarding the use of instruction forms as the SLA doesn't specify that work can only be instructed through the use of forms and the previous method was that work could be instructed using the forms, email or phone call. Other than the information in the SLA there is currently no formal user guide or process in place, although this is being developed to be in line with the launch of a microsite.

Advisory

Monitoring of the SLA may need to be completed to ensure staff are providing valid information and disbursements are authorised.

The LSM advised that this legal microsite is currently in the process of being developed. The site will be accessible by both SDC and Council officers. The site will have the instruction forms available. It is expected that it will be completed and live within the next couple of months.

5   **Summary and Conclusions**

5.1   Section 3.2 sets out the risks that were being reviewed as part of this audit. The review highlighted weaknesses against the following risks:

Risk 1 – Council incorrectly charged for the services provided.

5.2   Further 'issues' were also identified where advisory notes have been reported. In these instances, no formal recommendations are thought to be warranted, as there is no significant risk attached to the actions not being taken.

5.3   In overall terms, therefore, we can give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of Shared Legal Services are appropriate and are working effectively to help mitigate and control the identified risks.

5.4   The assurance bands are shown overleaf:

Level of Assurance	Definition
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of Shared Legal Service – July 2023

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.1	Council incorrectly charged for the services provided.	To ensure the Council is getting value for money the expenditure with all legal suppliers should be kept under review and the service requirements considered when the SLA is next renewed.	Medium	Head of Governance and Strategic Finance Manager	Additional information has been requested to enable the spending to be monitored more efficiently. The spending with legal services will be kept under review and raised at bi-monthly meetings.	September 2023 August 2023

* The ratings refer to how the recommendation affects the overall risk and are defined as follows:

High: Issue of significant importance requiring urgent attention.
Medium: Issue of moderate importance requiring prompt attention.
Low: Issue of minor importance requiring attention.

INTERNAL AUDIT REPORT

FROM:	Audit and Risk Manager	**SUBJECT:**	VAT Accounting
TO:	Head of Finance	**DATE:**	28 September 2023
C.C.	Chief Executive		
	Strategic Finance Manager		
	Portfolio Holder (Cllr Chilvers)		

1   **Introduction**

1.1   In accordance with the Audit Plan for 2023/24, an examination of the above subject area has recently been completed by Jemma Butler, Internal Auditor, and this report presents the findings and conclusions for information and, where appropriate, action.

1.2   Wherever possible, findings have been discussed with the staff involved in the procedures examined and their views are incorporated, where appropriate, into the report. My thanks are extended to all concerned for the help and cooperation received during the audit.

2   **Background**

2.1   Value Added Tax (VAT) is a subject highly familiar to businesses, the general consumer and the accountancy profession. It is complex to administer requiring effective financial systems, key staff with a measure of specialist understanding and checks and controls over financial operations throughout the Council.

2.2   As a substantially public-funded organisation, the Council is a net receiver of refunded VAT from His Majesty's Revenues and Customs (HMRC) that in the last financial year amounted to around £10 million. To receive this the Council must meet legislative obligations, which include:

- being registered for VAT;
- submitting monthly returns in the form and method determined by HMRC within strict deadlines;
- maintaining proper accounts and supporting records.

3   **Objectives of the Audit and Coverage of Risks**

3.1   The management and financial controls in place have been assessed to provide assurance that the risks are being managed effectively. It should be noted that the risks stated in the report do not represent audit findings in themselves, but rather express the potential for a particular risk to occur. The findings detailed in each section following the stated risk confirm whether the risk is being controlled appropriately or whether there have been issues identified that need to be addressed.

3.2   In terms of scope, the audit covered the following risks (overleaf):

1. Failure to meet deadlines and errors leading to financial loss – penalties, fines and reputation.
2. Opportunities to recover VAT are missed.
3. Breach of VAT legislation.
4. Intentional misrepresentation of VAT liability.
5. Loss of IT / system failure resulting in loss of records.

3.3   These risks, if realised, would be detrimental to the Council with regards to meeting the following corporate objectives, as set out in the Fit for the Future Strategy:

Principally related to compliance with statutory provisions with some relevance to 'Money' strand linked from Fit for the Future and related strategies.

4   **Findings**

4.1   **Recommendations from Previous Reports**

4.1.1 The current position in respect of the recommendations from the previous audit reported in May 2020 were also reviewed. The current position is as follows:

	Recommendation	Management Response	Current Status
1	VAT compliance in respect of e-receipting by the Council's on-line payment portals and systems processing telephone payments should be investigated.	Work with the Housing Services Team and Building Control teams (with potential IT support) to implement process to ensure compliance.	A number of e-receipts were reviewed for payments made online for services including building control. Ticket receipts for the RSC and car parking season ticket letters did not include the VAT number or provide information on how to obtain a VAT receipt.

4.2   **Financial Risks**

4.2.1 **Potential Risk: Failure to meet deadlines and errors leading to financial loss – penalties, fines and reputation.**

There is a VAT reference manual available which was last updated in financial year 2018/19. Although it is recognised that it is overdue a review, it has not yet been completed.

Recommendation

The VAT reference manual should be reviewed.

The VAT reference manual is usually available to all staff via the intranet. However, with the change to the new system, the link to the manual has been lost and is only available to staff who have access to a secure shared drive (all

finance staff, IT helpdesk and a handful of staff in other departments). This was raised with a Principal Accountant who promptly added the document to the intranet.

The Council subscribes to the 'VAT and All Taxes Helpline' hosted by KPMG at a cost of £1,800 a year. The most recent subscription started 1 April 2023.

There are no checks built into Ci-Anywhere regarding VAT. All VAT, whether it is input tax or output tax, is system generated based on the VAT code selected. In the case of payments this would be the VAT code selected on the purchase order/when a non-order payment is set up/on the purchasing card journal and, in the case of income, the VAT code selected when the periodic or ad-hoc debtor is set up. Enterprise Cash Receipting (ECR) does have some codes that were pre-set to have VAT allocation by default when the system was set up because the income coded there is 100% standard rated.

There are no generic VAT error reports that can be run off the system and no bespoke reports are completed. The Assistant Account has a spreadsheet to check that the totals on the VAT Control Account each month balance to the figures on the Tax Statement in Box 1 (Output Tax) and Box 4 (input Tax). If they don't balance then it is usually because a VAT posting has been made directly to the control account. In this situation the Assistant Account has to find and correct the error. The VAT transactions are downloaded and saved onto spreadsheets every month. If any of the figures look unusually high or low compared to previous months or years they are investigated. A recent example of this was a high output tax figure in May 2023 when we had billed Stratford District Council for their share of the cost of the refuse vehicles.

The Assistant Accountant exports the monthly Building Control Income, Land Charges Income and Planning Pre-Application Advice Income into spreadsheets and corrects any errors where VAT has not been taken-off the income. Normally there wouldn't be any errors as the codes are standard rated by default; however, if the income is cleared by Treasury from the suspense account the wrong VAT code is sometimes selected.

An exercise was completed when Ci-Anywhere was first set up where miscellaneous income codes were allocated a default VAT code. When completing the VAT return, errors were encountered so amendments were made to the codes to prevent the same corrections needing to be made each month.

A sample of random transactions was reviewed and it was confirmed that VAT had been appropriately applied.

The 'making tax digital' scheme rolled out in 2019 means that the returns are all completed online through Ci-Anywhere. This has been the main change since the last audit. The VAT returns are generated and filed electronically. The Tax Statement figures are generated by Ci-Anywhere with no manual intervention - it is an entirely automated process. All VAT must be system generated, postings cannot be made directly to either the input tax or output tax control account, as it will be out of balance with the monthly Tax Statement. Copies of the completed VAT returns for 2021/2022, 2022/2023 and 2023/2024 were provided. They show the payments made and received on a monthly basis.

There has not been a VAT inspection within the last five years, although there have been a couple of VAT Compliance Checks for Land Charges CON29 Fees and Elections Expenses. A HMRC Customer Contact Manager Introduction and Business Risk Review was completed in June 2021. Information was supplied for the review but a response or outcome of the review was not received.

Instructions for filing the monthly VAT return in Ci-Anywhere are available for staff to follow when the Assistant Accountant is unavailable to complete the task. They are easy to follow, complete with images and screen shots to ensure the user is completing the process correctly.

4.2.2 **Potential Risk: Opportunities to recover VAT are missed.**

The Council's constitution establishes the responsibilities of officers, detailing those who have the authority to ensure the responsibilities set out in the code of financial practice are carried out. The code of financial practice was approved by Council 22 April 2015. The responsibilities remain the same as when they were reviewed in the audit completed in 2020.

The Head of Finance has overall responsibility for the main accounting and control systems and production of relevant accounts including the administration of VAT. Heads of Services and budget managers are required to ensure their budgets are controlled in respect of the legality of expenditure and income including compliance with VAT regulations.

The Assistant Accountant has been designated as responsible for completing the VAT returns for a number of years. Another officer has been trained to complete the monthly returns, enabling them to provide cover for absence or annual leave. On the rare occasion that neither of these officers are available the Strategic Finance Manager would be responsible for ensuring the task is completed. There have been no changes to the job descriptions since the last audit and so VAT responsibilities are not documented in the Assistant Accountant's job description.

At the time of the audit there was only a VAT guide on the intranet for procurement card VAT codes. This was due to a recent change to the intranet provider and the relevant documents had not been transferred over to the new system. This was mentioned to the Principal Accountant who promptly ensured that the relevant guidance and policies were added. Where appropriate, documents had been updated to guide users when performing tasks using Ci-Anywhere.

4.3 **Legal and Regulatory Risks**

4.3.1 **Potential Risk: Breach of VAT legislation.**

The VAT registration document has not been renewed since the last audit so the VAT number and registered details on the certificate remain the same. The registered date on the VAT certificate is 11 June 1973 with the most recent update completed 6 March 2020. The renewal was completed in 2020 due to the

address of the Council needing to be changed as HMRC were no longer accepting PO Box addresses.

VAT certificates do not expire but details must be kept up to date. HMRC must be informed within 30 days if there are any changes. Changes include: change of name or address of business, change of accountant who deals with VAT, changes of members of the partnership or home addresses of any partners. Failure to notify HMRC of changes will result in a penalty. Changes can be made online through the VAT online account. The Strategic Finance Manager is aware of the requirement and will ensure that HMRC are informed when appropriate. They also plan to have the finance system and related stationary updated with the new details.

The published information for making payments to the Council was reviewed along with a variety of invoices, receipts, and other proof-of-purchase documents in order to check that the correct registration number is shown and printed on all relevant stationery and financial documents.

Building control fees are detailed on the Council's website. The application form states that VAT is included in the costs but there is no VAT number published. The online payment forms also do not include the VAT information. A recent receipt for a building control payment was reviewed and it provided the VAT number.

There is no information published for the cost of garage rents. A discussion with a rents officer confirmed that VAT is charged to non-Council tenants only. A copy of a rent increase letter was shared which displays the VAT number. Invoices are not sent to garage tenants, only notices of an increase in rent are sent. Although the VAT number is displayed, tenants should not be operating a VAT-registered business from the garage to claim back input tax on garage rent as this would be in breach of the tenancy conditions.

For the hire of facilities at the Royal Spa Centre (RSC), Pump Rooms and Town Hall, fees shown on the website include VAT but there is no VAT registration number provided. When booking tickets through the RSC website there is no indication whether VAT applies. A recent receipt from the RSC does not show a VAT number or provide information on how to obtain a VAT receipt.

The fees published on the Council's website for car park season tickets include VAT but no VAT number is provided. The receipt letter does not include the VAT registered number or an option for the buyer to obtain a VAT receipt.

Car parking fees are listed on the website but the information doesn't specify if the fees include VAT. A receipt from the Ringo (parking app) provides an option to download a VAT receipt which provides the VAT number.

Where VAT numbers were provided, testing by the auditor confirmed that they were all correct and matched the registered number for the Council. The VAT number doesn't need to be published online as it is only needed to claim back VAT paid on purchases. Therefore, it should be included for items such as RSC tickets and fees or car parking season tickets.

Recommendation

VAT details, if not included on receipts, should be available on request to customers. *This was also a recommendation in the previous audit of VAT Accounting.*

4.4   **Fraud risks:**

4.4.1   **Potential Risk: Intentional misrepresentation of VAT liability.**

The Finance Risk Register includes one risk regarding VAT, which is 'additional value added tax liabilities'. Mitigations include review of VAT returns, access to VAT helpdesk, a VAT manual for officers and other relevant controls.

The Assistant Accountant confirmed that VAT reviews are completed and help and advice is available from VAT and taxes helplines (which the Council subscribes to). A VAT manual is available on the intranet for all staff.

The change to Ci-Anywhere has meant that most VAT tasks are automatically processed. Previously the Assistant Accountant completed VAT partial exemption calculations. This has not been completed for either 2021/22 or 2022/23, however, as a new spreadsheet would have to be developed to incorporate the new ledger and coding system and there hasn't been the capacity to do it. The Strategic Finance Manager is aware of the capacity limitation.

Recommendation

A timetable of VAT tasks should be developed and progress regularly reviewed by the Strategic Finance Manager. .

4.5   **Other Risks**

4.5.1   **Potential Risk: Loss of IT /system failure resulting in loss of records.**

There are no workplans in place for VAT accounting. Loss of IT would result in the delay of checking and reviewing the calculations. As Ci-Anywhere is cloud-based the data would be available when the connection to the internet returns.

Ci-Anywhere is cloud-based with backups performed as part of the contract with T1. This was confirmed with information shared from an audit of Creditors completed earlier in the year. No internal backups are completed as they are not required with the cloud system in place.

5   **Summary and Conclusions**

5.1   Section 3.2 sets out the risks that were being reviewed as part of this audit. The review highlighted weaknesses against the following risks (overleaf):

Risk 1 – Failure to meet deadlines and errors leading to financial loss – penalties, fines and reputation.
Risk 3 - Breach of VAT legislation.
Risk 4 - Intentional misrepresentation of VAT liability

5.2   In overall terms, despite the identification of some weaknesses, we are able to give a SUBSTANTIAL degree of assurance that the systems and controls in place in respect of VAT Accounting are appropriate and are working effectively to help mitigate and control the identified risks.

5.3   The assurance bands are shown below:

Level of Assurance	Definition
Substantial	There is a sound system of control in place and compliance with the key controls.
Moderate	Whilst the system of control is broadly satisfactory, some controls are weak or non-existent and there is non-compliance with several controls.
Limited	The system of control is generally weak and there is non-compliance with controls that do exist.

Richard Barr
Audit and Risk Manager

Action Plan

Internal Audit of VAT Accounting – September 2023

Report Ref.	Risk	Recommendation	Rating*	Responsible Officer(s)	Management Response	Target Date
4.2.1	Failure to meet deadlines and errors leading to financial loss – penalties, fines and reputation.	The VAT reference manual should be reviewed.	Low	Assistant Accountant (AA) / Strategic Finance Manager (SFM)	SFM to work with AA to find capacity to update VAT manual, including all statutory updates and to then publish on the intranet.	31 March 2024
4.3.1	Breach of VAT legislation.	VAT details, if not included on receipts, should be available on request to customers. *This was also a recommendation in the previous audit of VAT Accounting.*	Low	Assistant Accountant (AA) / Strategic Finance Manager (SFM)	To advice service area's to have VAT receipts available where possible and ensure that signposting to the intranet to inform the VAT registration number is available (and to update the internet is updated).	31 March 2024
4.4.1	Intentional misrepresentation of VAT liability	A timetable of VAT tasks should be developed and progress regularly reviewed by the Strategic Finance Manager.	Low	Accountant Assistant	Timetable to be produced annually in line with the Finance report timetable.	December 2023

* The ratings refer to how the recommendation affects the overall risk and are defined as follows:

High: Issue of significant importance requiring urgent attention.
Medium: Issue of moderate importance requiring prompt attention.
Low: Issue of minor importance requiring attention.

Internal Audit Progress 2023/24: Quarter 2
Analysis of Performance

Time Spent: Audit Plan – Planned Vs Actual

ACTIVITY	ANNUAL ALLOCATION (DAYS)	PROFILE ALLOCATION (DAYS)	ACTUAL TO DATE (DAYS)	VARIATION (DAYS)
Planned Audit Work	340.0	170.0	158.2	+11.8
Other Time				
Sundry audit advice	15.0	7.5	9.1	-1.6
Contingency audit work	20.0	10.0	0.5	+9.5
Contingency non-audit work	10.0	5.0	4.5	+0.5
Other work	15.0	7.5	2.8	+4.7
Principal Internal Auditor non-audit work (incl. NFI)	75.0	37.5	41.6	-4.1
Non-chargeable activities	157.0	78.5	102.4	-23.9
Leave and other absences	148.0	74.0	72.5	+1.5
Total Other Time	440.0	220.0	233.4	-13.4
Total Time	780.0	390.0	391.6	-1.6

Time spent: Assignments Completed – Planned Time Vs Actual Time

AUDIT ASSIGNMENT	PLAN (DAYS)	TIME TAKEN (DAYS)	UNDER (+) / OVER (-)
Banking Arrangements	10.0	10.0	0.0
Purchasing Cards	10.0	9.5	+0.5
VAT Accounting	10.0	10.0	0.0
Shared Legal Services	10.0	10.6	-0.6
Refuse Collection and Recycling	10.0	9.9	+0.1
Employee Attendance Management	8.0	9.2	-1.2
IT Change, Configuration and Release Management (2022/23 audit)	*Contracted out*		
Business Applications - APP Civica (2022/23 audit)	*Contracted out*		

Explanation for variances greater than 2 days (unless within 20%):

Not applicable this Quarter.

Completion of Audit Plan: Target Vs Actual

NO. OF AUDITS PER AUDIT PLAN	PROFILED TARGET COMPLETION		ACTUAL NO. COMPLETED TO DATE		VARIATION	
	%	NO.	NO.	%	NO.	%
40	30.0	12	11*	27.5	-1	-8.33

*Does not include the two 2022/23 ICT reports that have been completed during the current financial year.

Summary of Recommendations and Management Responses from Internal Audit Reports issued Quarter 2, 2023/24

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
Banking Arrangements – 13 September 2023				
4.3.1	The risk register should be reviewed to ensure the information is up to date and that the controls and mitigations in place relate to the risk identified.	Low	Head of Finance	This is on the risk register with a low likelihood but high potential impact. The CiA system is Cloud-based, and while reliable to date, could be subject to an extended loss of internet and web connections, which could also affect the web-based bank system, with a consequent period that suppliers could not be paid. The risk register will be reviewed in October and then frequently on a quarterly basis to ensure risks and mitigations are relevant. TID: October 2023

[1] Risk Ratings are defined as follows:

High: Issue of significant importance requiring urgent attention.
Medium: Issue of moderate importance requiring prompt attention.
Low: Issue of minor importance requiring attention.

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
4.3.2	Ethical procurement aspects should be considered in the risk register.	Low	Principal Accountant	The Council's investment counter-party criteria identifies countries that the Council is happy to accept, and the Council's bank provider would be a UK-based subsidiary or company. The risk register will be reviewed in October and then on a quarterly basis. TID: October 2023
4.6.1	The additional resource requirements should be considered as part of the procurement exercise.	High	Head of Finance / Principal Accountant	The Council invested a considerable staff resource in setting up the bank interface with the current bank provider. All this work would have to be repeated if there was to be the change in bank provider, which is a major project due to the importance of this interface. Also, the Accountancy team does not have capacity to undertake the tender exercise to obtain banking quotes, requiring external resources. This is to be discussed with the Procurement Team soon to discuss options. TID: October 2023
Purchasing Cards – 22 August 2023				
No recommendations were required on this occasion.				

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
VAT Accounting – 28 September 2023				
4.2.1	The VAT reference manual should be reviewed.	Low	Assistant Accountant (AA) / Strategic Finance Manager (SFM)	SFM to work with AA to find capacity to update VAT manual, including all statutory updates and to then publish on the intranet. TID: 31 March 2024
4.3.1	VAT details, if not included on receipts, should be available on request to customers. *This was also a recommendation in the previous audit of VAT Accounting.*	Low	Assistant Accountant (AA) / Strategic Finance Manager (SFM)	To advice service area's to have VAT receipts available where possible and ensure that signposting to the intranet to inform the VAT registration number is available (and to update the internet is updated). TID: 31 March 2024
4.4.1	A timetable of VAT tasks should be developed and progress regularly reviewed by the Strategic Finance Manager.	Low	Accountant Assistant	Timetable to be produced annually in line with the Finance report timetable. TID: December 2023
Shared Legal Services – 27 July 2023				

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
4.2.1	To ensure the Council is getting value for money the expenditure with all legal suppliers should be kept under review and the service requirements considered when the SLA is next renewed.	Medium	Head of Governance and Strategic Finance Manager	Additional information has been requested to enable the spending to be monitored more efficiently. TID: September 2023 The spending with legal services will be kept under review and raised at bi-monthly meetings. TID: August 2023
Refuse Collection and Recycling – 25 August 2023				
4.3.3	Copies of contractor insurance should be obtained and passed on to the WDC's Risk and Insurance officer.	Low	Contract Operations & Performance Officer	An email will be sent to SDC asking for copies of this. TID: Completed 3 Aug 2023
4.4.1	Any waste container charges incurred by WDC, of which 50% are rechargeable to SDC, should be included on separate invoices and raised against SDC as a sundry debtor.	Medium	Neighbourhood Services Manager	SDC pay all invoices relating to Biffa and the MRF and then recharge the appropriate proportion to WDC. The only charges WDC incur are for waste containers and an email will be sent asking for this information. TID: End of Aug 2023
4.4.3	Both SDC and the contractor should be reminded to highlight where performance deductions have been subtracted from the core waste service costs on monthly invoices.	Medium	Neighbourhood Services Manager	An email will be sent to SDC to ask that this is highlighted on future invoices. TID: End of Aug 2023

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
4.6.1	The WDC Contract Officer Health & Safety Risk Assessment should be shared with both SDC and Biffa.	Low	Neighbourhood Services Manager	This will be sent via email to SDC. TID: 8 Sept 2023
	Staff should be reminded to include the type of waste collected during monthly safety checks on the observation reports.	Low	Contract Operations & Performance Officer	An email will be sent to staff to remind them to ensure they include the waste type on the Health & Safety checks. TID: Completed 3 Aug 2023

Employee Attendance Management – 16 August 2023				
4.6.1	Where an officer is absent, there should be effective communication with teams regarding short term (or long term) changes in hierarchy and expected workloads.	Low	HR	To add to policy: 'If a member of staff or manager is off sick the line manager should ensure that relevant staff are informed of any changes in reporting procedures or other temporary changes to workloads.' TID: Dec 2023
4.7.1	The role of managers should be included in the policy in regard to their responsibility for uploading and storing information and documents regarding attendance.	Low	HR	Policy to be updated to include this. TID: Dec 2023
IT Change, Configuration and Release Management (2022/23 audit) – 22 August 2023				

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
4.2.2	The Change Management Policy should be reviewed as soon as possible and at regular intervals thereafter.	Low	Head of Customer and Digital Services/ Transformation Lead	The Change Management policy does require a review as it was last looked at when we were merging. We will review the policy in context of best practice and bring this back to SLT for approval. TID: 03/11/23
4.2.8	The Council should implement a formal Change Advisory Board, ensuring that it has an agreed Terms of Reference, representation from across all Council service areas and documented roles and responsibilities. The CAB meetings should be held on a regular basis ideally (for example, quarterly), but at least on an extraordinary basis depending on amount of change backlogs.	Medium	Head of Customer and Digital Services	A fully dedicated change advisory board may not be possible for the organisation, purely down to the amount of time and resource that would be needed. However, there is a need for greater accountability and visibility of change management processes, particularly for higher profile changes which hold greater risk. As such, the functions of a CAB could be integrated with a reformed ICT Steering Group. TID: 03/11/23
4.2.10	The Council should implement a process whereby all existing standard changes are reviewed on a regular basis to help ensure that it remains appropriate for them to keep that status. In addition, a new process should be implemented in support of this by identifying the potential for new standard changes.	Low	Head of Customer and Digital Services	Agreed – each standard change will be reviewed and a "review by" date included within the documentation or a "review trigger". TID: 01/03/24

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
4.2.14	The Council should ensure that every change request is recorded with the NetSupport ServiceDesk system, regardless of its source (including changes related to cloud-hosted systems) and priority / category.	Medium	Head of Customer and Digital Services/ Transformation Lead	Agreed – this will be addressed as part of reviewing the Change Management Process. TID: 03/11/23

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
4.4.3	The Council should implement a process whereby improved change request monitoring reporting is designed and implemented. These might include (but not be limited to) the following: • Aging of change requests broken down into regressive time periods, to detect change records that have exceeded specific KPIs in this respect. • New changes for specific time periods. • Resource time allocations to changes, to detect allocation overruns where changes are more challenging to implement. • Change request age (the time between the initial record being raised to the request being closed). • Changes awaiting approval. All these examples will require agreed KPIs or other suitable metrics for them to be adding value to the service.	Low	Head of Customer and Digital Services/ Transformation Lead	Agreed – this will be addressed as part of reviewing the Change Management Process. TID: 03/11/23

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
4.5.2	The Council should update the email template used (to have the business authorise the next steps in the change cycle) to include an explicit option for having the service area confirm that their business process documentation has been updated as required and that relevant training on the new processes has been delivered.	Low	Head of Customer and Digital Services/ Transformation Lead	Agreed – this will be addressed as part of reviewing the Change Management Process.
4.5.4	The Council should document an appropriate data retention policy covering the data processed by the system. Alternatively, a Data Protection Impact Assessment should be undertaken on ServiceDesk to analyse the potential data processing risks associated with the system.	Low	Head of Customer and Digital Services/ Transformation Lead	Most of the information retained within Change Control records does not detail individuals – other than the details required to process changes, such as an authorising managers name and email. As such, the privacy impact of our data retention is minimal. However, it is appropriate that information is not kept in perpetuity, particularly when systems are decommissioned and never reused. This will be addressed as part of reviewing the Change Management Process.
Business Applications: APP Civica (2022/23 audit) – 18 September 2023				

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
4.2.1	The Information Governance Manager should be contacted to discuss whether there is a need for a specific DPIA for the CIVICA APP system or whether the departmental record is sufficient.	Low	Systems and Service Support Team Leader	A discussion will be held with the Information Governance Manager as suggested. TID: December 2023
4.3.6	The current password controls for the system should be reviewed and updated in line with the Council's policy as far as is possible. The password history (reuse limit) should also be increased (ideally to 22 or more.) Alternatively, the feasibility of linking the application to Active Directory via a Single Sign On process could be reviewed. Doing so will remove the need to set a local password policy within the application as this will be superseded by the Active Directory user login and related password policy.	Low	Systems and Service Support Team Leader / Systems Support Officer	The password settings will be reviewed in line with the requirements of the new policy once adopted. Application Support staff have checked CIVICA with regards to Single Sign On with APP and have confirmed that it's not possible with the current version used. This 'capability' is something that will be considered as part of the specification for the replacement system. TID: December 2023

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
4.4.3	Business processes related to the management of the interfaces with the CIVICA APP application should be formally documented with regular reviews being scheduled once they are in place.	Low	Systems and Service Support Team Leader / Community Safety and Civil Contingencies Manager	When renewing the CIVICA contract, it has been agreed with the Community Safety and Civil Contingencies Manager that a review and progress report of the APP should be done every six months - the first of which should fall in December. TID: December 2023
4.6.1	Reviews should be undertaken to ensure that output from the system is retained and subsequently destroyed in line with the departmental retention policy and the requirements of the Data Protection Act 2018.	Low	Systems and Service Support Team Leader / Environmental Health and Licensing Manager/ Head of Safer Communities, Leisure and Environment	Agreed. Reviews of data retention and subsequent destruction will be undertaken. TID: September 2023

Report Reference	Recommendation	Risk Rating[1]	Responsible Officer	Management Response and Target Implementation Date (TID)
4.7.4	An appropriate change authorisation process should be followed and adopted in all cases.	Low	Head of Customer and Digital Services	Following a more general audit of change management processes, change management as a whole is being looked into by ICT. This will include provisions for changes made within applications, methods of recording and authorisation processes. It would be recommended that a common change management process is adopted rather than each service area creating its own approach, with the level of information recorded depending on the impact that the change being undertaken could have. This will be fed into other departments once the policy is updated and approved. TID: 3 November 2023

Current Implementation Position for Recommendations Due for Completion by End of Quarter 2 2023/24

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Financial Strategy, Planning and Budgetary Control (2022/23 Audit)				
The 'Managing Your Cost Centre' course should be made mandatory for new budget managers with consideration being given to running this as refresher training for existing budget managers.	**Original:** A new training programme is to be established to support the use of the new Finance Management System, introduced in Nov 21. This was supported at launch by mandatory training sessions. **Update:** Support is currently offered by Assistant and Principal Accountants to assist all Finance system users (including Managers). A new Budgeting system is being developed and accompanying training. This will take place over the next couple of months with a view to having this live by September 2023.	September 2023 (Previous Target Date of April 2023.	Yes – revised to End of January 2024.	The PowerPoint that was going to build on the initial training we offered our users at go-live for new starters was being updated but, with one thing or another, this got delayed. The Strategic Finance Manager's thinking now is that this needs to be more Cost Centre Manager focused so we're looking at bringing those bits more into it. The last few weeks have been busy with the Fees and Charges exercise. That's over now, so this will be looked at again over the coming weeks with the Strategic Finance Manager and the team.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Open Spaces (2022/23 Audit)				
A review of the new Victoria Park play area should be conducted, to ensure that the equipment is appropriate.	**Original:** The play area is safe because it received a post installation independent safety inspection and is now on the inspection regime. Agree there is need to evaluate the play area success and failures. Plan to work with the Friends of Victoria Park in getting public feedback. **Update (January 2023):** We are currently working with Friends of Victoria Park (FoVP) on drafting a new Victoria Park Survey which is now planned to be undertaken in Spring 2023, with results of the survey, including feedback on the new play area, to be known by June 2023. **Update (August 2023):** The Victoria Park Questionnaire Survey consultation period has ended (end of July 2023) with the results needing to be evaluated and written up. This then needs to be shared with Friends of Victoria Park group before being publicised. Generally positive feedback regarding the new play area and some lessons to be learnt.	September 2023 (Previous Target Dates of Dec 2022 and Jun 2023).	Not applicable.	The Victoria Park User Survey has been completed and the results are to be published. The feedback on the play area was that 94% of respondents were very positive about the new facility. We will continue to inspect the play area as per the play area inspection regime.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
	Anticipated end date of September 2023.			
Tenancy Management				
Staff should be reminded to conduct follow-up visits within fourteen days.	This will be picked up in Team Meetings and at 1:1 supervisions with those responsible. A note will be added to the procedure to remind staff of the deadline.	July 2023.	Not applicable.	Completed - picked up at team briefing.
All officers conducting Tenancy Update Visits should check resident ID and note these checks on the visit sheets.	A note will be added to the procedure to this effect and the documentation will be amended to reflect fact that ID needs to be checked.	July 2023.	Not applicable.	Completed - procedure changed to reflect and brief given.
Staff should be reminded that NTQs should be served within seven days of a warning letter being issued.	To be picked up with HMA supervisions.	July 2023.	Yes – but within this same reporting period.	**Initial Response:** There is a current vacancy which means that this will be picked up in the induction of the new staff member when recruitment is completed. This currently awaiting a Hay panel so will probably be the end of September. **Update on subsequent chasing:** Addressed now in supervision - so can be marked complete.
Staff should be reminded to date and issue Certificates of Delivery in a timely manner.	To be picked up with HMA supervisions.	July 2023.		

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Staff should be reminded to conduct tenancy update visits by their due date.	To be picked up at Team Meeting and in staff 1:1 supervisions.	August 2023.	Not applicable.	This was discussed again at the team meeting with housing officers on 22nd August 2023. Officers have been provided with tablets to complete tenancy update visits. However, the software on the devices is not working correctly when officers are out on patch in residents homes, and is not allowing the data to be sent through. This has been shared with the Business Development and Change Officer who set the devices up and he is endeavouring to sort this out.
Staff should be conducting visits at quarterly intervals for new tenancies.	This will be addressed through implementation of management audits for how Introductory Tenancies have been managed.	September 2023.	Not applicable.	This has been addressed in management audits of how we are managing new tenancies and can be marked as completed.
Staff should be reminded to issue secure tenancy agreements in a timely manner following the end of an introductory tenancy.	This will be addressed through implementation of management audits for how Introductory Tenancies have been managed.	September 2023.	Not applicable.	

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Emergency Planning and Business Continuity Management (2022/23 Audit)				
The Council's main Business Continuity Plan should be reviewed and bought up to date.	The plan will be updated and brought in line with the recently-reviewed Emergency Management Plan.	September 2023.	Yes – revised to December 2023.	Can the completion date be change to the next quarter please. I wasn't aware the plan was being audited until after the due date.
Corporate Properties Repair and Maintenance (2022/23 Audit)				
The Asset Management Strategy should be used to evaluate options for the Council's assets.	The Strategy is being used for corporate assets and these have been categorised and classified and a project is underway with Savills to advise the Council on appropriate options for each asset – retain / invest / divest.	September 2023.	Not applicable.	All assets have been categorised so action is complete but Strategy does not conclude until the end of 2023 and will be reviewed when the new corporate strategy is agreed. First quarter of 2024 is the likely date for new asset strategy to be presented to Cabinet.
Shared Legal Services				
To ensure the Council is getting value for money the expenditure with all legal	The spending with legal services will be kept under review and raised at bi-monthly meetings.	August 2023.	Not applicable.	All legal work is now required to be set up with a cost code to

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
suppliers should be kept under review and the service requirements considered when the SLA is next renewed.	Additional information has been requested to enable the spending to be monitored more efficiently.	September 2023.		enable improved reporting and allocation at WDC. To support improved budget monitoring now establishing quarterly review of legal spend (both with SDC and outside) to look for challenges and patterns.
Allocations, Nominations and Lettings (2022/23 Audit)				
Monitoring should be performed at least quarterly on applications nominated to Registered Providers (RPs).	Agreed to implement. May require either setting up meetings with the RPs or asking for a copy of their core reports relating to applications processed within Warwick District. Possible collaboration with Council Tax concerning New Builds and Housing Strategy to see if Active H will generate a flag when the expected handover date of nominations has passed.	August 2023.	Not applicable.	Housing Allocations Staff monitor successful nominations to Register Providers by use of Council Tax records on a monthly basis.
Refuse Collection and Recycling				
Copies of contractor insurance should be obtained and passed on to the WDC's Risk and Insurance officer.	An email will be sent to SDC asking for copies of this.	Completed at the time of the final report being issued.		
Any waste container charges incurred by WDC, of which 50% are rechargeable to Stratford-	SDC pay all invoices relating to Biffa and the MRF and then recharge the appropriate proportion to WDC. The only	End of August 2023.	Not applicable.	Now in place.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
on-Avon District Council (SDC), should be included on separate invoices and raised against SDC as a sundry debtor.	charges WDC incur are for waste containers and an email will be sent asking for this information.			
Both Stratford-on-Avon District Council (SDC) and the contractor should be reminded to highlight where performance deductions have been subtracted from the core waste service costs on monthly invoices.	An email will be sent to SDC to ask that this is highlighted on future invoices.	End of August 2023.	Not applicable.	Now in place.
Staff should be reminded to include the type of waste collected during monthly safety checks on the observation reports.	An email will be sent to staff to remind them to ensure they include the waste type on the Health & Safety checks.	Completed at the time of the final report being issued.		
The WDC Contract Officer Health & Safety Risk Assessment should be shared with both Stratford-on-Avon District Council (SDC) and Biffa.	This will be sent via email to SDC.	08/09/2023	Not applicable.	Now in place.
Leisure Facilities Contract (2022/23 Audit)				
The report format should be reviewed to ensure that it contains information relevant to the Council at the appropriate	The reporting of customer comments will be changed accordingly.	September 2023.	Not applicable.	Everyone Active are providing a new reporting mechanism which

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
level of detail to enable the appropriate steps to be taken.				will be agreed with the Leisure Team and Audit in October 2023.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
CIVICA APP Application (2022/23 Audit)				
Reviews should be undertaken to ensure that output from the system is retained and subsequently destroyed in line with the departmental retention policy and the requirements of the Data Protection Act 2018.	Agreed. Reviews of data retention and subsequent destruction will be undertaken.	September 2023.	Not applicable.	Safer Communities Leisure and Environment has been developing a Retention Policy alongside Information Governance. This has been a project undertaken by line managers and team leaders. A draft retention policy has been shared with the Information Governance Manager also (whilst looking at the DPIA recommendation). Because of these two approaches, we are reviewing how the data, and when the data, will be removed from the Civica application.

For now, subsequent destruction of data will be actioned when these have been finalised. But it has been agreed that any data outside of our data retention policy will be removed securely from the application.

Reviews of this data destruction will be discussed in the six-month review meetings about the application. |

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Grounds Maintenance				
The contractor should be reminded to record the weekly inspections for posts and pitches and pass these to the COPO.	A reminder email will be sent to IDVERDE.			Completed at the time of the final report being issued.
Officers should be reminded to respond to complaints in a timely manner.	A reminder email will be sent to Area Contract Officers.			Completed at the time of the final report being issued.
Rectification notice numbers should be included on the Default Notice spreadsheet in order for notices to be matched and located quickly.	A reminder email will be sent to Area Contract Officers.			Completed at the time of the final report being issued.
Staff should be reminded to check that once default notice charges are received, the relevant ledger codes are checked to ensure amounts are accurate and that all relevant notices are uploaded accordingly.	A reminder email will be sent to the Data and Performance Officer.			Completed at the time of the final report being issued.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Recruitment and Selection, Terms and Conditions (2022/23 Audit)				
The report regarding the 'how did you hear about this post' question should be run on a regular basis to assess the engagement rates of the different methods of communication used.	Report completed. Quarterly analysis scheduled to review and action accordingly.	July 2023.	Not applicable.	The report is scheduled for the 1st of each month and is then saved and analysed.
The Recruitment and Selection Policy should be updated to reflect current (agreed) processes.	This will be reviewed and updated as part of the Retention, Recruitment & Remuneration workstream under the People Strategy.	September 2023.	Yes – revised to December 2024.	Please move this to December 2024. This is part of the Retention, Recruitment and Remuneration Workstream but we will not be in a position to update the policy until we have done the necessary changes to the procedures in the RRR actions. This will come at the end.
Health and Safety Compliance of Council Buildings (2022/23 Audit)				

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Council properties with non-housing tenants should be providing the relevant documentation to comply with legislation such as the Fire safety order 2005.	There is an identified need to request and review compliance documentation from non-housing/ commercial tenants, although limited resource has only allowed for an intermittent approach to requesting this data and subsequently managing it. It is intended to review this as part of a review of the Neighbourhood and Assets team restructure during 2023.	End of July 2023.	Yes – revised to December 2023.	The admin resources required for this to be actioned will be picked up under the restructure which is still ongoing.
Electoral Registration (2022/23 Audit)				

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
An (updated) risk assessment for canvassers should be performed and recorded on AssessNet before the next round of door-to-door canvassing is undertaken.	**Original:** A new risk assessment will be completed for the personal canvassers carrying out the door knocking canvass ahead of the Canvass in 2023. As part this we will explore the potential of the staff alert list as set out within the advisory note. **Update:** Unfortunately I (the new Electoral Services Manager) knew nothing about this as it was not added to my radar when I started. I currently do not have access to AssessNet nor have I been trained on any risk assessment work. I have asked to have access to the system so I can have a look and then the Head of Governance has offered to train me. It was hoped that the canvass would start on 25 July although this may be delayed until the new contract with the printers is in place, although the canvassers will not be employed until the end of September at the earliest.	August 2023 (Previous Target Date of June 2023)	Not applicable.	I (the new Electoral Services Manager) can confirm I have created a risk assessment for canvasser visits on AssessNet and this .will be reviewed annually.

RECOMMENDATIONS	INITIAL MANAGEMENT RESPONSE	TARGET DATE	TARGET DATE REVISED?	CURRENT STATE OF IMPLEMENTATION PER MANAGER
Treasury Management (2022/23 Audit)				
The Treasury Management Practice documents should be reviewed to ensure that they are complete and up to date.	**Original:** The TMPs will be reviewed as soon as time permits. **Update:** These have been significantly re-written but need the S151 Officer to review a number of points. Once comments have been received, time will be needed to amend the documents accordingly.	Q2 (September 2023) (Previous Target Date of March 2023).	Yes – revised to December 2023.	The Strategic Finance Manager and the Principal Accountant will arrange a meeting with the Head of Finance soon about the updated Treasury Management Practices drawn up in February, as he needs to agree what the S151 Officer's responsibilities are which were based on the CIPFA recommendations. It's never quite got to the top of priorities give the external audit situation, change of Council, etc.!

Title: Annual Governance Statement 2022/23 Action Plan: Review of Progress
Lead Officer: Richard Barr
Portfolio Holders: Councillors Davison and Chilvers
Wards of the District directly affected: None directly impacted

Approvals required	Date	Name
Portfolio Holder(s)	04/12/23	Councillors Davison and Chilvers
Finance	30/11/23	Andrew Rollins
Legal Services	Not applicable	
Chief Executive	30/11/23	Chris Elliott
Director of Climate Change	Not applicable	
Head of Service(s)	30/11/23	Andrew Rollins
Section 151 Officer	30/11/23	Andrew Rollins
Monitoring Officer	30/11/23	Graham Leach
Senior Leadership Team	30/11/23	Various

Final decision by this Committee or rec to another Cttee / Council?	~~Yes~~/ No Recommendation to: Cabinet / Council ……………………. Committee
Contrary to Policy / Budget framework?	No/~~Yes~~
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No/~~Yes~~, Paragraphs:
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No/~~Yes~~, Forward Plan item – scheduled for ………… (date)
Accessibility Checked?	Yes/~~No~~

Summary

The purpose of this report is for Committee to review the progress that is being made in addressing the 'Significant Governance Issues' facing the Council as set out in its Annual Governance Statement 2022/23. The appendix accompanying this report details the progress in addressing the Significant Governance Issues.

Recommendation

That Committee should review the Action Plan set out in the Appendix and confirm whether it is satisfied with the progress being made in addressing the Significant Governance Issues pertaining to the Annual Governance Statement 2022/23.

1 Reason for the Recommendations

1.1 The recommendation will help fulfil Members' responsibility for effective corporate governance within the Council and provide assurance to Members that the governance issues identified as part of the compilation of the Annual Governance Statement are being addressed.

2 Background/Information

2.1 Corporate Governance in Local Authorities

2.1.1 CIPFA/SOLACE emphasise that corporate governance is everyone's business and define it as:

> *"How the local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities."* CIPFA/SOLACE (Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives)

2.1.2 CIPFA/SOLACE has issued a framework and guidance on delivering good governance in local government. The framework is built on the six core principles set out in the Good Governance Standard for Public Services that were themselves developed from earlier work by Cadbury and Nolan. The principles in relation to local government as set out in the framework are:

➢ a clear definition of the body's purpose and focusing on the outcomes for the community and creating and implementing a vision for the local area;

➢ members and officers are working together to achieve a common purpose with clearly defined functions and roles;

➢ promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;

➢ taking informed and transparent decisions which are subject to effective scrutiny and managing risk;

➢ developing the capacity and capability of members and officers to be effective;

> ➢ engaging with local people and other stakeholders to ensure robust public accountability.

Both the Annual Governance Statement and the Council's Code of Corporate Governance reflect these six themes.

2.2 **Annual Governance Statement**

2.2.1 The production of an Annual Governance Statement is a statutory requirement for local authorities (Regulation 6 of The Accounts and Audit (England) Regulations 2015).

2.2.2 The CIPFA Financial Advisory Network has published an advisory document entitled "The Annual Governance Statement: Rough Guide for Practitioners". Its advice is that the Annual Governance Statement is a key corporate document and the most senior member and the most senior officer (Leader and Chief Executive respectively) have joint responsibility as signatories for its accuracy and completeness. It advises that it should be owned by all senior members and officers of the authority and that it is essential that there is buy-in at the top level of the organisation. It advises that the work associated with its production should not be delegated to a single officer.

2.2.3 The Leader and Chief Executive of the Council as signatories to the Annual Governance Statement need to ensure that it accurately reflects the governance framework for which they are responsible. To achieve this they will rely on many sources of assurance, such as that from:

- Members of the Council
- Deputy Chief Executive and Service Area Managers
- the Responsible Financial Officer
- the Monitoring Officer
- the Audit and Risk Manager
- performance and risk management systems
- third parties, e.g. partnerships
- external audit and other review agencies.

2.3 **The Significant Governance Issues**

2.3.1 The governance issues facing the Council have been identified from production of the statutory Annual Governance Statement and are summarised in the Action Plan element of the Annual Governance Statement for 2022/23.

2.3.2 The appendix accompanying this report sets out the progress in addressing those issues. Progress is reported by the officers leading on them and has been endorsed by SLT at a recent meeting.

3 Alternative Options

3.1 The report is not based on 'project appraisal' so this section is not applicable.

4 Legal Implications

4.1 Include a summary of the legal or human rights implications of the proposal.

Not applicable.

5   Financial Implications

5.1   Include a summary of the financial implications of the proposal.

Not applicable

6   Corporate Strategy

6.1   Warwick District Council has adopted a Corporate Strategy that sets three strategic aims for the organisation – see below. Each proposed decision should set out how the report contributes to the delivery of these strategic aims. If it does not contribute to these aims or has a negative effect on them the report should explain why that is the case.

> ➢ Delivering valued, sustainable services**.**
> ➢ Low cost, low carbon energy across the district**.**
> ➢ Creating vibrant, safe and healthy communities of the future.

6.2   Monitoring of the Significant Governance Issues contained in the Annual Governance Statement contributes to the delivery of these strategic aims as part of an assurance framework.

7   Environmental/Climate Change Implications

7.1   Effective corporate governance can assist the Council achieve its environmental and climate emergency objectives.

8   Analysis of the Effects on Equality

8.1   Effective corporate governance can help the Council achieve its equality obligations.

9   Data Protection

9.1   Effective corporate governance can help the Council achieve its data protection objectives.

10   Health and Wellbeing

10.1   Effective corporate governance can help the Council achieve its health and wellbeing objectives.

11   Risk Assessment

11.1   The whole report is about risks and the risk environment. Clearly there are governance-related risks associated with weak internal control, risk management and governance processes.

12   Consultation

12.1   Please refer to 'header page' of this report.

Background papers:

All Papers referred to in this report are published documents.

Supporting documents:

Minutes of Senior Leadership Team.

WDC Annual Governance Statement 2022/23: Action Plan for Governance Issues

Review of Progress

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Previously-reported Position	Position as at beginning of December 2023
6.1.1	The breadth and volume of the Overview and Scrutiny Committee's workload.	Senior Leadership Team	A report was considered by the Overview & Scrutiny Committee on 8 August 2023. This was developed with the Chairman of the Committee sets an approach for developing any revisions to scrutiny for the 2024/25 municipal year. The capacity of the Committee has been increased for this year by four additional meetings plus the retention of the Budget Review Group.	With support from officers, the Chairman of the Committee has developed a proposal that he will be sharing with the Committee ahead of the meeting (on 5 December 2023). If the Committee supports this draft proposal, it will be developed into a full report for the Committee to consider at its meeting in January 2024.
6.1.2	The presentation of Cabinet reports that mitigate effective scrutiny of them.	Senior Leadership Team	This is covered at present by the ongoing work by the Overview & Scrutiny Committee on its workload. It has increased its number of meetings to enable greater time to focus on cabinet reports.	As above.

AGS Ref.	Governance Issue	Responsibility	Progress to Date:	
			Previously-reported Position	Position as at beginning of December 2023
6.1.3	The range of skills that are required by the Overview and Scrutiny Committee to enable effective scrutiny, particularly in respect of financial expertise.	Senior Leadership Team	The report to Committee on 8 August 2023 also set out an agreed training plan for Councillors, including scrutiny, in Finance matters. This plan had been developed by the Head of Finance, Head of Governance, Chairman of Overview & Scrutiny Committee, Chairman of Audit & Standards and Portfolio Holder for Resources.

Overview & Scrutiny Training has been provided post-election for all Councillors and more work is planned for this area. | As above. |
| 6.1.4 | The lack of clarity over the role and operation of Programme Advisory Boards. | Senior Leadership Team | This discussion is being led by the Leader in partnership with Group Leaders. | A proposal for revised working parties is set out within the Service Area Plan report to Cabinet on 6 December 2023 and is due to be discussed in more detail by the Leadership Co-ordination group on 4 December 2023. |

Title: Revised Internal Audit Strategic Plan 2023-26
Lead Officer: Richard Barr
Portfolio Holder: Councillor Chilvers
Wards of the District directly affected: None directly impacted

Approvals required	Date	Name
Portfolio Holder	21/12/23	Councillor Chilvers
Finance	21/12/23	Andrew Rollins
Legal Services	Not applicable	
Chief Executive	21/12/23	Chris Elliott
Director of Climate Change	Not applicable	
Head of Service(s)	21/12/23	Andrew Rollins
Section 151 Officer	21/12/23	Andrew Rollins
Monitoring Officer	21/12/23	Graham Leach
Senior Leadership Team	21/12/23	Various

Final decision by this Committee or rec to another Cttee / Council?	Yes/ ~~No~~ – Final Decision by this Committee. Recommendation to: Cabinet / Council ……………………. Committee
Contrary to Policy / Budget framework?	No/~~Yes~~
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No/~~Yes~~, Paragraphs:
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No/~~Yes~~, Forward Plan item – scheduled for …………. (date)
Accessibility Checked?	Yes/~~No~~

Summary

The report presents an updated Internal Audit Strategic Plan for 2023-26, necessary because of reduced Internal Audit resources arising from the resignation of a member of the team, effective from 31 December.

Recommendations

1   That the updated Internal Audit Strategic Plan for 2023-26 be approved.

1   Reason for the Recommendations

1.1   Members have responsibility for corporate governance, of which internal audit forms a key part.

2   Background/Information

2.1   The current Internal Audit Plan - 2023/24 - has had to be revised due to a reduction in Internal Audit resources for the year arising from the resignation of a member of the team, effective from 31 December. (The post has been filled but due to a delayed start caused by the new employee having to serve notice in their current position and training requirements this will have only minimal impact on the current year's Audit Plan.)

2.2   All remaining audits at the time the member of staff departed have been re-assessed. This has meant that a small number of audits, on the whole deemed slightly lower priority, have been deferred. These audits have been deferred for one year only – to 2024/25, subject to consultation on next year's Plan. In the main, three factors were considered in deciding which assignments should remain in this year's Audit Plan and which can be deferred - the length of time since the activity was last audited, the assessment from the previous audit, and current risk profiles.

2.3   The accompanying appendix to this report sets out the updated Internal Audit Strategic Plan for 2023-26, highlighting those audits which are to be deferred.

3   Alternative Options

3.1   The report is not based on 'project appraisal' so this section is not applicable.

4   Legal Implications

4.1   Not applicable.

5   Financial Implications

5.1   Not applicable.

6   Corporate Strategy

6.1   Warwick District Council has adopted a Corporate Strategy that sets three strategic aims for the organisation – see below. Each proposed decision should set out how the report contributes to the delivery of these strategic aims. If it

does not contribute to these aims or has a negative effect on them the report should explain why that is the case.

  ➢ Delivering valued, sustainable services**.**
  ➢ Low cost, low carbon energy across the district**.**
  ➢ Creating vibrant, safe, and healthy communities of the future.

6.2 Internal Audit contributes to the delivery of these strategic aims as part of an assurance framework. This ensures that the activities necessary to deliver these aims are reviewed and, where appropriate, improved.

7 Environmental/Climate Change Implications

7.1 An effective internal audit function can assist the Council achieve its environmental and climate emergency objectives.

8 Analysis of the Effects on Equality

8.1 An effective internal audit function can help the Council achieve its equality obligations.

9 Data Protection

9.1 An effective internal audit function can help the Council achieve its data protection objectives.

10 Health and Wellbeing

10.1 An effective internal audit function can help the Council achieve its health and wellbeing objectives.

11 Risk Assessment

11.1 The whole report is about risks and the risk environment. Clearly there are governance-related risks associated with weak internal control, risk management and governance processes.

12 Consultation

12.1 Please refer to 'header page' of this report.

Background papers:

All Papers referred to in this report are published documents.

Supporting documents:

Internal Audit Plan.

Service Area	Audit Assignment		Assignment Objective	Year Last Audited	Assurance Rating	2023-24 (Days)	2024-25	2025-26
Customer and Digital Services	Microsoft 365	365	To ascertain whether there are appropriate controls in place over the use of Microsoft 365	2022-23 (part of the delayed 2021-22 plan)	Substantial	To be determined based on next update of IT Audit Needs Assessment.		
Customer and Digital Services	Housing Benefit and Council Tax Reduction	BEN	To ascertain whether there are adequate controls in place to ensure that benefits are accurately paid and overpayments are appropriately identified and reclaimed. **Reinstate data access aspects of the system in scope**	2021-22	Substantial	10	✓	✓
Customer and Digital Services	Customer Access Facilities	CAF	To ensure that the Council has appropriate facilities in place for customer interaction	2018-19	Substantial		✓	
Customer and Digital Services	Cloud Applications and Hosting Contracts	CAP	An assurance review to assess the risks known to exist as a result of the increased use of cloud technologies within the Council along with controls in place and ensuring that the contracts in place are appropriately detailed in terms of how the services will be provided.	2019-20	Moderate	7		
Customer and Digital Services	IT Change, Configuration and Release Management	CCR	To ascertain whether there are adequate controls in place for managing changes to ICT systems owned by the Council.	In the 2022-23 Plan (as Change Management)	TBC	To be determined based on next update of IT Audit Needs Assessment.		
Customer and Digital Services	Cyber Security	CYB	Appraise the adequacy of the systems and controls in place to ensure that resources are efficiently, effectively and economically deployed, and performance objectives are met.	In the 2022-23 Plan	TBC			✓
Customer and Digital Services	Database Security	DAT	An assurance review to ensure that database system administration processes are sound and that adequate logical security settings have been implemented on the live server database environment.	2018-19	Substantial	To be determined based on next update of IT Audit Needs Assessment.		
Customer and Digital Services	ICT Project Management	IPM	To ensure that ICT projects are appropriate to the needs of the organisation and follow relevant project management methodologies from inception and scoping through to final launch	New	N/A			

Service Area	Audit Assignment		Assignment Objective	Year Last Audited	Assurance Rating	2023-24 (Days)	2024-25	2025-26
Customer and Digital Services	ICT Strategies and Policies	ISP	An assurance review of the continued relevance of the key information systems and security policies and the understanding of them and adherence to them in the operational areas of the Council.	2019-20	Moderate	10		
Customer and Digital Services	Infrastructure Security and Resilience	ISR	An assurance review of the continued security and resilience of the ICT network infrastructure. Added to this review may be an element of ensuring the best use is being made of the available technologies.	2019-20	Substantial	To be determined based on next update of IT Audit Needs Assessment.		
Customer and Digital Services	Remote Access	RA	Review and appraise the adequacy of the systems and controls in place to ensure that remote working arrangements are secure and that devices are appropriately managed.	2017-18	Substantial			
Customer and Digital Services	System Access Controls	SAC	To ensure that access to systems remains appropriate for all staff when changes to roles and systems are undertaken	New	N/A			
Customer and Digital Services	ICT Service Continuity Management	SCM	Evaluation of the Council's business continuity plans in place and the supporting ITDR arrangements to ensure they are properly co-ordinated and fit for purpose. The review will include the arrangement with the business continuity provider.	2016-17	Substantial			
Customer and Digital Services	System Ownership and Management	SOM	To ensure that adequate processes are in place around the management and ownership of key Council systems and that system owner's roles and responsibilities are appropriately defined and documented.	2018-19	Moderate	6		
Customer and Digital Services	Web Applications	WAP	Vulnerability assessments will be performed to ensure that web applications in place are appropriately secure.	2020-21	Moderate	To be determined based on next update of IT Audit Needs Assessment.		
Customer and Digital Services / Place, Arts & Economy	GIS and NLPG	GIS	To ensure that the GIS and NLPG systems are appropriately maintained	New	N/A	8		
Deputy Chief Executive	Civic and Committee Services	CCS	To ascertain whether there are adequate controls in place to support the Council's democratic processes economically, efficiently and effectively.	2021-22	Substantial		✓	

Service Area	Audit Assignment		Assignment Objective	Year Last Audited	Assurance Rating	2023-24 (Days)	2024-25	2025-26
Deputy Chief Executive	Responding to Complaints and FOI Requests	CFI	To ensure that complaints and FOI requests are responded to in an appropriate and timely manner	2021-22	Moderate		✓	
Deputy Chief Executive	Corporate Governance	CG	To ensure that the Council has appropriate structures, procedures and monitoring arrangements in place with reference to relevant standards.	2022-23	Substantial	5		
Deputy Chief Executive	Electoral Registration	ER	To ascertain whether the controls in place are appropriate to ensure that the electoral register is appropriately maintained.	2022-23	Substantial			✓
Deputy Chief Executive	Income Receipting and Document Management	IDM	To ascertain whether there are adequate controls in place to secure economic, efficient and effective collection of income and document management support.	2020-21	Substantial		✓	
Deputy Chief Executive	Information Governance	IG	To ascertain whether the Council has appropriate controls in place to ensure that information is being appropriately secured.	2020-21	Moderate	7		
Deputy Chief Executive	Local Elections	LE	To ascertain whether there are appropriate processes in to place help the Council ensure that local elections are administered economically, efficiently and effectively in compliance with relevant legislation and regulatory provisions.	2020-21	Substantial	10		
Deputy Chief Executive	Shared Legal Services	LEG	To ensure that the Council has appropriate controls in place to secure economic, efficient and effective delivery of legal services under the shared services agreement.	2020-21	Substantial	10		
Deputy Chief Executive	Performance Management	PM	Evaluate the effectiveness of corporate framework for managing performance in relation to the Council's priority objectives.	2021-22	Moderate		✓	
Finance	Business Applications - Civica OPEN Revenues	AP-C	Assess the adequacy of key IT controls in place for the Civica OPEN Revenues applications to maintain the confidentiality, integrity and availability of data stored and processed within the system.	2018-19	Substantial	To be determined based on next update of IT Audit Needs Assessment.		

Service Area	Audit Assignment		Assignment Objective	Year Last Audited	Assurance Rating	2023-24 (Days)	2024-25	2025-26
Finance	Business Applications - Tech One Financial Management	AP-T	Assess the adequacy of key IT controls in place for the Tech One Financial application to maintain the confidentiality, integrity and availability of data stored and processed within the system.	2016-17 (As TOTAL FMS)	Substantial	7		
Finance	Banking Arrangements	BA	To ensure that the Council has appropriate banking arrangements in place that meet the needs of the Authority and that these are effectively controlled.	2019-20	Substantial	10		
Finance	Corporate Procurement	CP	To ascertain whether there are adequate controls in place to ensure that the Council's procurement activity accords with best practice and complies with legislation.	2020-21	Substantial		✓	
Finance	Payment of Creditors	CRE	To ensure that appropriate arrangements are in place to pay valid creditors for goods and services provided and ensuring that transactions are properly accounted for.	In current 2022-23 Plan	TBC			✓
Finance	Council Tax	CT	To ascertain whether there are adequate controls in place to ensure that the Council raises accurate and timely Council Tax bills and that appropriate steps are taken with regards to the recovery of monies owed and the enforcement of any debt agreements	2022-23	Substantial	10	✓	✓
Finance	Sundry Debtors	DEB	To ensure that there are appropriate systems and controls in place for the raising of sundry debtor invoices, the accounting for invoices and income received in settlement, the recovery of arrears and the writing-off of bad debts.	2022-23	Substantial			✓
Finance	Financial Systems Interfaces	FSI	This audit is to ensure that the Council's Financial system interfaces are appropriately documented and controlled, and that data is appropriately secured as it is exchanged between systems.	2022-23 (part of the delayed 2021-22 plan)	Substantial			✓

Service Area	Audit Assignment		Assignment Objective	Year Last Audited	Assurance Rating	2023-24 (Days)	2024-25	2025-26
Finance	Financial Strategy, Planning and Budgetary Control	FSP	To ensure that there are appropriate controls in place for financial planning and budgetary control to ensure that the Council's operations and key objectives continue to be sufficiently resourced.	2022-23	Substantial			✓
Finance	Grant Applications	GAP	To ensure that the Council gives appropriate consideration to applying for grant funding, taking into account the terms of the grants and that, once received, the monies are spent appropriately.	New	N/A	7		
Finance	Insurances	INS	To ensure that the Council has appropriate, competitively priced insurance cover which is appropriately 'managed' on a day-to-day basis.	2021-22	Substantial		✓	
Finance	Loans to External Organisations	LEO	Verify that loans advanced to external organisations are lawful and subject to proper governance arrangements	2019-20	Moderate	12		
Finance	Main Accounting System	MAS	To ascertain whether there are adequate controls in place to allow for the complete and accurate accounting of all financial transactions and timely production of final accounts in accordance with statutory and regulatory requirements.	In current 2022-23 Plan	TBC			✓
Finance	Management of Contracts	MC	To give assurance that the management of contracts is undertaken appropriately across the Council	2020-21	Substantial	12		
Finance	National Non-Domestic Rates	NDR	To ascertain whether there are adequate controls in place to ensure that the Council raises accurate and timely NNDR bills and that appropriate steps are taken with regards to the recovery of monies owed and the enforcement of any debt agreements	2022-23	Substantial	10	✓	✓
Finance	Purchasing Cards	PUR	Verify that deployment and use of procurement cards is authorised, reasonable and in compliance with the Code of Procurement Practice and relevant specific instructions.	2020-21	Substantial	10		
Finance	Rural and Urban Capital Improvement Scheme	RUC	To ascertain whether there are adequate controls in place to ensure that RUCIS grant funding is awarded and deployed in adherence to the approved scheme.	2020-21	Substantial		✓	

Service Area	Audit Assignment		Assignment Objective	Year Last Audited	Assurance Rating	2023-24 (Days)	2024-25	2025-26
Finance	Treasury Management	TM	To ascertain whether there are appropriate controls and processes in place for the delivery of treasury management in accordance with relevant legislation, Statement of Professional Practice, Codes of Practice and associated guidance.	2022-23	Substantial			✓
Finance	VAT Accounting	VAT	To ascertain whether there are adequate controls in place to ensure that VAT is accounted for completely and correctly and that claims arising are processed promptly.	2019-20	Substantial	10		
Housing	Affordable Housing Development Programme	ADP	To ensure that the Council has appropriate processes in place for enabling the provision and development of affordable housing in the district that meets the needs of the current and future population.	In current 2022-23 Plan	Moderate			✓
Housing	Allocations, Nominations and Lettings	ANL	To ascertain whether there are adequate controls in place for the effective administration of residential property letting.	In current 2022-23 Plan (as LVC)	TBC			✓
Housing	Community Health and Wellbeing	CHW	To ascertain whether there are appropriate processes in place at the Council to identify the health and wellbeing needs of **the community it serves** and to undertake appropriate actions to ensure that these needs are met in line with available resources.	New (split from (Staff) Health and Wellbeing)	N/A		✓	
Housing	Estate Management	ESM	Review of the management of the function and an assessment of the efficiency and effectiveness of the service.	2021-22	Substantial		✓	
Housing	Funding of Voluntary Organisations	FVO	To ascertain whether there are adequate controls in place to ensure that funding provided to voluntary organisations is awarded in line with agreed policies and that the funding is spent in line with the individual agreements.	2018-19	Substantial	9		
Housing	Homelessness and Housing Advice	HHA	Appraisal of systems to ensure compliance with statutory/regulatory/policy requirements, achievement of relevant performance objectives and integrity of financial transactions.	2022-23	Substantial			✓

Service Area	Audit Assignment		Assignment Objective	Year Last Audited	Assurance Rating	2023-24 (Days)	2024-25	2025-26
Housing	Housing Rent Collection	HRC	To ascertain whether there are appropriate controls and processes in place for rent setting, collection and accounting of rents due and control of arrears.	2020-21	Substantial	15		
Housing	Independent Living	IL	To ascertain whether the Council has appropriate controls in place to ensure that housing related support services are provided economically to the right people at the right time in line with regulation, policies and procedures.	2021-22	Substantial		✓	
Housing	Leaseholder Service Charges	LSC	Verify that arrangements for setting, levying and collection of leaseholder service charges are adequate to ensure compliance with legislation, inclusion of all chargeable persons and effective recovery of applicable service and management costs.	2021-22	Substantial		✓	
Housing	Milverton Homes	MH	To ensure that the Council has appropriate processes in place in relation to its interaction with Milverton Homes in terms of governance and financing	New	N/A	Deferred		
Housing	Private Sector Housing Regulation	PSR	To ensure that the Council has appropriate controls in place to deliver the functions of the team in an economic, efficient, and effective manner.	2021-22	Substantial		✓	
Housing	Right to Buy	RTB	Appraise the adequacy of the arrangements in place to ensure compliance with legislation, efficient and effective processing of applications and adherence to the associated conditions.	2022-23	Substantial			✓
Housing	Temporary Accommodation	TAC	To ensure that the Council is making appropriate use of its own assets before placing people in temporary accommodation (i.e. hotels / B&Bs)	New	N/A		✓	
Housing	Tenancy Management	TEN	To give assurance that the processes and controls within Housing Services for the management of tenancies are appropriate and are working effectively.	2020-21	Moderate	10		

Service Area	Audit Assignment		Assignment Objective	Year Last Audited	Assurance Rating	2023-24 (Days)	2024-25	2025-26
Neighbourhood and Assets	Asbestos Management	ASB	To ascertain whether there are adequate controls in place to ensure that asbestos is appropriately managed within **all** Council-owned and **operated** buildings in accordance with statutory duties and relevant legislation.	2021-22	Substantial		✓	
Neighbourhood and Assets	Building Cleaning Services	BCS	To ascertain whether the Council has appropriate controls in place to ensure that the Building Cleaning contractor performs the duties expected of them, in line with the contract in place.	2020-21	Substantial		✓	
Neighbourhood and Assets	Bereavement Services	BS	Assess adequacy of controls in place to ensure economic, efficient and effective management of burial and cremation services and integrity of operational systems and statutory records.	2022-23	Substantial			✓
Neighbourhood and Assets	Corporate Health and Safety	CHS	To ensure that appropriate processes are in place to meet the Council's statutory obligations on health and safety as an employer and provider of services and facilities to customers and the public.	2022-23	Substantial			✓
Neighbourhood and Assets	Car Parking	CPA	To ensure that the arrangements in place for managing the district's off-street car parks are appropriate, to ensure that all income can be appropriately accounted for and to ensure that resources are deployed appropriately.	2021-22	Moderate		✓	
Neighbourhood and Assets	Corporate Properties Repair and Maintenance	CPR	Assess the adequacy of controls to maintain the Council's non-housing property assets in proper state of repair, including planning, procurement and work management processes.	2022-23	Substantial			✓
Neighbourhood and Assets	Fire Safety Compliance	FSC	Evaluate the controls in place for ensuring that all relevant Council properties have had appropriate fire safety checks undertaken and that any actions identified as being required are performed as necessary.	New (as an individual audit)	N/A	Deferred		

Service Area	Audit Assignment		Assignment Objective	Year Last Audited	Assurance Rating	2023-24 (Days)	2024-25	2025-26
Neighbourhood and Assets	Gas and Electrical Safety Checks	GES	Evaluate the controls in place for ensuring that **all** Council **properties (including both housing and 'corporate' stock)** have had appropriate gas and electrical safety checks performed and that any actions identified as being required are performed as necessary.	2022-23	Substantial			✓
Neighbourhood and Assets	Grounds Maintenance	GM	To ascertain whether the Council has appropriate controls in place to ensure that the Grounds Maintenance contractor performs the duties expected of them, in line with the contract in place.	2019-20	Moderate	10		
Neighbourhood and Assets	Highways Assets Inspections	HAI	To ascertain whether there are adequate controls in place to ensure that inspections to 'highways assets' (**including SUDS**) are undertaken appropriately and that any actions identified as being required are performed as necessary.	2018-19 (as Highways Functions (HF))	Substantial		✓	
Neighbourhood and Assets	Lifts and Lifting Equipment	LLE	Evaluate the controls in place for ensuring that all lifts and lifting equipment in relevant Council properties have been checked appropriately and that any actions identified as being required are performed as necessary.	2009-10 (more recently covered as part of HSC)	N/A			✓
Neighbourhood and Assets	Legionella Management	LM	Evaluate the controls in place for ensuring that all relevant Council properties have had appropriate legionella management undertaken and that any actions identified as being required are performed as necessary.	New (as an individual audit)	N/A		✓	
Neighbourhood and Assets	Corporate Property and Portfolio Management	PPM	To ensure that the arrangements in place to manage the non-operational property are appropriate, making effective, efficient and economic use of the resources **available to achieve the best commercial return for the Council.**	2021-22	Substantial		✓	

Service Area	Audit Assignment		Assignment Objective	Year Last Audited	Assurance Rating	2023-24 (Days)	2024-25	2025-26
Neighbourhood and Assets	Refuse Collection and Recycling	RCR	Appraisal of management systems to ensure compliance with statutory and regulatory requirements and economic/efficient/effective deployment of resources to achieve priority objectives, national targets, etc.	2021-22	Substantial	10		
Neighbourhood and Assets	Street Cleansing	SC	Appraisal of planning and contract administration to ensure that street cleansing services are delivered to the requisite standards in an economic, efficient and effective manner.	2021-22	Substantial		✓	
Neighbourhood and Assets	Utilities Management	UM	To ascertain whether there are adequate controls in place to ensure that the energy requirements of the council are met via economic, efficient and effective procurement and consumption of all forms of energy resources and ensuring compliance with legislation.	2021-22	Substantial		✓	
Neighbourhood and Assets / Housing	Aids and Adaptations	AAA	To ascertain whether aids and adaptations to properties are being appropriately managed and that the HEART partnership is operating effectively	New	N/A	10		
Neighbourhood and Assets / Housing	Business Applications - MIS Housing and Corporate Property	AP-H	Assess the adequacy of key IT controls in place for the Active H application to maintain the confidentiality, integrity and availability of data stored and processed within the system.	2020-21	Substantial	To be determined based on next update of IT Audit Needs Assessment.		
Neighbourhood and Assets / Housing	Decarbonisation and Fuel Poverty	DFP	To ensure that capital monies available for decarbonisation and fuel poverty are appropriately allocated and that works undertaken are sufficient to ensure that Council properties help the Council achieve its net-zero agenda and tenants benefit from cheaper energy usage costs	New (as an individual audit - split from IMP)	N/A		✓	
Neighbourhood and Assets / Housing	Fire Safety and Prevention Contracts	FPC	To ensure that capital monies available for fire safety and prevention are appropriately allocated and that works undertaken are sufficient to ensure that relevant Council properties are 'fire safe'	New (as an individual audit - split from IMP)	N/A	10		

Service Area	Audit Assignment		Assignment Objective	Year Last Audited	Assurance Rating	2023-24 (Days)	2024-25	2025-26
Neighbourhood and Assets / Housing	Housing Investment and Maintenance Programmes	IMP	To ensure that capital monies available for Housing Improvement are appropriately allocated and that programmed maintenance works are sufficient to ensure that Council dwellings are kept in a good state of repair.	2021-22	Substantial		✓	
Neighbourhood and Assets / Housing	Housing Repairs and Maintenance	RAM	To ascertain whether there are appropriate controls and processes in place for commissioning and paying for responsive repair work to domestic HRA properties.	2021-22	Moderate		✓	
Neighbourhood and Assets / Housing	Housing Stock Asset Management	SAM	Appraise the adequacy of the systems in place for the effective management of the portfolio including maintenance of proper records, asset utilisation, **retention and disposa**l, and progressing relevant provisions of Asset Management Strategy.	2022-23	Substantial			✓
Neighbourhood and Assets / Housing	Void Management	VM	To ascertain whether there are appropriate controls in place for the effective management of void properties	New (split from Lettings and Void Control (LVC))	N/A	10		
Neighbourhood and Assets / Safer Communities, Leisure and Environment	Business Applications - APP Civica	AP-F	Assess the adequacy of key IT controls in place for the APP Civica application to maintain the confidentiality, integrity and availability of data stored and processed within the system.	In current 2022-23 Plan	TBC			✓
People and Communications	Communications	COM	To ascertain whether there are adequate controls in place to manage the Council's internal and external communication channels. **Scope to include new intranet**	2020-21	Substantial		✓	
People and Communications	Corporate Training	CTR	Appraisal of Council-wide processes for assessing and funding training needs and measuring the effectiveness of training to meet performance objectives and IIP requirements.	2020-21	Substantial		✓	
People and Communications	Employee Attendance Management	EAM	To ensure that there are appropriate processes in place for managing staff absence, including monitoring of absence and support for staff.	2018-19	Substantial	8		
People and Communications	Equality and Diversity	EQD	Ascertain the adequacy of the corporate framework for facilitating the fulfilment of the Council's duties under the Equality Act 2010.	2019-20	Substantial	Deferred		

Service Area	Audit Assignment		Assignment Objective	Year Last Audited	Assurance Rating	2023-24 (Days)	2024-25	2025-26
People and Communications	Human Resources Management	HRM	To ascertain whether there are adequate controls in place to ensure that structures and processes in place at the council for the management of its workforce are working appropriately.	2019-20	Substantial	7		
People and Communications	Staff Health and Wellbeing	HW	To ascertain whether there are appropriate processes in place at the Council to identify the health and wellbeing needs of **its employees** and to undertake appropriate actions to ensure that these needs are met in line with available resources.	2020-21	Substantial	6		
People and Communications	Media Services	MS	To ascertain whether there are adequate controls in place to ensure that the Media Services Team are discharging its roles economically, efficiently and effectively in accordance with relevant legislation and corporate policies/strategies.	2021-22	Substantial		✓	
People and Communications	Payroll and Staff Expenses	PSE	To ascertain whether there are adequate control in place to ensure that only bona fide employees and Members are paid according to entitlement, and that all payments, deductions, etc. are properly discharged and accounted for.	2022-23	Substantial			✓
People and Communications	Recruitment and Selection, Terms and Conditions	RST	Appraisal of systems to ensure compliance with statutory requirements and performance issues in setting/reviewing conditions of service, effective recruitment processes operated and appropriate action on termination of service.	In current 2022-23 Plan	TBC			✓
People and Communications	Website Management	WEB	Appraise the adequacy of the arrangements in place to ensure that the website is fit for purpose, is accessible, and includes access management controls to ensure that only appropriate staff can update the site.	2019-20	Substantial	6		

Service Area	Audit Assignment		Assignment Objective	Year Last Audited	Assurance Rating	2023-24 (Days)	2024-25	2025-26
Place, Arts and Economy	Community Infrastructure Levy and Section 106 Agreements	106	To ensure that there are appropriate arrangements in place for the Community Infrastructure Levy (CIL) and that s106 agreements are being appropriately entered into; that other relevant public bodies and teams within the Council are being consulted to ensure that their issues are being considered; and contributions are being received and are used in accordance with the agreement by all relevant departments.	2020-21	Substantial	10		
Place, Arts and Economy	Arts Bookings and Hiring	ABH	To ensure that the Council has appropriate controls in place over the hiring of the **arts** facilities **(i.e. Royal Spa Centre, Royal Pump Rooms and Town Hall)**, both in terms of income receivable and safeguarding the facilities against loss and damage.	2022-23 (as THL)	Moderate			✓
Place, Arts and Economy	Arts Facilities	AF	To ensure that the operational, financial and management controls at the Royal Spa Centre, Royal Pump Rooms and Art Gallery, and Town Hall are appropriate. **(Removed 'lettings' from the scope)**	2022-23 (as RPR and RSC)	Substantial (both previous audits)			✓
Place, Arts and Economy	Business Applications - IDOX Planning, Building Control and Land Charges	AP-A	Assess the adequacy of key IT controls in place for the Plantech Acolaid application to maintain the confidentiality, integrity and availability of data stored and processed within the system.	2016-17	Substantial	To be determined based on next update of IT Audit Needs Assessment.		
Place, Arts and Economy	Building Control	BC	To ascertain whether the Council has appropriate controls in place to ensure that the building control services are delivered economically, efficiently and effectively, across all areas of the partnership, in accordance with statutory requirements etc.	2021-22	Moderate		✓	
Place, Arts and Economy	Conservation and Design	CON	To ascertain whether there are adequate controls in place to ensure that the historic built environment of the district is maintained to an appropriate standard and that consultative and promotional functions are delivered appropriately	2019-20	Substantial	7		

Service Area	Audit Assignment		Assignment Objective	Year Last Audited	Assurance Rating	2023-24 (Days)	2024-25	2025-26
Place, Arts and Economy	Development Management	DM	Appraise adequacy of controls to ensure that the Development Management functions comply with governing legislation, policies, standards, etc. and are delivered economically, efficiently and effectively to met relevant priority objectives.	2020-21	Substantial		✓	
Place, Arts and Economy	Economic Development	ED	To ascertain whether there are adequate controls in place to deliver the Council's economic development and regeneration functions economically, efficiently and effectively to achieve priority objectives and targets.	2017-18	Substantial	10		
Place, Arts and Economy	Events Management	EM	Ascertain whether the Council has appropriate processes and controls in place to regulate approved markets and deliver events (including the Warwick MOP) economically, efficiently and effectively in accordance with relevant strategy, policy and regulatory provisions.	2019-20	Moderate	10		
Place, Arts and Economy	Enterprise Facilities	ENT	To ensure that there are appropriate controls in place in relation to the operation of the Council's enterprise facilities.	2021-22	Substantial		✓	
Place, Arts and Economy	Local Land Charges	LLC	To ascertain whether there are adequate controls in place to ensure compliance with statutory requirements, completeness and accuracy of records and economic/efficient/effective service delivery.	2020-21	Substantial		✓	
Place, Arts and Economy	Planning Policy	PP	To ascertain whether the processes in place help the Council monitor progress against the Local Plan and to ensure that appropriate policies are being developed to allow for the developments to be undertaken in line with best practice.	2022-23	Substantial			✓
Programme Director for Climate Change	Sustainability and Delivery Outcomes	SDO	To ascertain whether there are adequate controls in place to manage the risks in relation to sustainability and the projects that are undertaken to achieve the Council's agreed sustainability actions.	2022-23	Substantial			✓

Service Area	Audit Assignment		Assignment Objective	Year Last Audited	Assurance Rating	2023-24 (Days)	2024-25	2025-26
Safer Communities, Leisure and Environment	Animal Warden Services	AWS	To ascertain whether there are adequate controls in place to ensure that the Animal Warden function is undertaken appropriately.	2022-23 (as CSV)	Substantial			✓
Safer Communities, Leisure and Environment	Catering Concessions	CAT	To ascertain whether there are adequate controls in place for managing the catering concessions that operate on Council premises to ensure compliance with the agreed conditions and the proper collection and accounting for income due.	2020-21	Moderate	7		
Safer Communities, Leisure and Environment	Crime and Disorder	CD	To ensure that there are adequate structures and processes in place to ensure compliance with legislation and is can be demonstrated that that Crime and Disorder activity (**including Public Space Protection Orders**) is properly managed.	2020-21	Substantial		✓	
Safer Communities, Leisure and Environment	Counter Terrorism	COT	To ensure that the Council has appropriate processes in place to meet the duties imposed on the Council under 'Martyn's Law'	New	N/A		✓	
Safer Communities, Leisure and Environment	CCTV and Monitoring Devices	CTV	To ensure that appropriate controls are in place with regards to CCTV (through confirmation that the service has maintained its British Standards accreditation) and other 'monitoring devices' operated by the Council	2022-23	Substantial			✓
Safer Communities, Leisure and Environment	Emergency Planning and Business Continuity Management	EP	Evaluate the adequacy of arrangements in place to secure effective Council response to civil emergency incidents in accordance with its statutory duties.	In current 2022-23 Plan	Substantial			✓
Safer Communities, Leisure and Environment	Food Safety	FS	Appraise the adequacy of the systems and controls in place to ensure that all applicable premises are identified and inspected, incidents are appropriately responded to, resources are efficiently, effectively and economically deployed and objectives met	2022-23	Substantial			✓
Safer Communities, Leisure and Environment	Health and Safety Enforcement in the District	HSE	To ensure that the arrangements for undertaking inspections at relevant premises and responding to incidents are appropriate, making effective, efficient and economic use of the resources available to achieve performance objectives.	2021-22	Substantial		✓	

Service Area	Audit Assignment		Assignment Objective	Year Last Audited	Assurance Rating	2023-24 (Days)	2024-25	2025-26
Safer Communities, Leisure and Environment	Leisure Facilities Contracts	LFC	To ascertain whether the Council has appropriate controls in place to ensure that the Leisure Facilities contractor runs the facilities in line with the contract in place.	In current 2022-23 Plan	TBC			✓
Safer Communities, Leisure and Environment	Licensing Services	LIC	To ensure that the Council's licensing operations comply with statutory and regulatory requirements and that resources are deployed economically, efficiently and effectively to achieve relevant corporate objectives and targets.	2021-22	Substantial		✓	
Safer Communities, Leisure and Environment	Leisure and Recreation Facilities	LRF	To ensure that appropriate controls are in place with regards to both the on-site operational and financial activities at each relevant facility as well as the management and monitoring of the agreements that are in place. **Increase scope to cover project management for new facilities**	2018-19	Substantial	9		
Safer Communities, Leisure and Environment	Nuisance and Other Protection Duties	NOP	To ascertain whether there are adequate controls in place to ensure that nuisances and other 'protection' services (e.g. Public Health Funerals, Accumulations etc.) are dealt with appropriately.	2020-21	Substantial		✓	
Safer Communities, Leisure and Environment	Open Spaces	OS	To ascertain whether there are adequate controls in place to deliver relevant community, strategic and operational objectives in respect of open spaces.	2022-23	Substantial			✓
Safer Communities, Leisure and Environment	Safeguarding	SAF	To ascertain whether there are appropriate policies and procedures in place to identify and deal with those that need 'safeguarding (i.e. children and vulnerable adults).	2022-23	Substantial			✓
Safer Communities, Leisure and Environment	Sports Development	SD	To ascertain whether there are adequate controls in place for the deployment and management of resources in developing sporting and physical activity in the community.	2018-19	Substantial	8		
Safer Communities, Leisure and Environment	Statutory Monitoring Functions	SMF	To ensure that the processes in place for undertaking the Council's statutory monitoring functions are appropriate.	2021-22	Substantial		✓	

Title: Treasury Management Activity Report for period 1 April 2023 to 30 September 2023
Lead Officer: Karen Allison, Assistant Accountant (Capital and Treasury), (karen.allison@warwickdc.gov.uk or 01926-456334)
Portfolio Holder: Councillor Jonathan Chilvers
Wards of the District directly affected: All

Approvals required	Date	Name
Portfolio Holder		Jonathan Chilvers
Finance	07/12/23	Andrew Rollins
Legal Services		N/A
Chief Executive	24/11/23	Chris Elliott
Director of Climate Change	06/12/23	Dave Barber
Head of Service(s)	07/12/23	Andrew Rollins
Section 151 Officer	07/12/23	Andrew Rollins
Monitoring Officer	28/11/23	Graham Leach
Leadership Co-ordination Group		N/A
Final decision by this Committee or rec to another Cttee / Council?	Yes final decision by this Committee.	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No	
Accessibility Checked?	Yes	

Summary

This report details the Council's Treasury Management performance for the period 1 April 2023 to 30 September 2023.

- Core re-investments were kept short to take advantage of the changes in interest rates and these outperformed the benchmark.

- Money Market Funds and Call Accounts were used for every day cashflow purposes and combined they outperformed against the benchmark.

- The overall performance was above the benchmark.

Recommendation

    (1)   That Audit and Standards Committee notes the contents of this report.

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1   Reasons for the Recommendation

1.1   The Council's 2023/24 Treasury Management Strategy and Treasury Management Practices (TMP's) require the performance of the Treasury Management Function to be reported to Members on a half yearly basis in accordance with the Treasury Management Code of Practice.

2   Alternative Options

2.1   This report retrospectively looks at what has happened during the last six months and is, therefore, a statement of fact.

3   Legal Implications

3.1   None directly arising from the Council's Treasury Management activity.

4   Financial Services

4.1   Treasury Management can have a significant impact on Warwick District Council's budget through its ability to maximise its investment interest income (see Appendices A and B) and minimize borrowing interest payable whilst ensuring the security of the capital.

4.2   Warwick District Council is reliant on interest received to help fund the services it provides. The actual investment interest in 2023/24 compared with the original and latest budgets is shown in the following table, which shows the income from Treasury activity as well as non-Treasury interest:

	Latest 2023/24 Budget £'000	Original 2023/24 Budget £'000	Actual 2022/23 Budget £'000
Gross Investment Interest	2,085	1,665	1,381.9
less HRA allocation	1,375	1,375	153.2
Treasury interest to General Fund	**3,460**	**3,040**	**1,535.1**
Non-Treasury Management Interest	3,054	3,054	2,991.0
Net interest to General Fund	**6,514**	**6,094**	**4,526.1**

This highlights the increased level of budgeted net Treasury interest expected to be earned (£3.460m) compared to the original budget £3.040m) due to interest rates that have risen higher and expected to remain higher for longer. As Treasury investment returns are influenced by the Base Rate, they are expected to be more than twice the level of 2022/23, but still below the level of

inflation, and on gradually decreasing investment balances, which are being run down to delay borrowing for capital purposes as long as possible.

5 Corporate Strategy (Strategic Aim 1)

5.1 The treasury management activity in this report applies to Warwick District Council, in accordance with the statutory framework and local Treasury Management Strategy and Treasury Management Practices.

5.2 The Treasury Management function enables the Council to meet its vision, primarily through having suitably qualified and experienced staff deliver the service in accordance with the Council's Treasury Management Practices and the national framework that local government operates.

6 Environmental/Climate Change Implications

6.1 The recommendation to divest from direct ownership of fossil fuels companies or commingled funds that include fossil fuel public equities by no later than 2025, in pursuance of the Council's Climate Emergency Declaration was realised ahead of target.

7 Analysis of the effects on Equality

7.1 There are no Equality Impact Assessment implications of this report.

8 Data Protection

8.1 Treasury Management activity is compliant with Data Protection Act.

9 Health and Wellbeing-not applicable

9.1 There are no health and wellbeing implications of the proposal in this report.

10 Risk Assessment

Investing the Council's funds inevitably creates risk and the Treasury Management function effectively manages this risk through the application of the **SLY principle:** Security(S) ranks uppermost followed by Liquidity (L) and finally Yield(Y).

It is accepted that longer duration investments increase the security risk within the portfolio, however this is inevitable to achieve the best possible return and still comply with the SLY principle which is a cornerstone of treasury management within local authorities.

In addition to credit ratings themselves, the Council will also have regard to any ratings watch notices issued by the three agencies as well as articles in the Financial press, market data and intelligence from Link Asset Services benchmarking groups. It will also use Credit Default Swap (CDS) data as supplied by Link Asset Services – Treasury Solutions to determine the suitability of investing with counterparties (see Appendices C and D).

Corporate Bonds and Floating Rate Notes (FRNs) – when used -introduce counterparty credit risk into the portfolio by virtue of the fact that it is possible that the institution invested in could become bankrupt leading to the loss of all or part of the Council's investment. This is mitigated by only investing in Corporate Bonds or FRNs with a strong Fitch credit rating, in this case 'A' and issued as Senior Unsecured debt which ranks above all other debt in the case of a bankruptcy.

Covered Bonds also reduce risk in the portfolio as the bond is 'backed' by high quality assets such as prime residential mortgages thus ensuring that if the bond issuer defaults there are sufficient assets that can be realised in order to

repay the bond in full.

Corporate Equity Funds can help to ensure capital security in real (as opposed to nominal) terms, but they consequently introduce the risk of capital loss due to market price fluctuations, as illustrated in paragraph 4.2.3. This is mitigated by ensuring the investments are held for a sufficiently long period. In addition, mitigation is achieved by having a spread of funds with differing risk appetites. 'Stop loss' limits (whereby if the value in the fund goes below a defined limit, the holdings in that fund will be sold) reduce risk by limiting losses. Finally, a volatility reserve had been created, which could have been released to revenue either to cover or at least mitigate the impact of any deficits.

Our treasury management consultants, Link Group, are due to provide treasury management training for Members later in this financial year.

Appendix E contains Link's latest economic forecasts, which inform the Council's Treasury Management activity.

11   Consultation

11.1   No consultation is required for this report.

Background papers:

None

Supporting documents:

None.

1. **Interest Rate Environment**

The major influence on the Council's investments is the Bank Rate. The Council uses Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates.

The forecast on 29th September is below.

Qtr. Ending	Sept 2023	Dec 2023	Mar 2024	June 2024	Sept 2024	Dec 2024	Mar 2025	Jun 2025	Sept 2025	Dec 2025	Mar 2026
Current Forecast as at Sept 2023											
Bank Rate %	5.50	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75
Forecast as at January 2023 (when Original Budgets were set)**:**											
Bank Rate %	4.50	4.25	4.00	3.75	3.25	3.00	2.75	2.75	2.50	2.50	2.50

The forecast as at January 2023 is shown for comparison purposes as this forecast was used in calculating the original budgets.

The Council aims to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. The Annual Investment Strategy 2023/24 was approved by Full Council on 15th March 2023. This approved the current lending criteria which reflect the level of risk appetite of the Council. However, the Council continues to review its Standard Lending List because of frequent changes to Banking Institutions' credit ratings, to ensure that it does not lend to those institutions identified as being at risk. A copy of the current lending list is shown as Appendix D.

2. **Investment Performance**

2.1 **Core Investments**

During 2023/24 to date, the in-house function has invested core cash funds in fixed term deposits in the Money Markets. Table 1 in Appendix B illustrates the performance of the in-house function during this first half year for each category normally invested in.

SONIA (backward-looking) rates on the day of investment in the table and referred to below are now exclusively used for benchmarking, following the ending of LIBID.

During April to September thirteen core investments matured. Length of re-investment was kept short (mostly up to 3 months with one being 4 months and another 6 months) to take advantage of any interest rate increase. In all the periods, the Council out-performed against the Benchmark.

Given that counterparty security is of the utmost importance over return of yield, the level of performance achieved in this first half year continues to be satisfactory.

2.2 Cash Flow Derived Funds & Accounts

The in-house function utilises Money Market Funds and Call Accounts to assist in managing its short-term liquidity needs. Performance in this period is shown in table 2 of Appendix B.

During the half year, the Council's cash flow investments were mainly into the Money Market Funds.

As with the Money Market investments, the SONIA (backward-looking) rates are used for the benchmark which in this case is the overnight rate. It can be seen from table 2 in Appendix B that the total interest exceeded the benchmark.

The Council continued to concentrate its investments in the highest performing funds: Federated (low volatility net asset value fund), Aberdeen Standard, Invesco and HSBC Liquidity Funds.

During the first half of 2023/24 the Council earned £467,792 realised interest on its Money Market Fund investments at an average rate of 4.85% and the average balance in the funds during the period was £19,237,300.

2.3 Call Accounts

As with the Money Market Fund investments the overnight SONIA (backward-looking) benchmark was used.

The Council earned £82,622 interest on its call accounts in the first half year at an average rate of 4.54% and the average balance in the funds during the period was £3,631,223.

2.4 Summary

The following table brings together the investments made in the various investment vehicles during the first half year to give an overall picture of the investment return:

Vehicle	Return (Annualised) £'000	Benchmark (Annualised) £'000	Performance £'000
Money Markets £	551	539	12
Money Market Funds	468	456	12
Call A/c's £	83	86	-3
Total £	**1,102**	**1,081**	**21**

It should be noted that the total investment return of £1,102,000 shown in the table above will not all be received in 2023/24 as it is an annualised figure and will include interest relating to 2022/23 and 2024/25.

- An analysis of the overall in-house investments held by the Council at the end of September 2023 is shown in the following table:

(The balance at 31 March 2023 is shown for comparison)

Type of Investment	Closing Balance @ 30 September 2023	Closing Balance @ 31 March 2023
	£'000	£'000
Money Markets	22,600	25,600
Money Market Funds	16,848	4,342
Business Reserve Accounts incl. Call Accounts	3,399	3,941
Total In House Investments	**42,847**	**33,883**

Counterparty Credit Ratings

The investments made in the first half year and the long- and- short term credit ratings applicable to the counterparty at the point at which the investment was made is shown in Appendix C.

All investments made within the first half year were in accordance with the Council's credit rating criteria.

Also attached for the Committee's information as Appendix D is the Council's most recent 2023/24 Counterparty lending list.

Benchmarking

Regarding the Link Asset Services Treasury Management Benchmarking Club, the Council is part of a local group comprising both District and County Councils and the results are published quarterly. Analysis of the results for the first quarter show that the Council's Weighted Average Rate of Return (WARoR) on its investments at 4.44% was in line with Link's model portfolio. For the second quarter the WARoR was 5.39% which was above Link's model portfolio.

Borrowing

During the half year, there was long term PWLB borrowing activity of £1 million for Milverton Homes along with:

(a) paying the first half year interest instalment on the £136.157 million PWLB borrowing for the HRA Self Financing settlement which amounted to £2.383 million.

(b) a total of £367,000 interest on the £60 million joint venture loans.

(c) interest of £110,400 on the £12 million PWLB borrowing taken out in September 2019 and

d) interest of £22,924 on the £1mill PWLB borrowing for Milverton Homes taken out on 27th April 2023 with (b), (c) and d) relating to the General Fund.

During the first half year, it was not necessary to undertake any Money Market borrowing to fund cash flow deficits, with any deficits, should they arise, being managed within the Council's £50,000 overdraft facility. The interest rate on this facility is 2.80% above Bank Rate and is charged on the cleared balance at the end of

each day when that balance is in debit i.e., overdrawn. In the half year there was no overdraft interest.

Prudential Indicators

The 2023/24 Treasury Management Strategy included several Prudential Indicators within which the Council must operate. The two major ones are the Authorised Limit and Operational Boundary for borrowing purposes. It is confirmed that during the half year neither indicator has been exceeded.

2024/25 Treasury Management Strategy

Work will commence in the final quarter of 2023/24 on preparing the 2024/25 Treasury Management and Investment Strategies.

Whilst security of the funds will be paramount, it is intended that the Council will continue to achieve the best returns possible but within Environment, Social and Governance ("ESG" – aka "ethical") criteria, where possible. To underpin this, the Council will be committing to a more formal ESG strategy in 2024/25 with the guidance of Link Group.

Investment Performance Analysis

Table 1 – Summary Performance

Period	Investment Return (Annualised)	SONIA Benchmark (Annualised)	Out/(Under) Performance
Up to 7 days			
April to September 2023	NO INVESTMENTS MADE		
Over 7 days & Up to 3 months			
April to September 2023	5.14%	5.05%	0.09%
Interest earned 1st half year £	403,094	395,779	7,315
Over 3 months & Up to 6 months			
April to September 2023	5.82%	5.63%	0.19%
Interest earned 1st half year £	148,239	143,453	4,786
Over 6 months to 365 days			
April to September 2023	NO INVESTMENTS MADE		
1 year and over			
April to September 2023	NO INVESTMENTS MADE		
TOTAL INTEREST FIRST HALF YEAR £	**551,333**	**539,232**	**12,101**

Table 2 - Cash Flow Derived Funds & Accounts

Period	Investment Return (Annualised)	SONIA Benchmark (Annualised)	Out/(Under) Performance
Goldman Sachs (CNAV)			
April to September 2023	4.63%	4.73%	-0.10%
Interest earned 1st half year £	1,222	1,249	-26
Invesco (CNAV)			
April to September 2023	5.19%	4.73%	0.46%
Interest earned 1st half year £	90,706	82,674	8,031
Aberdeen Standard (LVNAV)			
April to September 2023	4.68%	4.73%	-0.05%
Interest earned 1st half year £	133,941	135,491	-1,551
Deutsche (LVNAV)			
April to September 2023	4.38%	4.73%	-0.35%
Interest earned 1st half year £	14,333	15,492	-1,159
HSBC LIQUIDITY (ESG)-ACCOUNT			
April to September 2023	4.25%	4.73%	-0.48%
Interest earned 1st half year £	15,407	17,152	-1,745
HSBC LIQUIDITY (NON-ESG)-ACCOUNT			
October to March 2023	4.83%	4.73%	0.10%
Interest earned 1st half year £	92,524	90,672	1,852

Federated Constant Net Asset Value (CNAV)			
April to September 2023	4.76%	4.73%	0.03%
Interest earned 1st half year £	34,823	34,612	211
Federated Cash Plus Account (VNAV)			
April to September 2023	4.69%	4.73%	-0.04%
Interest earned 1st half year £	3,077	3,103	-26
Royal London Cash Plus Account (VNAV)			
April to September 2023	5.10%	4.73%	0.36%
Interest earned 1st half year £	81,760	75,939	5,821
TOTAL INTEREST FIRST HALF YEAR £	**467,792**	**456,385**	**11,407**

Table 3 – Call Accounts

Period	Investment Return (Annualised)	SONIA Benchmark (Annualised)	Out/(Under) Performance
HSBC Business Deposit Account			
April to September 2023	4.54%	4.73%	-0.19%
Interest earned 1st half year £	82,559	86,030	-3,471
Svenska Handelsbanken Account			
April to September 2023	2.65%	4.73%	-2.08%
Interest earned 1st half year £	63	113	-49
TOTAL INTEREST FIRST HALF YEAR £	**82,622**	**86,142**	**-3,520**

Counterparty Rating at Time of Investment

Counterparty	Investment Amount £	Credit Rating		Duration of Investment (days)
		Long Term	Short Term	
WDC Minimum	(Fitch)	**A**	**F1**	
Banks				
DBS Bank Ltd	£3,000,000	AA-	F1+	91
Goldman Sachs International Bank	£3,000,000	A+	F1	92
Standard Chartered	£3,000,000	A+	F1+	61
Lloyds Bank	£3,000,000	A+	F1	92
Goldman Sachs International Bank	£4,000,000	A+	F1	92
National Bank of Canada	£3,600,000	A+	F1	91
Standard Chartered	£3,600,000	A+	F1	91
DBS Bank Ltd	£3,000,000	AA-	F1+	94
Standard Chartered	£3,000,000	A+	F1+	92
Goldman Sachs International Bank	£3,000,000	A+	F1	91
Lloyds Bank	£3,000,000	A+	F1	124
DBS Bank Ltd	£3,000,000	AA-	F1+	186
Money Market Funds (Investment amount is average balance in fund during half year)				
WDC Minimum	Fitch AAA & Volatility rating VR1+ or S & P AAAm or Moodys AAA & Volatility Rating MR1+			
Goldman Sachs	£52,624	Fund retained its rating throughout half year		liquid
Deutsche	£653,049	Fund retained its rating throughout half year		liquid
Invesco	£3,485,017	Fund retained its rating throughout half year		liquid
Federated	£1,589,736	Fund retained its rating throughout half year		liquid
HSBC Liquidity Accounts	4,545,051	Fund retained its rating throughout half year		liquid

Counterparty	Investment Amount £	Credit Rating		Duration of Investment (days)
		Long Term	Short Term	
Aberdeen Standard	£5,711,261	Fund retained its rating throughout half year		liquid
Royal London Asset Management	£3,200,565	Fund retained its rating throughout half year		liquid
Call Accounts				
WDC Minimum	(Fitch)	**A+**		**F1**
HSBC Business Deposit Account	£3,626,333	Counterparty retained its rating throughout period AA- long term, F1+ short term.		liquid
Svenska Handelsbanken	£4,890	Counterparty retained its rating throughout period of AA long term, F1+ short term,		liquid

Warwick District Council Standard Lending List as at November 2023

Banks

Investments up to 365 days (3 months for explicitly guaranteed subsidiaries)

Investment / Counterparty type:	S/term	L/term minimum	Security / Min credit rating	Max limit per counterparty	Max. Maturity period	Use
Bank deposits	F1	A	AA-	£8m AA- & above, £7m if L/term rating minimum A+,£5m if L/Term rating A.	365 days	In-House +Advice & EFM*
Bank - part nationalised UK	F1	A	AA-	£9m	365 days	In-House +Advice & EFM*
Bank subsidiaries of UK Banks	Unrated	Unrated	Explicit Parent Guarantee	£5m	3 months	In-House +Advice & EFM*

NB. Includes Business Call Reserve Accounts and special tranches and any other form of investment with that institution e.g. Certificate of Deposits, Corporate Bonds and Repo's except where the Repo collateral is more highly credit rated than the counterparty in which case the counterparty limit is increased by £3m with a maximum in Repo's of £3m.

Counterparty Limit is also the Group Limit where investments are with different but related institutions.

Investments over 365 days

Investment/ Counterparty type:	S/term	L/term Min	Security/ Min credit rating	Max limit per counterparty	Max. Maturity period	Use
Bank deposits	F1	A	AA-	£8m AA- & above, £7m if L/term rating minimum A+,£5m if L/Term rating A.	2 years	In-House +Advice & EFM*
Bank - part nationalised UK	F1	A	AA-	£9m	2 years	In-House +Advice & EFM*

NB. Includes Business Call Reserve Accounts and special tranches and any other form of investment with that institution e.g. Certificate of Deposits, Corporate Bonds and Repo's.

Counterparty limit is also the Group Limit where investments are with different but related institutions.

£15m overall limit for Corporate Bond / Property Funds & £20m limit for all other counterparties.

£20m over 365 day limit only applies to those investments where at 1 April the remaining term is greater than 365 days. Any over 365 day investment with 365 days or less to maturity at 1 April is deemed to be short term.

BANK NAME	OTHER BANKS IN GROUP (*= Not on list but included for information re potential problems etc.)	GROUP LIMIT APPLIES
AUSTRALIA (AAA)		
Australia & New Zealand Banking Group Ltd		
Commonwealth Bank of Australia		
Macquarie Bank Ltd		
National Australia Bank Ltd	Bank of New Zealand* Yorkshire Bank *(Trading name of Clydesdale) Clydesdale Bank*	Yes
Westpac Banking Corporation		
BELGIUM (AA-)		
BNP Paribas Fortis		
KBC Bank NV		
CANADA (AA+)		
Bank of Montreal	Bank of Montreal Ireland plc*	
Bank of Nova Scotia	Scotia Bank* Scotia Bank (Ireland) Ltd* Scotia Bank Capital Trust (United States)* Scotia Bank Europe plc*	
Canadian Imperial Bank of Commerce	Canadian Imperial Holdings Inc New York* CIBC World Markets Holdings Inc*	
National Bank of Canada	National Bank of Canada New York Branch*	
Royal Bank of Canada	Royal Trust Company* Royal Bank of Canada Europe*	

BANK NAME	OTHER BANKS IN GROUP (*= Not on list but included for information re potential problems etc.)	GROUP LIMIT APPLIES
	Royal Bank of Canada Suisse* RBC Centura Banks Inc*	
Toronto Dominion Bank	TD Banknorth Inc*	
DENMARK (AAA)		
Danske Bank		
FINLAND (AA+)		
Nordea Bank Abp	Nordea Bank Denmark* Nordea Bank Norge* Nordea Bank North America*	Yes
FRANCE (AA-)		
BNP Paribas		
Credit Agricole Corporate & Investment Bank		
Credit Industriel et Commercial		
Credit Agricole SA		
GERMANY (AAA)		
DZ Bank AG (Deutsche Zentral-genossenscaftsbank)		
Landesbanken Hessen-Thueringen Girozentrale (Helaba)		
Landwirtschaftliche Rentenbank		
NRW Bank		
HONG KONG (AA+) –		
The Hong Kong & Shanghai Banking Corporation Ltd		
NETHERLANDS (AAA)		
ABN AMRO Bank N.V		
Bank Nederlandse Gemeenten		
Cooperatieve Centrale Raiffeisen Boerenleenbank BA (Rabobank Nederland)		

BANK NAME	OTHER BANKS IN GROUP (*= Not on list but included for information re potential problems etc.)	GROUP LIMIT APPLIES
ING Bank NV		
SINGAPORE (AAA)		
DBS Bank Ltd	DBS Bank (Hong Kong)*	
Oversea Chinese Banking Corporation Ltd		
United Overseas Bank Ltd		
SWEDEN (AAA)		
Skandinaviska Enskilde Banken AB	SEB Bolan*	
Svenska Handelsbanken AB	Stadtshypotek* Svenska Handelsbanken Inc USA*	
Swedbank AB		
SWITZERLAND (AAA)		
Credit Suisse AG		
UBS AG		
UNITED KINGDOM (AA-)		
Abbey National Treasury Services plc		
Al Rayan Bank Plc		
Barclays Bank UK plc(RFB)		
Barclays Bank plc(NRFB)		
Goldman Sachs International Bank		
Handelsbanken Plc		
HSBC Bank plc (NRFB)	HSBC AM* HFC Bank Ltd* Hong Kong & Shanghai Banking Corporation* HSBC Finance Corp* HSBC Finance* HSBC USA Hang Seng Bank*	Yes
HSBC UK Bank Plc (RFB)		

BANK NAME	OTHER BANKS IN GROUP (*= Not on list but included for information re potential problems etc.)	GROUP LIMIT APPLIES
Lloyds Banking Group :- Lloyds TSB Bank of Scotland	Halifax plc* Bank of Western Australia Ltd*. Cheltenham & Gloucester* Scottish Widows Investment Partnership* Scottish Widows plc*	Yes
Lloyds Bank plc (RFB)		
National Bank of Kuwait (International) plc		
National Westminster Bank PLC (RFB)		
NatWest Markets Plc (NRFB)		
Royal Bank Of Scotland (RFB)		
Santander UK plc		
Standard Chartered Bank		
Sumitomo Mitsui Banking Corporation Europe Ltd		
UNITED STATES OF AMERICA (AA+)		
Bank Of America		
Bank of New York Mellon	Bank of New York (Delaware USA)* Bank of New York (New York USA)* Bank of New York Trust Company*	
Citibank		
JP Morgan Chase Bank NA	Bank One Corp* Bank One Financial LLC* Bank One NA * First USA Inc* NDB Bank NA* Chemical Bank * Chemical Banking Corp* JP Morgan & Co Inc* Chase Bank USA*	

BANK NAME	OTHER BANKS IN GROUP (*= Not on list but included for information re potential problems etc.)	GROUP LIMIT APPLIES
	Robert Fleming Ltd*	
Wells Fargo Bank NA	Wachovia Bank*	
	Wachovia Bank NA North Carolina USA*	

Building Societies

Investments up to 365 days

Investment/ Counterparty type:	S/term	L/term	Security/ Min credit rating	Max limit per counter-party	Max. Maturity period
Building Societies - category A • Nationwide	F1	A	Sovereign AA-	£4m	365 days
Building Societies - category B • Coventry • Leeds • Yorkshire • Skipton	F1		Sovereign AA-	£2m	365 days
Building societies – assets > £500m (Category C) • Principality • West Bromwich • Newcastle (Fitch removed ratings 7.9.16) • Nottingham • Cumberland • National Counties • Progressive • Cambridge • Newbury • Leek United • Monmouthshire • Saffron • Furness • Hinckley & Rugby • Ipswich • Darlington • Marsden				£1m	3 months

Investments over 365 days

Investment/ Counterparty type:	S/term	L/term	Security/ Min credit rating	Max limit per counter-party	Max. Maturity period
Building societies Category A & B (see above)	F1	A	Sovereign AA-	£1m	2 years

NB. Group limit of £8m.

Other Counterparties

Investment/ Counterparty type:	S/term	L/term	Security/ Min credit rating	Max limit per counter-party	Max. Maturity period
DMADF / DMO	n/a	n/a	Sovereign AA-	Unlimited	365 days
Milverton Homes **WDC 100% subsidiary	n/a	n/a	n/a	£0.5m	Not defined
UK Govt. (includes Gilt Edged Securities & Treasury Bills), Local Authorities / Public Corporations /Nationalised Industries.	n/a	n/a	High viability/support	£9m	365 days
Money Market Fund(CNAV)	AAAm / Aaa-mf/AAAmmf			£10m	liquid
Money Market Fund (VNAV)	AAAf S1 / Aaa-bf/ AAA/V1			£6m	liquid
Corporate bonds - category 1		A	Sovereign AA-	£4m	2 years
		A+		£5m	
		AA - & ABOVE		£6m	
Corporate bonds - category 2		A		£9m	2 years
Corporate bonds - category 3		A	Sovereign AA-	£4m	2 years
		A+		£5m	
		AA - & ABOVE		£6m	
Covered bonds - category 1		A	Sovereign AA-	£4m	2 years
		A+		£5m	
		AA - & ABOVE		£6m	
Covered bonds - category 2		A		£9m	2 years

Investment/ Counterparty type:	S/term	L/term	Security/ Min credit rating	Max limit per counter-party	Max. Maturity period
Covered bonds - category 3		A	Sovereign AA-	£4m	2 years
		A+		£5m	
		AA - & ABOVE		£6m	
Bonds - Supranational / Multi Lateral Development Banks European Community European Investment Bank African Development Bank Asian Development Bank Council of Europe Development Bank European Bank for Reconstruction & Development Inter-American Development Bank International Bank of Reconstruction & Development *Or* any other Supranational/Multi-Lateral Development Bank meeting criteria.	AAA / Govt Guarantee			£5m	365 days
Floating Rate Notes - category 1		A		£4m	364 days
		A+		£6m	
		AA - & ABOVE		£7m	
Floating Rate Notes - category 2		A		£9m	364 days
Floating Rate Notes - category 3		A		£4m	364 days
		A+		£5m	
		AA - & ABOVE		£6m	
Eligible Bank Bills	n/a		Determined by EFM	£5m	364 days
Sterling Securities guaranteed by HM Government	n/a		AA-	£9m	Not defined
Local Authorities	n/a	Viability/support= High		£9m	5 years

Investment/ Counterparty type:	S/term	L/term	Security/ Min credit rating	Max limit per counter-party	Max. Maturity period
			£15m overall limit for Corporate Bond/Property Funds & £20m limit for all counterparties.		
Corporate Equity Funds - low risk (UK Equity Income Funds)	n/a		Maximum investment limit subject to 10% capital growth i.e. maximum is 110% of original investment.	£4m	10 years
Corporate Equity Funds - medium risk (UK Capital Growth Funds)	n/a		Maximum investment limit subject to 10% capital growth i.e. maximum is 110% of original investment.	£2m	10 years
Corporate Bond Funds		BBB	£15m overall limit for Corporate Bond/Property Funds & £20m limit for all counterparties.	£5m	10 years
Pooled property fund eg: REITS	£15m overall limit for Corporate Bond/Property Funds & £20m limit for all counterparties.			£5m	10 years
CCLA property funds	n/a		Security of Trustee of fund (LAMIT) controlled by LGA, COSLA who appoint the members and officers of LAMIT. £15m overall limit for Corporate Bond/Property Funds & £20m limit for all counterparties.	£5m	10 years

Categories for Covered Bonds, Corporate Bonds (must be Senior Unsecured), Floating Rate Notes:

Category 1: Issued by private sector Financial Institutions

Category 2: Issued by Financial institutions wholly owned, or part owned, by the UK Government

Category 3: Issued by Corporates

Link Asset Services Commentary on the Current Economic Background

UK. Economy.

- The first half of 2023/24 saw:

  - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.

  - Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.

  - A 0.5% m/m decline in real GDP in July, mainly due to more strikes.

  - CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.

  - Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.

  - A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).

- The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.

- The fall in the composite Purchasing Managers Index from 48.6 in August to 46.8 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% q/q rise in real GDP in the period April to June, being followed by a contraction of up to 1% in the second half of 2023.

- The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.

- As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of- living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.

- The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen

below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

- But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June to -0.9% in July, a lot of that was due to the one-off bonus payments for NHS staff in June not being repeated in July. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July, from 8.2% 3myy in June to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.

- CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March and takes it below the forecast of 7.2% the Bank of England published in early August.

- In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was "finely balanced". Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.

- Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures "further tightening in policy would be required". Governor Bailey stated, "we'll be watching closely to see if further increases are needed". The Bank also retained the hawkish guidance that rates will stay "sufficiently restrictive for sufficiently long".

- This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2nd November, or even pause in November and raise rates in December.

- The yield on 10-year Gilts fell from a peak of 4.74% on 17th August to 4.44% on 29th September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has

exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt yields are set to reduce further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).

- The pound weakened from its cycle high of $1.30 in the middle of July to $1.21 in late September. In the first half of the year, the pound bounced back strongly from the Truss debacle last autumn. That rebound was in large part driven by the substantial shift up in UK interest rate expectations. However, over the past couple of months, interest rate expectations have dropped sharply as inflation started to come down, growth faltered, and the Bank of England called an end to its hiking cycle.

- The FTSE 100 has gained more than 2% since the end of August, from around 7,440 on 31st August to 7,608 on 29th September. The rebound has been primarily driven by higher energy prices which boosted the valuations of energy companies. The FTSE 100's relatively high concentration of energy companies helps to explain why UK equities outperformed both US and Euro-zone equities in September. Nonetheless, as recently as 21st April the FTSE 100 stood at 7,914.

Title: Polling District Place and Station Review
Lead Officer: Leanne Marlow – Electoral Services Manager
Portfolio Holder: Councillor Davison
Wards of the District directly affected: All

Approvals required	Date	Name
Portfolio Holder	21/12/23	Ian Davison
Finance	21/12/23	Alex Elston
Legal Services		
Chief Executive	21/12/23	Chris Elliott
Director of Climate Change	21/12/23	Dave Barber
Head of Service(s)	21/12/23	Graham Leach
Section 151 Officer	21/12/23	Andrew Rollins
Monitoring Officer	21/12/23	Graham Leach
Leadership Co-ordination Group		N/A
Final decision by this Committee or rec to another Cttee / Council?	Yes	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No	
Accessibility Checked?	Yes	

Summary

The purpose of this report is to seek approval of the final proposals for the statutory review of Polling Districts, Places and Stations for Warwick District.

Recommendation(s)

(1)   That Audit & Standards Committee approves the final proposals for the compulsory Polling District, Place and Station review as set out in Appendices 1, 2 and 3 to the report.

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1   Reasons for the Recommendation

1.1   Under the Representation of the People Act 1983, the Council has a duty to divide its area into Polling Districts and to designate a polling place for each Polling District.

1.2   The Electoral Administration Act 2006, as amended, introduced a duty on all local authorities in Great Britain to review their polling Districts and polling places at least once every five years.

1.3   The Boundary Commission for England has completed a review of parliamentary constituency boundaries. The Commission has published its final recommendations, and Orders for the new parliamentary constituency boundaries were made on 29 November to be in place for the next UK Parliamentary election. The Polling scheme proposed for Warwick District will reflect the new constituencies. The Polling District letters may change post this review to reflect the new constituencies, ready for the revised register publication on 1 February 2024.

1.4   The Elections team has undertaken extensive research and site visits within the timeframe that allows. It is important to note that the Polling Review would normally take approximately 6 months to complete but officers have compressed the review into 3 months due to the potential snap general election as advised by the Electoral Commission and the Association of Electoral Administrators.

1.5   All the final proposals are based on the consultation responses, site visits and research collated. The consultation was carried out from 2 October to 10 November. We received approximately 250 responses to the consultation; responses to which we are legally obliged to publish once the review has concluded.

1.6   The final proposals will meet the accessibility requirements introduced by the Elections Act 2022 which adds additional responsibilities onto the Returning Officer to make sure it is easier for all disabled people to vote. The Returning Officer is required to take all reasonable steps to provide equipment to support disabled voters to vote independently and in secret at the polling station.

1.6.1 The Committee should be aware that the Chief Executive, within his role as Returning Officer has the delegated authority to designate polling places where a decision is required at short notice, for example a building becomes unavailable at short notice.

2   Alternative Options

2.1   The review could be extended further to give more time to liaise with potential future polling places as we are having difficulty communicating in some places. However, this would cause uncertainty to the election in May 2024 when booking polling places and where the electorate would vote. Due to the printers requesting the data for poll cards early, the Council would need to publish the revised register to reflect the new polling Districts and the new parliamentary boundaries on 1 February 2024.

3   Legal Implications

3.1   The process for a Polling District, Place and Station review is set out in Schedule A1, of the Representation of the People Act 1983. The Council must publish a notice of the holding of a review, consult the Returning Officer (RO) for every parliamentary constituency which is wholly or partly in its area, publish all representations made by an RO within 30 days of receipt by posting a copy of them as the local authority's office and in at least one conspicuous place in their area. If the authority maintains a website, by placing a copy on the authority's website, seek representations from such persons as it thinks have particular expertise in relation to access to premises or facilities for persons who have different forms of disability. Such persons must have an opportunity to make representations and to comment on the representations made by the RO.

4   Financial Services

4.1   The direct impact to the Council's budget as a result of the report will increase due to purchasing additional lighting for polling places that require it. Officers are in contact with some of the polling places to make sure the venue is accessible by purchasing ramps. We have referred the single point of contact for some polling places to the Rural and urban capital improvements grants scheme (RUCIS) to help make their venue more accessible during public use.

4.2   There is potential to have additional polling places subject to the Committee approving the proposals which would increase the hire charge. This is mainly due to the increased electorate and developments within Warwick District area.

5   Corporate Strategy

5.1   Warwick District Council has adopted a Corporate Strategy which sets three strategic aims for the organisation. Each proposed decision should set out how the report contributes to the delivery of these strategic aims. If it does not contribute to these aims or has a negative effect on them the report should explain why that is the case.

5.2   Delivering valued, sustainable services – we have focused on the consultation responses which shows the passion some residents have in regard to their polling place, and we have listened to their views and tried our utmost efforts to meet the views of the residents and communities who vote at these polling stations. Unfortunately, legally some polling places cannot be used even with residents' views to keep the venues as they are due to not meeting accessibility requirements so we have to weigh up how we can work with the venues to meet the legal requirements and match the residents' views.

5.3   Low cost, low carbon energy across the district – polling places should where practicable be within walking distance of the electorate. It certain circumstances this criteria isn't always met. An example would be if there is no accessible venue within the polling district then an alternative venue in another

polling district is used.

5.4 Creating vibrant, safe and healthy communities of the future - the consultation reached out to communities and groups within the polling districts to share their views on their local polling places. These responses have been seriously considered within the final proposals.

6 Environmental/Climate Change Implications

6.1 The report has no direct environmental implications of the proposal in relation to the Council's policies and Climate Emergency Action Plan. However, as part of the review and the criteria for allocating polling stations is to provide a location which is within walking distance of the electors allocated to that station where practicable.

7 Analysis of the effects on Equality

7.1 The Elections Act 2022 extends accessibility to elections including requiring Returning Officers to take all reasonable steps to provide support for those with a disability in polling stations. Equalities and Human Rights Commission suggest the duty to make reasonable adjustments comprises three requirements. For service providers and those exercising public functions, these requirements are: Where a provision, criterion or practice puts disabled people at a substantial disadvantage compared with those who are not disabled, to take reasonable steps to avoid that disadvantage. Where a physical feature puts disabled people at a substantial disadvantage compared with people who are not disabled to avoid that disadvantage or adopt a reasonable alternative method of providing the service or exercising the function. Where not providing an auxiliary aid, for example a ramp for wheelchair, puts disabled people at a substantial disadvantage compared with people who are not disabled, to provide that auxiliary aid. These requirements have been taken into consideration and applied at all polling places in Warwick District area.

8 Data Protection

8.1 The report has no direct data protection implications.

9 Health and Wellbeing

9.1 There are no health and wellbeing implications of the proposal.

10 Risk Assessment

10.1 The risk associated with the report is for the Council not to agree the final proposals at this time. This will lead to Polling Districts potentially not being in place for the Parliamentary Elections and potentially electors not voting in the correct constituency or an appropriate location.

10.2 Another risk would be if delaying the conclusion of the review, it would potentially mean printers would not have the correct details for poll cards in May 2024 elections.

11 Consultation

11.1 The consultation was published on Warwick District Council website and hard copy surveys were left in the offices at Riverside House. We also printed hard copies of the consultation paperwork and distributed these to the following libraries in the District area; Kenilworth library, Leamington library, Lillington library, Warwick library and Whitnash library. Posters were also distributed in the District at libraries, community centres, sent to Parish clerks to post on their noticeboards and car parks in the District area. Social media posts were

shared regularly through out the consultation period.

11.2 The following people were consulted during the consultation period; District Councillors, County Councillors, Parish clerks, to pass on to the Parish Councils, booking agents for the current polling stations, local disability groups, local community groups, residents of Warwick District area and polling station staff.

Supporting documents:

Appendix 1 (Changes Final Proposals)

Appendix 2 (No Changes Final Proposals)

Appendix 3 (Maps to support the Changes Final Proposals)

Changes Final Proposals						
Polling District prefix	District Ward	Current Polling Place/Station	Proposed Polling District/Place/Station	Electorate Total at Information Gathering Stage	Returning Officer Comments	
WAA	Bishops Tachbrook	Bishops Tachbrook Sports & Social Club, The Playing Fields, Kingsley Road, CV33 9RR	WAA to be split in two WAA1 and WAA2 (see attached map) but continue using Bishops Tachbrook Sports & Social Club.	Station A 956 Station B 799	The split is due to the increasing electorate in polling district WAA. The new polling district WAA2 will have the new Asps development site located within it. A site visit has taken place with the elections team and we are working with the venue to make the entrance more accessibile to the public. No further issues.	
WAB		Heathcote Parish Church, Warwick Gates Community Centre, Cressida Close, CV34 6DZ	WAB to be split in four WAB1, WAB2, WAB3, WAB4 (see attached map). WAB1 in dialogue with Heathcote Primary School, WAB2 new development continue to use Heathcote Parish Church, WAB3 continue use of Heathcote Parish Church but will continue to explore alternative venues, WAB4 continued use of Heathcote Parish Church.	WAB Station A 1531 WAB Station B 1469	Due to the increased electorate and future development in this polling district we need to split the polling district into four sections. We are in dialogue with Heathcote Primary School as a polling place.	
WBF only	Budbrooke	Barford Memorial Hall, Church Street, Barford, CV35 8EN	All Saints Church, Church Road, Sherbourne, Warwick, CV35 8AP	WBF only - 122	The Elections Manager undertook a site visit before the consultation took place and was faced with some accessibility and facility issues within Sherbourne Church and the grounds. Sherbourne residents were passionate about keeping a polling place within Sherbourne village however, this is the only venue available. We will work with Sherbourne Church to try and overcome the accessibility and facility issues. 2023 Parliamentary Boundaries Constituency change to Kenilworth and Southam	
WBH	Budbrooke	Wasperton Village Hall, Wasperton, CV35 8EB	Barford Memorial Hall, Church Street, Barford, CV35 8EN	122	To temporarily move Wasperton polling place to Barford due to no suitable venue for a polling place. The elections team undertook a site visit to Wasperton Village Hall and Church of St John the Baptist. Wasperton Village Hall has poor accessibility to the venue; the door width is not wide enough for a wheelchair. We have considered using a doorbell at the entrance however this puts disabled people at a substantial disadvantage compared with people who are not disabled. We will continue to work closely with the venue so we can move back to the village hall once the accessibility issues have been rectified. The church of St John the Baptist has no running water; toilet and has accessibility issues. 2023 Parliamentary Boundaries Constituency change to Kenilworth and Southam	
KED, KEE, KEF	Kenilworth Park Hill	Air Cadets Squadron Hall, Kenilworth School, Leyes Lane, CV8 2DA	Air Cadets Squadron Hall, Kenilworth School, Leyes Lane, CV8 2DA for May 2024 then unknown at the present time	KEE Station A 1275 KEF Station B 1082 KED Station C 1113	For May 2024 we will continue to use the Air Cadets venue. It will either be the building itself or three temporary buildings in the car park of the Air Cadets site. We are exploring alternative venues and we are in dialogue with the new Kenilworth School.	
WHB only	Leamington Clarendon	Dale Street Methodist Church, Dale Street, Royal Leamington Spa, CV32 5HL	The Dormer Conference Centre, St Peter Apostle Roman Catholic Church, Dormer Place, CV32 5AA	WHB - 481 WHE - 532	Moving WHB to The Dormer Conference Centre due to more facilities such as parking. Merge WHB polling station with WHE polling station as they are in the same parish, district and county ward.	
KJA	Leamington Lillington	Old Milverton Parish Room, Old Milverton, CV32 6SA	Telford Junior School, (School Hall), Telford Avenue, CV32 7HP	122	Move KJA to Telford Junior School due to the two current polling districts at Old Milverton Parish Room being in seperate district wards. The move of KJA to Telford Junior School will make the polling station more convenient for staff and voters. KJA 2023 Parliamentary Boundaries Constituency change to Warwick and Leamington	

WJD		Lillington Children & Family Centre, Mason Avenue, Lillington, CV32 7QE	Lillington Youth Centre, Mason Avenue, Royal Leamington Spa, CV32 7PE	Station B WJD - 1383	WJD to move to Lillington Youth Centre to assist with avoiding confusion experienced in previous elections	
WKD, KKC	Leamington Milverton	St. Mark`s Church Hall, St. Mark's Road, Royal Leamington Spa, CV32 6DL	Merging KKC with WKD due to the parliamentary boundary changing moving KKC from Kenilworth & Southam to Warwick & Leamington. Split WKD in two WKD1 and WKD2 (see attached map) Polling station for WKD1 - Brookhurst Primary school	KKC pre proposed merger - 128 WKD1 - 852 WKD2 - 1526* including KKC	Due to the change in parliamentary constituency, KKC moving to Warwick and Leamington, which is a small electorate would be better geographically in WKD polling district. Splitting due to increased electorate in the polling district. There is a slight overcrowding at St Marks Church which is the current polling place. The Elections Manager has undertaken a site visit to Brookhurst Primary School and we will work with the school to use the venue as a polling place.	
WKC		St. Mark`s Church Hall, St. Mark's Road, Royal Leamington Spa, CV32 6DL	Split WKC in two WKC1 and WKC2 (see attached map)WKC1 to continue using St Mark's Church Hall, WKC2	WKC1 - 790 WKC2 - 1225	Splitting due to increased electorate in the polling district. There is a slight overcrowding at St Marks Church which is the current polling place. We have attempted to contact additional venues with little success to date.	
WKE	Leamington Milverton	Holy Trinity Parish Hall, Trinity Street (Car Park Entrance), Royal Leamington Spa, CV32 5RG	Leamington Cricket Club, Arlington Avenue, Leamington Spa, CV32 5UG	Station A - 599	Feedback from the consultation suggested Holy Trinity Parish Hall electorate is high. The elections team undertook a site visit to the cricket club and all polling place requirements were met.	
WKF	Leamington Milverton	Holy Trinity Parish Hall, Trinity Street (Car Park Entrance), Royal Leamington Spa, CV32 5RG	Leamington Cricket Club, Arlington Avenue, Leamington Spa, CV32 5UG	Station D - 716	Feedback from the consultation suggested Holy Trinity Parish Hall electorate is high. The elections team undertook a site visit to the cricket club and all polling place requirements were met.	
WRB - Station A WRB - Station B	Warwick Myton & Heathcote	Temporary Building, Myton Fields Car Park, Myton Road, CV34 4QY	Split WRB polling district in to three, WRB1, WRB2, WRB3 (see attached map) but continue to use the Temporary Building, Myton Fields Car Park, Myton Road, CV34 4QY until a suitable venue becomes available.	Station A - 1451 Station B - 821	WRB polling district to be split due to increase in electorate. Continued use of temporary station, but will explore and evaluate alternatives if one should become available in the future. Continued use as a polling station.	
WRB	Warwick Myton & Heathcote	Temporary Building, (Grassed Area), Fusiliers Way	Split WRB polling district in to three, WRB1, WRB2, WRB3 (see attached map) but continue to use the Temporary Building, (Grassed Area), Fusiliers Way until a suitable venue becomes available.	522	WRB polling district to be split due to increase in electorate. Continued use of temporary station, but will explore and evaluate alternatives if one should become available in the future. Continued use as a polling station.	
WSC	Warwick Saltisford	The John Turner Centre, Warwick Hospital (Car Park), Lakin Road, CV34 5BW	St Mary Immaculate Catholic Primary School Wathen Road, Warwick, CV34 5BG	1112	The John Turner Centre was a temporary polling place and the consultation feedback expressed concerns of future use of the venue. We have visited St Mary Immaculate Catholic Primary School and we will be using the school as a polling place until a community building is built within the area. The school will need to close for the day to accomodate us but there is no alternative venue at this present time. We are working with the school so they know the scheduled dates of elections in the future to plan in potential inset days.	
WSB		Packmores Centre, Sussex Court, Lyttelton Road, CV34 5EP	St Mary Immaculate Catholic Primary School Wathen Road, Warwick, CV34 5BG	1243	Due to Packmores Centre being too cramped and small, we will be moving the polling station to St Mary Immaculate Catholic Primary School until a community building is built in the Packmores area. There were no challenges from the consultation about this proposal.	

No Changes Final Proposals									
District Ward	Proposed Polling Place/Station	Recommended Polling District prefix	Electorate Total at Information Gathering Stage	Hearing Loop	Returning Officer Comments				
Budbrooke	Hatton Park Village Hall, Barcheston Drive, Hatton Park, CV35 7TR	WBA	1414	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station. 2023 Parliamentary Boundaries Constituency change to Kenilworth and Southam				
Budbrooke	Hatton Village Hall, Birmingham Road, Hatton, CV35 7LR	WBB	206	No	There are several accessibility issues with this venue which were picked up in a site visit by the elections team. We will continue working with the venue to make sure the accessibility requirements are met for May 2024. However, if this is a problem we may have to move the polling place to another venue. 2023 Parliamentary Boundaries Constituency change to Kenilworth and Southam				
Budbrooke	Budbrooke Village Hall, Old School Lane, Hampton on the Hill, CV35 8QS	WBC	422	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station. 2023 Parliamentary Boundaries Constituency change to Kenilworth and Southam				
Budbrooke	Budbrooke Community Centre, Field Barn Road, Hampton Magna, CV35 8RT	WBD	1337	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station. 2023 Parliamentary Boundaries Constituency change to Kenilworth and Southam				
Budbrooke	Norton Lindsey Village Hall, Wolverton Road, Norton Lindsey, CV35 8JL	WBE	324	No	No issues identified as part of the polling place and station review and consultation. Hearing loop expected to be installed within the next 6 months. Continued use as a polling station. 2023 Parliamentary Boundaries Constituency change to Kenilworth and Southam				
Budbrooke	Barford Memorial Hall, Church Street, Barford, CV35 8EN	WBG (see changes doc for WBF)	WBG only - 1300	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station. **See changes for WBF Sherbourne polling district.** 2023 Parliamentary Boundaries Constituency change to Kenilworth and Southam				
Cubbington & Leek Wootton	Leek Wootton Village Hall, Warwick Road, Leek Wootton, CV35 7RB	KCA WCA	776	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station. (WCA) 2023 Parliamentary Boundaries Constituency change to Kenilworth and Southam				
Cubbington & Leek Wootton	Baginton Village Hall Frances Road CV8 3AB	KCC	606	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Cubbington & Leek Wootton	Stoneleigh Village Hall, Birmingham Road, Stoneleigh, CV8 3DG	KCB	521	yes	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Cubbington & Leek Wootton	Bubbenhall Village Hall Lower End Bubbenhall CV8 3BW	KCD	516	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Cubbington & Leek Wootton	Cubbington Methodist Church Room Queen Street Cubbington CV32 7NA	KCE	843	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Cubbington & Leek Wootton	Cubbington Village Hall Broadway Cubbington CV32 7JR	KCF	1122	Yes	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Cubbington & Leek Wootton	Ashow Village Club, Ashow, CV8 2LE	KCG	116	No	Consultation feedback showed that Ashow Village Club is a valued polling station within the village. The Elections Manager undertook a site visit and we are working with the venue steward to make the venue more accessible to voters. Continue using as a polling station.				

Kenilworth Abbey & Arden	Burton Green Village Hall Red Lane Burton Green CV8 1PF	KDA	904	Yes	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Kenilworth Abbey & Arden	The Ramphal Building Room R0.03 CV4 7AL	KDB	1132	No	Parking was noted from Polling Station Inspector feedback as a potential issue. There's no parking available due to being on a university campus. However the electorate will mostly live on the campus. No known issues in past elections. Continued use as a polling station.				
Kenilworth Abbey & Arden	The Kenilworth Centre, Youth Room, Ground Floor, Abbey End Car Park, CV8 1QJ	KDD - Station A	Station A - 123	No	We will provide additional lighting for this polling place. Parking is not conviniently located but there is parking and 2 disabled parking spaces available. Otherwise, No further issues identified as part of the polling place and station review and consultation.				
Kenilworth St. John's		KFH - Station B	Station B - 721		Continued use as a polling station.				
Kenilworth Abbey & Arden	Temporary Building The Queen and Castle Pub Car Park Castle Green CV8 1ND	KDE	1334	No	We welcomed suggestions during the consultation period for alternative venues. Unfortunately no alternative venues were suggested for the polling station. We will provide additional outside lighting. Continued use as a polling station until suitable venue arises.				
Kenilworth Abbey & Arden	Chadwick End Village Hall Chadwick End Warwick Road B93 0BL	KDH	171	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Kenilworth Abbey & Arden	Beausale Club, School Lane, Beausale, CV35 7NW	KDJ	515	No	Continued use as a polling place but move to the larger room in the building. A site visit has taken place with the elections team and there has been an agreement to make sure ramps are being used at all times.				
Kenilworth Abbey & Arden	Shrewley Village Hall, 75 Shrewley Common, Shrewley, CV35 7AN	KDK	703	No	The larger room in the venue will be used as a polling station in the future due to better accessibility. Continued use as a polling station.				
Kenilworth Abbey & Arden	Rowington Village Hall Rowington Green Rowington CV35 7DB	KDL	680	Yes	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Kenilworth Abbey & Arden	Lowsonford Village Hall Lowsonford B95 5ER	KDM	343	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Kenilworth Abbey & Arden	Lapworth Village Hall, (Main Hall), Old Warwick Road, B94 6LD	KDF, KDG	Station A - 931 Station B - 617	No	Feedback from the consultation suggested the polling place was well located for Kingswood residents but not Lapworth residents. The elections team have explored the possibility of an additional venue at Lapworth Old School Hall. However, we have been unable to establish contact with the booking agent. Continued use as a polling station.				
Kenilworth Park Hill	St. Nicholas Church, High Street, CV8 1LZ	KEA - Station A	Station A - 149	Yes	Not level entrance however after liaising with the booking agent there is a ramp available on request. We have agreed in the future the ramp is used for all elections. Continued use as a polling station.				
Kenilworth Abbey & Arden		KDC - Station B	Station B - 910						
Kenilworth Park Hill	Kenilworth Methodist Church Priory Road Kenilworth CV8 1LQ	KEB - Station A	Station A - 987	Yes	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Kenilworth St. John's		KFG - Station B	Station B - 301						
Kenilworth Park Hill	St. Barnabas Church, Albion Street, CV8 2FY	KEC	1437	No	Issue with parking identified in the consultation. However the elections team have made contact with the venue and it has been confirmed there are parking facilities around the back of the building. Continued use as a polling station.				
Kenilworth Park Hill	Kenilworth Wardens Cricket Club Glasshouse Park Glasshouse Lane CV8 2AL	KEG	762	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				

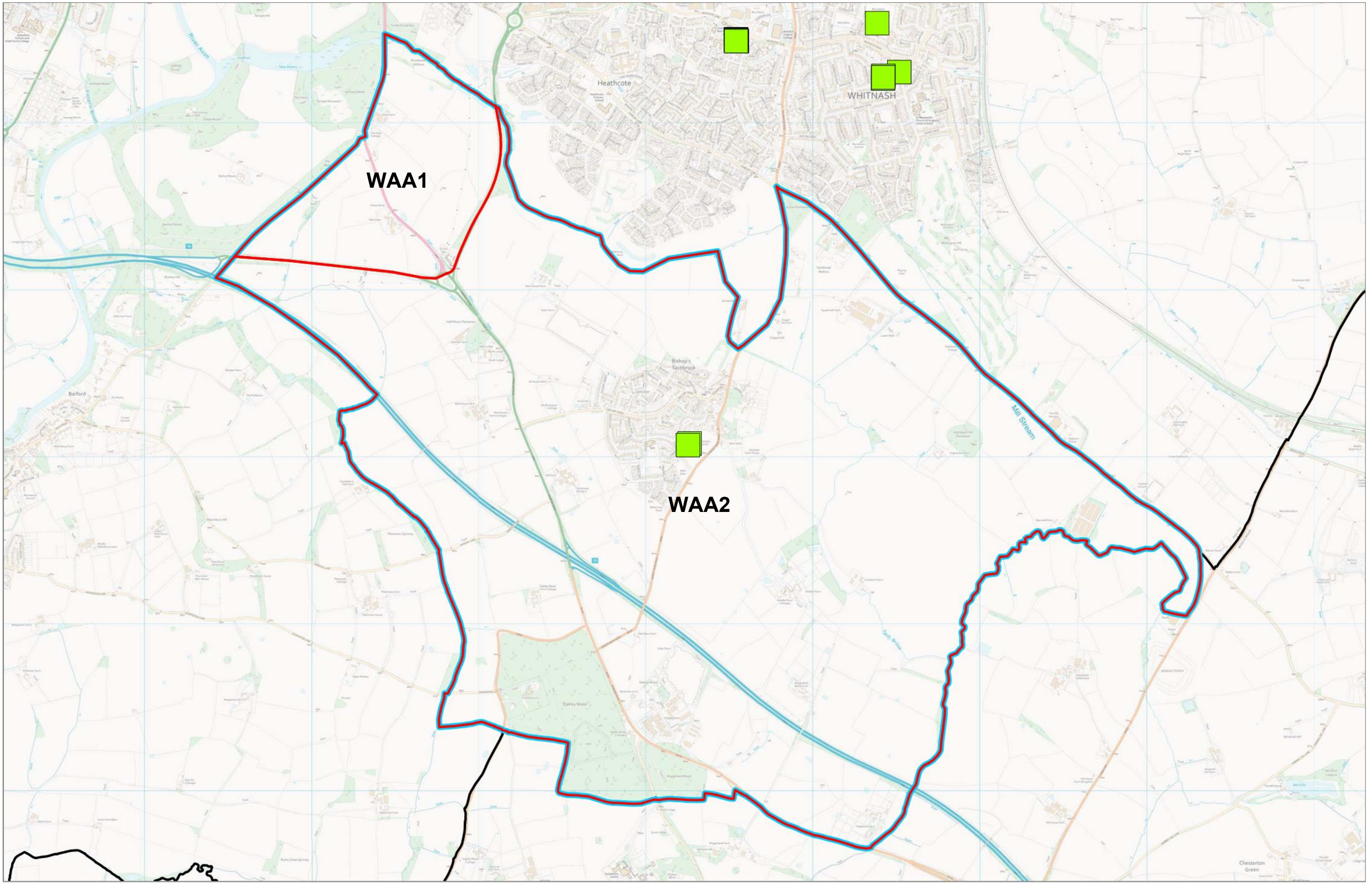|										
Kenilworth St. John's	St. Francis of Assisi, Roman Catholic Parish Hall, Warwick Road, CV8 1HL	KFA Station A KFA Station B KFB Station C	Station A - 880 Station B - 826 Station C - 700	No	Extra lighting may be required for outside the polling place. Continued use as a polling station.					
Kenilworth St. John's	Beauchamp Court Beauchamp Road Kenilworth CV8 1GJ	KFF	1098	No	No allocated disabled parking, however there is on street parking. The only alternative venue would be St John's Primary School which we will attempt to avoid schools, where possible, to decrease the disruption of education. The venue has disabled access and all the requirements a polling place needs apart from allocated parking. The level of disruption on using the school is a lot greater than allocated parking at Beauchamp court when the majority of electorate will walk and there is parking available its just not allocated specifically. Continued use as a polling station.					
Kenilworth St. John's	Kenilworth Baptist Church (Previously Heart of England Revival Church) Farmer Ward Road CV8 2DH	KFC - Station A KFD - Station B	Station A - 889 Station B - 999	No	Accessibility issues have been rectified with a ramp being installed so no further issues identified. Continued use as a polling station.					
Kenilworth Park Hill		KEH - Station C	Station C - 945							
Kenilworth St. John's	St. John's Church 205 Warwick Road Kenilworth CV8 1HY	KFE	1349	Yes	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.					
Leamington Brunswick	Brunswick Hub 98-100 Shrubland Street CV31 3BD	WGB - Station A WGD - Station B	Station A - 895 Station B - 947	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.					
Leamington Brunswick	Westbury Community Centre, Westlea Road, Royal Leamington Spa, CV31 3JE	WGA - Station A WGE - Station B	Station A - 1136 Station B - 1063	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.					
Leamington Brunswick	Church Hall, St John the Baptist Church, Tachbrook Street, CV31 3BN	WGC	1393	No	No allocated disabled parking however there is parking available which can be sign posted for disabled parking only. No further issues identified as part of the polling place and station review and consultation. Continued use as a polling station.					
Leamington Clarendon	St. Paul's Church Hall Leicester Street Royal Leamington Spa CV32 4TE	WHC - Station A WHG - Station B	Station A - 1110 Station B - 1131	No	Parking is limited however there are two disabled parking spaces available and the majority of electorate live in walking distance from the polling place. No further issues identified as part of the polling place and station review and consultation. Continued use as a polling station.					
Leamington Clarendon	The Dormer Conference Centre St Peter Apostle Roman Catholic Church Dormer Place CV32 5AA	WHD - Station A WHE - Station B	Station A - 1045 Station B - 532	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.					
Leamington Clarendon	Dale Street Methodist Church, Dale Street, Royal Leamington Spa, CV32 5HL	WHA only	Station A - 1305	No	Limited parking but no further issues identified as part of the polling place and station review and consultation. We have moved one polling station out of the building. Continued use as a polling station.					
Leamington Clarendon	Holy Trinity Parish Hall, Trinity Street (Car Park Entrance), Royal Leamington Spa, CV32 5RG	WHF - Station B WHF - Station C	Station B - 1027 Station C - 973	No	Over crowding issues identified as part of the polling place and station review and consultation. Two stations remain at the polling place. Continued use as a polling station.					
Leamington Lillington	Acorn Court Community & Dining Room Acorn Court Stockton Grove CV32 7NP	WJA	995	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.					
Leamington Lillington	Telford Junior School, (School Hall), Telford Avenue, CV32 7HP	WJE - Station A WJE - Station B	Station A - 832 Station B - 732	No	To continue using as a polling station for 2024 elections. However we will work with the ward councillors to explore alternative venues and split Lillington electorate to the polling places. This is due to feedback from the consultation that Lillington electorate are not always allocated to their closest polling place.					
Leamington Lillington		KJB - Station C	Station C - 1152		KJB 2023 Parliamentray Boundaries Constituency change to Warwick and Leamington					
Leamington Lillington	Lillington Children & Family Centre, Mason Avenue, Lillington, CV32 7QE	WJB	Station A - 1147	No	To continue using as a polling station for 2024 elections. However we will work with the ward councillors to split Lillington electorate to the polling places. This is due to feedback from the consultation that Lillington electorate are not always allocated to their closest polling place.					

Leamington Lillington	Lillington Free Church Hall, Cubbington Road, CV32 7AL	WJF - Station A WJG - Station B	Station A - 399 Station B - 975	No	To continue using as a polling station for 2024 elections. However we will work with the ward councillors to split Lillington electorate to the polling places. This is due to feedback from the consultation that Lillington electorate are not always allocated to their closest polling place.					
Leamington Lillington	Lillington Youth Centre, Mason Avenue, Royal Leamington Spa, CV32 7PE	WJC	1128	No	To continue using as a polling station for 2024 elections. However we will work with the ward councillors to split Lillington electorate to the polling places. This is due to feedback from the consultation that Lillington electorate are not always allocated to their closest polling place.					
Leamington Milverton	Old Milverton Parish Room, Old Milverton, CV32 6SA	KKB	142	No	KKB (Old Milverton - Old Milverton Ward) No issues identified as part of the polling place and station review and consultation. KKB 2023 Parliamentary Boundaries Constituency change to Warwick and Leamington					
Leamington Milverton	The Octagon, St. Mary Magdalene, Vicarage Road, CV32 7RH	KKA WKB	908	No	No allocated disabled parking, however there is on street parking. No further issues identified as part of the polling place and station review and consultation. Continued use as a polling station. KKA 2023 Parliamentary Boundaries Constituency change to Warwick and Leamington					
Leamington Milverton	Edmondscote Athletic Track Pavilion River Close, Off Edmondscote Road CV32 6AD	WKA	426	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.					
Leamington Willes	St. Mary's Church Centre, St. Mary's Road, Royal Leamington Spa, CV31 1JW	WLB - Station A WLC - Station B	Station A - 1300 Station B - 1300	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.					
Leamington Willes	Radford Road Church, Vestibule of church, Radford Road, CV31 1NF	WLA	1226	No	The town council suggested a split of east to west rather than north to south. The town council has been sent a map to explain further but awaiting a response. Continue use as a polling station.					
Leamington Willes	Sydni Centre (Main Hall), Cottage Square, Off Marloes Walk, CV31 1PT	WLF, WLE, WLD, WLG	WLF - Station A 850 WLE - Station B 1103 WLD - Station C 1354 WLG - Station D 333	No	The consultation feedback suggests overcrowding at the polling place and the distance between the Sydni Centre and the southern polling districts are some distance from the polling station. We have attempted to make contact with alternative venues, the Elections Manager has a meeting with Campion School in January 2024 to discuss use as a polling place. Continued use of polling station until alternative venues have been agreed.					
Radford Semele	Eathorpe Village Hall Eathorpe CV33 9DE	KMA KMB	161	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station. 2023 Parliamentary Boundaries Constituency change to Warwick and Leamington					
Radford Semele	Offchurch Village Hall, School Hill, Offchurch, CV33 9AL	KMD	189	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station. 2023 Parliamentary Boundaries Constituency change to Warwick and Leamington					
Radford Semele	Radford Semele Community Hall, 68 Lewis Road, Radford Semele, CV31 1UQ	KME - Station A KME - Station B	Station A - 1029 Station B - 977	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station. 2023 Parliamentary Boundaries Constituency change to Warwick and Leamington					
Radford Semele	Weston-Under-Wetherley Village Hall, Sabin Drive, Weston-Under-Wetherley, CV33 9GA	KMF	336	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station. 2023 Parliamentary Boundaries Constituency change to Warwick and Leamington					
Radford Semele	St. Margaret's Church Room, School Lane, Hunningham, CV33 9DS	KMC	161	No	Due to reports of several accessibility issues with this polling place, the elections team undertook a site visit. The continued issue is there's no parking for residents however it is in walking distance for the electorate. There are some acessibility issues where a ramp would be needed. We will be working closely with the venue to make sure the accessibility requirements are met. However if there is a problem we will have to look at moving the polling place to Eathorpe which is a last resort due to no response from alternative venues in Hunningham. Continue using the venue as a polling place subject to rectifying the issues with ramps. 2023 Parliamentary Boundaries Constituency change to Warwick and Leamington					

Warwick All Saints & Woodloes	Woodloes Community Centre Deansway Warwick CV34 5DF	WNG	1133	No	A site visit was undertaken by the elections team to look at a potential obstruction of the entrance. I can confirm no concerns were noted for the venue and no further issues were identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Warwick All Saints & Woodloes	Woodloes Primary School Hall Deansway Warwick CV34 5DF	WNE - Station A WNF - Station B	Station A - 1110 Station B - 1140	No	No issues identified as part of the polling place and station review and consultation. Safeguarding procedures are in place when utiilised as a polling place. Continued use as a polling station.				
Warwick All Saints & Woodloes	The Gap, 39 Oakwood Grove, Warwick, CV34 5TD	WNA	1084	No	One low score during the consultation feedback around privacy and lighting but through further assessment there are no concerns identified. Continued use as a polling station.				
Warwick All Saints & Woodloes	All Saints Church Hall Vicarage Field Warwick CV34 5NL	WNB - Station A WNC - Station B	Station A - 942 Station B - 1383	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Warwick Aylesford	St. Paul's Church Hall Rear of Church Friars Street CV34 6HA	WPA	638	No	We will provide additional lighting for this polling place. No further issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Warwick Aylesford	Warwick Show Band Hall, Westend Centre Hampton Road CV34 6JP	WPB	1488	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Warwick Aylesford	The Oak Hall Chase Meadow Community Centre Narrow Hall Meadow CV34 6BT	WPD - Station A WPE - Station B	Station A - 1312 Station B - 1047	Yes	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Warwick Aylesford	St. Mary Immaculate Hall, West Street, Warwick, CV34 6AB	WPC	593	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Warwick Myton & Heathcote	Pickard Street Community Room Pickard Street Warwick CV34 4PT	WRE	583	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Warwick Myton & Heathcote	Warwickspace, (formerly Warwick Youth Centre), 71 Coten End, CV34 4NU	WRA	Station A - 1115 Station B - 20 Station C - 1301	No	The venue is slightly cramped. We have made contact with an alternative venue with little success. We will continue to monitor the polling place in the future.				
Warwick All Saints & Woodloes		WND							
Warwick Saltisford		WSG							
Warwick Saltisford	Church of Jesus Christ Of Latter Day Saints Meeting Room Saltisford/Birmingham Road/A425 CV34 4TT	WSD - Station A	Station A - 736	Yes	No issues identified as part of the polling station review and consultation. Continued use as a polling station.				
Warwick All Saints & Woodloes		WNH - Station B	Station B - 130						
		WNJ - Station C	Station C - 381						
Warwick Saltisford	Northgate Methodist Church Hall Barrack Street Warwick CV34 4TH	WSE - Station A WSF - Station B	Station A - 503 Station B - 334	Not in the polling station but there is within polling place	The venue has recently been refurbished and there is a portable ramp located at the main entrance. Continued use as a polling station.				
Warwick Saltisford	Saltisford Gardens Community Room Saltisford Gardens Warwick CV34 5RL	WSA	680	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Whitnash	St. Margarets Centre Egford Room Whitnash Road CV31 2HB	WTB - Station A	Station A - 1330	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Leamington Brunswick		WGF - Station B	Station B - 1381						

|									
Whitnash	Whitnash Civic Centre Acre Close Whitnash CV31 2ND	WTA	821	No	No issues identified as part of the polling place and station review and consultation. Hearing loop installed in conference room if required. Continued use as a polling station.				
Whitnash	Whitnash Methodist Church, Murcott Road East, Whitnash, CV31 2JJ	WTC	1159	No	No issues identified as part of the polling place and station review and consultation.				
Whitnash	St. Joseph`s Parish Centre, Murcott Road, Whitnash, CV31 2JJ	WTD - Station A WTD - Station B WTE - Station C	Station A - 826 Station B - 780 Station C - 1038	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Whitnash	Warwick Gates Community Centre, The Main Hall, Cressida Close, CV34 6DZ	WTF - Station A	Station A - 1469	No	No issues identified as part of the polling place and station review and consultation. Continued use as a polling station.				
Warwick Myton & Heathcote		WRC - Station B	Station B - 946						
		WRD - Station C	Station C - 1301						

WAA1

WAA2

Proposed New Polling Districts - Dec 2023

Scale: 1:20000 @A3 Drawn By: GIS

Date: 01/12/2023

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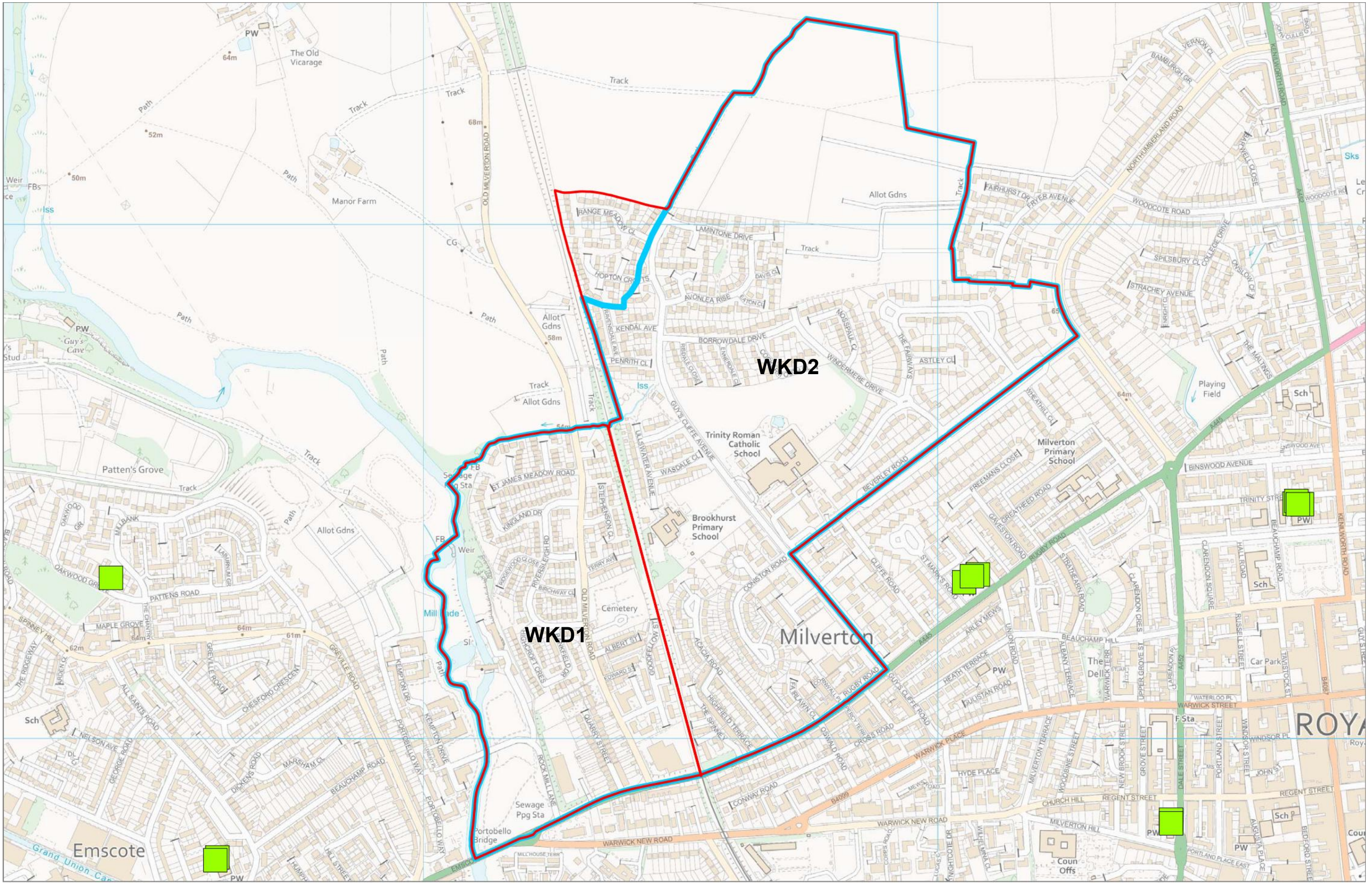
WARWICK
DISTRICT
COUNCIL

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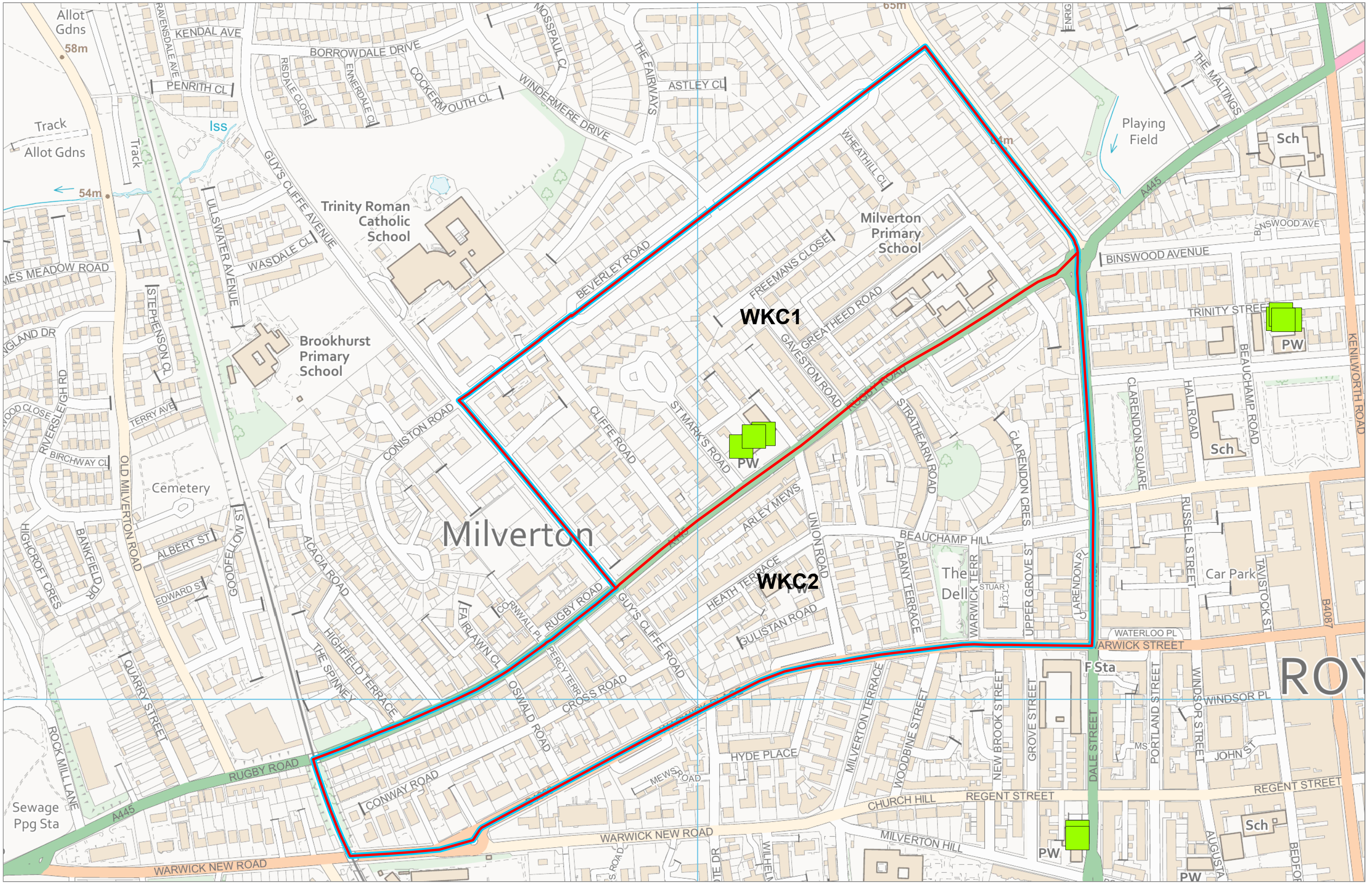
Proposed New Polling Districts - Dec 2023

Scale: 1:4000 @A3 Drawn By: GIS

Date: 01/12/2023

WARWICK DISTRICT COUNCIL

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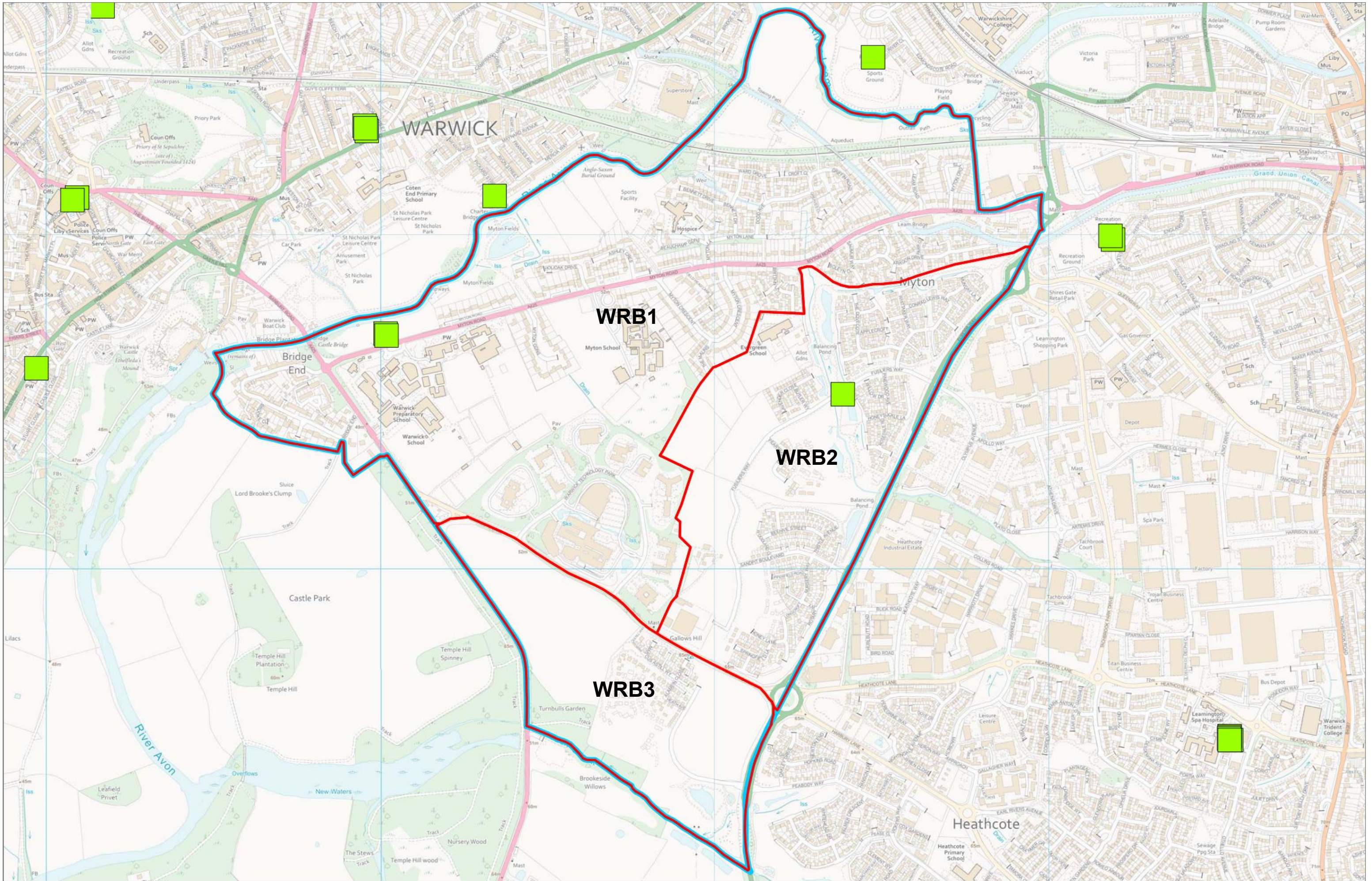
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Proposed New Polling Districts - Dec 2023

Scale: 1:6500 @A3 Drawn By: GIS

Date: 01/12/2023

Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire. CV32 5HZ

WARWICK DISTRICT COUNCIL

N

Proposed New Polling Districts - Dec 2023

Scale: 1:10000 @A3 Drawn By: GIS

Date: 01/12/2023

WARWICK DISTRICT COUNCIL

Riverside House, Milverton Hill, Royal Leamington Spa, Warwickshire. CV32 5HZ

N

Title: Review of 2023 Warwick District Council and Town & Parish Council elections
Lead Officer: Graham Leach Head of Governance & Monitoring Officer (graham.leach@warwickdc.gov.uk 01926 456114)
Portfolio Holder: Councillor Ian Davison
Wards of the District directly affected: All

Approvals required	Date	Name
Portfolio Holder	21/12/23	Ian Davison
Finance		Alex Elston
Legal Services		
Chief Executive & Returning Officer	21/12/23	Chris Elliott
Director of Climate Change	21/12/23	Dave Barber
Head of Service(s)	21/12/23	Graham Leach
Section 151 Officer	21/12/23	Andrew Rollins
Monitoring Officer	21/12/23	Graham Leach
Leadership Co-ordination Group	N/A	
Final decision by this Committee or rec to another Cttee / Council?	Yes	
Contrary to Policy / Budget framework?	No	
Does this report contain exempt info/Confidential? If so, which paragraph(s)?	No	
Does this report relate to a key decision (referred to in the Cabinet Forward Plan)?	No	
Accessibility Checked?	Yes	

Summary

The report provides a summary and learning points from the 2023 Local Elections. It also highlights key areas of concern for the delivery of any future election or referendum within Warwick District.

Recommendation(s)

(1)   That the content of the report be noted.

(2)   That the action plan as set out at appendix 1 be endorsed.

1   Reasons for the Recommendations

1.1   While the Committee is responsible for electoral matters, the delivery of any election is the sole responsibility of the Returning Officer. The Returning Officer for Warwick District is Chris Elliott (who is also the Chief Executive). However, it is important for this Committee to be aware of the challenges and issues faced in delivering the election for the District Council.

1.2   It is important to recognise that each election that is delivered has its own set of challenges and in most cases differences within the legislation or lines of responsibilities. While there are learning points within these reports some will apply to all elections and some will be specific for future all out elections for Warwick District Council.

1.3   The report covers the delivery of the elections themselves, from the initial planning through to the closure of the accounts (issuing of invoices to Parish/Town Councils). This timeline therefore covers a 15-month time period.

1.4   The Committee should be mindful that this is not the delivery of a single election, each individual ward or parish election needs to be taken as its own election. On polling day there were 39 contested elections (17 District Wards and 22 Town Wards) and a further 31 uncontested Parish/Town elections.

1.5   The review has been broken into themes of Core Staffing, Wider Staffing, Nominations, Polling Stations, The Count, Postal Votes and accounts. Within these there is a cross cutting theme of phase 1 of the Elections Act 2022 with phase 2 (the more demanding part) on the horizon for elections in May 2024 and beyond.

1.6   The Committee will note the two reports (one from the Electoral Commission and one from the Local Government Information Unit) listed in the supporting documents to this report. It is important the Committee takes time to read these ahead of the meeting as these draw out a number of the key issues faced with delivering elections on a national level which are reflected on a local level within Warwick District.

1.7   **Core Staffing**

1.7.1   In 2004 the Association of Electoral Administrators and Electoral Commission published a guide to establishing an effective Electoral Administration Team (the team delivering electoral register and all public elections & referendums). There is a need for a manager plus an officer for every 40,000 electors. For Warwick District Council that would provide a guide of 2.75FTE officers within the team. For May 2023 elections the team had 2.6FTE. In recognition of the increased demands on the team funding has been put in place for a further full-

time officer for two years and as a result since November 2023 the team comprises of 3.6fte.

1.7.2 However since 2004 the electoral framework has changed significantly, with the introduction of individual electoral registration, revisions to annual canvass, online voter registration, all of which place a greater need of legislative understanding and interpretation. This has been combined with more Neighbourhood Planning Referenda, the demands of the Elections Act 2022 which through phase one provide a requirement for greater accessibility of polling stations and the requirement of voter ID. This will be followed by phase 2 of the Act for 2024 elections with greater scrutiny and security of the postal vote process and votes for life for those entitled to vote who live outside the UK.

1.7.3 With these demands it is reasonable to consider that the ratio of demand on Electoral Services needs a ratio of no more than 40,000 electors per officer within the team, hence the additional resources that are within the WDC core team.

1.7.4 The Committee will also be aware that within the core Electoral Services Team a new officer joined the Team in October 2022 followed by a new manager of the Team in January 2023. The impact of change within a team cannot be underestimated when the team had only a few weeks to come together and deliver against deadlines for running an election in May.

1.7.5 The Electoral Services Manager (ESM) is line managed by the Head of Governance & Monitoring Officer. The Head of Governance is a new post to the Council, as part of the transition subsequent to the previous Deputy Chief Executive leaving the Council. This saw the post of Democratic Services Manager removed from the establishment. This change in role for the Head of Governance has meant they have been less able to provide direct day to day support for the Electoral Services Manager than within the previous role. In essence this means the ESM has a greater workload than the previous post holder.

1.7.6 With such significant change in Team membership and tacit knowledge lost with the previous Electoral Services Manager leaving, this naturally brought change within the team on learning understanding and delivery, as each Council will have its own approach to reaching the same conclusion. These factors combined created additional pressure on the team for delivering an election in May 2023.

1.8 **Wider Staffing**

1.8.1 For the 2023 election, 553 individuals were employed. These are employed by the Returning Officer, not Warwick District Council, therefore each one needs to go through the appropriate right to work checks including those who work for WDC. For comparison the current establishment of WDC is 509 individuals.

1.8.2 For this election there has been a move from a one-off payroll to a rolling payroll. There is a cost associated with this however, as if it was a one-off payroll then at the end of each election all staff are issued P45 and then have to go through right to work checks again (which also has a cost associated with it). Completing the right to work checks for all 553 individuals took six months and from 1 October 2022 this had to be completed in person rather than online.

1.8.3 For the May 2023 election, new guidance was provided by the EC for the numbers of staff in each polling station depending on the size of the electorate. This was increased to allow for more staff to be available to help with the

increased demands of Voter ID checks. This requirement was met in all bar one polling station, but this does not provide the detailed picture.

1.8.4 As reported in the two supporting documents nationally there was an issue with polling staff dropping out right up to the day of the election and overall reluctance to work in polling stations due to the increased responsibility of voter ID. The general fear was of voters' reactions when being declined the right to vote or having their ID questioned. This placed no greater responsibility on a presiding officer (as their say was always final on if you were entitled to vote) but did increase the likelihood of having to refuse a voter the right to vote.

1.8.5 The appointments of Presiding Officers and Poll Clerks took a significant amount of time and was delayed by the completion of the right to work checks. Significant requirement exercises had to be undertaken and presiding officers from other council areas that did not have elections were used. Therefore already it is known that there will be challenges in staffing polling stations in 2024. For that reason, a promotion and advertising campaign for the role is due to start in early 2024.

1.8.6 In complete contrast is the demand for staffing of postal vote opening and the count. Where both these roles were oversubscribed. This may change in 2024 if there is a need to count overnight as then the staff who will be working in polling stations will be less willing to the work on the count afterwards.

1.8.7 There is another risk to the Council. The Returning Officer is awaiting feedback on the May 2021 PCC election accounts that are with the Electoral Claims Unit (ECU). Views have been provided to other Returning Officers in Warwickshire specifically on the value of pay provided to Presiding Officers, Poll Clerks and milage payments as well. The ECU have said they are unwilling to pay for a fee greater than £255 for the PO and £160 for a poll clerk. The current fees (that WDC struggle to recruit are for standalone elections £261.39 and £186.84 but for combined elections £289.58 and £199.58 respectively). If the ECU stick to these fee levels, then this will provide a shortfall in the central funding this Council will then need to meet of circa £7622.50, for Polling Station Staff alone, for a standalone centrally funded election (e.g. PCC election).

1.8.8 While these values will be challenged if presented to WDC, as it is believed no allowance has been made for increase in pay since 2016 by the ECU, or respecting the national minimum wage. As an example, a Poll Clerk, for their fee, works 16 hours on polling day, plus an hour's training session beforehand and must include holiday pay. This will put the pay rate to per hour below the minimum wage and which will also be below the National Living wage proposed by the Chancellor of £11 per hour from April 2024.

1.8.9 The core team had greater support from the Council's HR team for this election for running the appointment process for each new starter at the elections this time. This will need refining for 2024 and future elections to ensure a smooth operation on file storage and work checks.

1.9 **Nominations**

1.9.1 There were 70 areas, with 283 number of seats for election within Warwick District. The team processed a total of 440 valid nominations, that led to the reported 39 contested elections.

1.9.2 There was feedback from candidates on the complex nature and format of the nomination papers used. The forms provided by WDC were the recommended template from the Electoral Commission. Officers provided additional guidance to candidates, including an annotated form, on how to complete them and some

positive feedback was received about this.

1.9.3 The nominations forms were accepted with significant support from officers in other departments. There were some reflections and learning for this work to refine the process, but considering the significant number of nominations, the most for any electoral cycle that will be received, this went exceptionally well.

1.9.4 The key to success were the clear instructions and training in advance plus shadowing and mentoring for the first few forms. Going forward while there will be fewer nomination forms until 2027, the process can be reviewed through greater use of real time data to manage appointments.

1.9.5 There were a few nominations that were incorrectly marked up by candidates and left with Reception staff rather than formally submitted. Thanks to the process in place these were identified just before close of nominations and were valid. Feedback was provided to the candidates in this instance and a revised checking process introduced with Reception teams.

1.9.6 The challenge for the next General Election and 2025 elections is the move away from Riverside House and where nominations will be received. This is being reviewed as part of the revised working arrangements. Due to the sensitivity and security around nominations (and in the case of General Election £500 deposit) it is likely they will be processed at the Town Hall. It should be noted for the PCC election in May 2024 WDC will not be the Returning Officer and therefore will not have nominations to process.

1.10 **Polling Stations**,

1.10.1 With the Elections Act 2022 there were new requirements placed on Returning Officers for the accessibility of polling stations https://www.legislation.gov.uk/uksi/2022/1309/made A desktop assessment was carried out, of all stations, based on the detailed drawings and photos undertaken as part of the preparations for the delivery of elections under Covid conditions in 2021. There were some areas of non compliance which were not able to be resolved prior to the election and were agreed would be considered as part of the mandatory polling district, place and station review in the Autumn of 2023).

1.10.2 Out of 81 polling places there are 15 which have some form of accessibility issue. These are being considered as part of the Polling Station review which is also reported on this agenda, where the challenges are explored in more detail. It should be noted though that WDC met all the mandatory requirements within the guidance where possible.

1.10.3 A number of the accessibility issues are proposed to be resolved through relocating polling stations to nearby buildings. However this is becoming increasingly hard to achieve all the criteria met especially when trying to keep the polling stations within the community it is serving. For those where accessibility remains a problem these will be directed to the Council's RUCIS grant scheme as a potential way for them to improve their facilities.

1.10.4 A learning point for the team was booking polling stations earlier when an election is known (i.e. scheduled elections for May 2024 could be booked as invoices are paid for 2023. This was more challenging for 2024 with the polling district review being undertaken but has this now been completed, as set out within the report on this agenda.

1.10.5 The big challenge which continues for the team is providing polling stations for new communities as developments are created and ensuring premises are

available to use as a polling station, for example the Europa Way development where a temporary building is used. While Temporary Buildings provide a solution they are costly (normally more than double the next most expensive polling station location), they struggle with accessibility issues and provide environmental challenges for polling staff working 16 hours within them (with extreme temperature changes possible).

1.11 **The Count**

1.11.1 This was held on Friday 5 May 2023. The decision had been taken to not count over night from Thursday in order to give the core officers some recovery time because the Count for multi seat wards is the most complex undertaken by the Council. This was made more complex by the Coronation being held on 6 May, followed by Bank Holiday Monday and new Councillors taking office on the Tuesday. This presented the challenge that the Count had to be completed on the Friday and more resources had to be used to ensure this was completed.

1.11.2 The Count was held in Hall 2 at Stoneleigh Park. This is a large venue with significant capacity and space to deliver any combination of election Count. This can provide benefit of having plenty of room but this can also have a negative effect with team members and the count being spread out over a large area.

1.11.3 For this election the count was split into three distinct counting areas with a Deputy Returning Officer being responsible for 1 and half of these areas each. This made it hard for the DRO to oversee and be visible to all the count areas they were responsible for at all times.

1.11.4 There was a significant challenge at this election with candidates and agents leaning over and on the count tables. This was a specific problem for Cubbington & Leek Wootton Ward, which is recognised was partly due to the number of interested parties and the small number of counters and table space for the Count. Either way at future Counts forward further work needs to be undertaken to provide a breathing space between the count tables and agents.

1.11.5 For the first time barcode tickets were used for entry and exit to the Count. This delayed tickets going out for the Count to staff, candidates and agents which in turn increased calls and contacts to the team. There were limitations found with the system used for issuing tickets to candidates and agents. Overall thought this was a successful first use and helped with accounting of staff time at the count and testing is underway for digital tickets to be used in May 2024

1.11.6 Reviewing the approach to tickets at future elections only staff will be scanned into (and out of) the building (as this makes calculating the payments to them easier with visual checks to other tickets. To support this the ticket scanning will be held closer to the entrance.

1.11.7 The return of ballot boxes from polling stations went well, with the majority of the paperwork in the correct places. This will be refined for May 2024 with new instructions around the return of marked registers as there is potential to make this easier for staff based on the feedback from presiding officers

1.11.8 In addition the Returning Officer has invested in some specific tamper proof numbered door seals for the rooms where ballot boxes are stored overnight, to show if the room has been entered without permission. These worked well and will be used at future elections, as required.

1.11.9 There were some minor areas that could be revised to improve the initial setup of the count tables for count staff and these checklists are being updated for future elections.

1.11.10 A continual challenge is the PA within the room and for future elections, although additional cost, a technician will be booked in to support the PA system.

1.11.11 The edging to each table takes time to setup and can be easily knocked off by candidates and agents leaning on it. This may be mitigated by providing a line which candidates and agents must remain behind but the team are also reviewing set up at other elections for potential alternative approaches.

1.11.12 With upgrades in IT it was possible to process postal votes at Stoneleigh Park rather than at Riverside House (as it had been for 2019 and 2021). At furue elections though there will be a dedicated area area for this so as not to impact on any count set up for the next day.

1.11.13 With upgrades to the elections management system and revisions to process this was the first opportunity at a district wide election for postal vote ballot paper account figures to be completed digitally. There was some challenges with this when verifying the contents of the postal vote ballot boxes which will need to be reviewed further during any future election.

1.11.14 There was a count verification which took significantly longer than others, but on review this was identified that the count supervisors did not follow the instructions or training provided. This could be due to officers completing the count instructions late and also only a training session being provided close to the election. This said the instructions cannot be completed until the after the close of nominations so all elections taking place are known and type to count.

1.11.15 For the first time for Warwick District the plan was to count (as recommended by the EC) the unused votes. This only applies to multiple seat wards and recording the number of unused votes i.e. if there are three seats for election but the elector only casts two votes. This allows for a more accurate count in verifying all papers have been counted. To undertake the count of multi seat wards counting sheets are used. The initial counting sheet had a line for recording unused votes but there was no line on the following summary sheets. This meant that central verification had to rely on assumptions for accuracy. Overall the team want review how we count for multiple seat elections and a review of the different approaches, as well as moving to counting into bundles of 10 rather than 25. Members should be assured that while this was challenging it does not cause risk to the count and all candidates and agents are consulted on the draft result for comment or challenge (provide opportunity for recount requests)

1.11.16 Using the digital count module within the EMS, rather than paper and excel based, brought some benefits with less queuing time and also declaration of results were printed (reducing risk of transposing results) and making the information clearer for the returning officer to announce.

1.11.17 There were positives from the Count with a new approach to staggering the start of each count (rather than waiting for verification to be completed). This also staggered lunch breaks which was welcomed by staff as it reduced queuing and ensured sufficient outside space was available. The count was also completed in line with expected times, especially with the pressure of a day to complete due to the Coronation the day after, and the following Monday being a bank holiday.

1.11.18 There were challenges with new Deputy Returning Officers, although having completed the appropriate training and worked on elections before, taking significant responsibility with such a significant election was a challenge without experience of undertaking the role at elections. The Returning Officer is committed to ensuring all potential Deputies have experience on elections before stepping up at an all out election however that was not possible this time. Going forward the new Deputy Chief Executive has now completed their training and for standalone by elections over coming years the Deputy Chief Executive, Programme Director for Climate Change, Head of Place Arts and Economy will lead on these with guidance from the Returning Officer and Electoral Services Manager.

1.12 **Postal Votes**

1.12.1 Members should note that all electors with postal votes had a pack for the District election and a separate one for parish/town wards. This is due to the limitations on set up for the packs and for the printer needing to know before close of nominations the specification. Overall postal vote return rate was 70.55% for District and 68.27% for Parish/Town Councils, which is considered a good response rate. This said for future elections the poll card letter will say to electors if they are to expect two postal packs and why, as there was some confusion with electors.

1.12.2 A new process was introduced this time where four officers went and inspected random samples of postal votes being issued by the Council printers to ensure they were correct. This was a new quality control measure. The team managed to check 3 in every 500 of the 32,000 postal packs issued in an afternoon and found no errors.

1.12.3 A new process was used internally for the sorting of postal votes before they were opened with a new team undertaking this work. It worked really well within a secure location and will be replicated at future elections.

1.12.4 As with the main count the plan is to move to opening postal votes in packs of 10 rather than 25. This will increase printing but will improve accuracy on counting and will make the feed through to the count easier as well.

1.12.5 With the Town Hall not being available in 2024 due to the future high street fund works, postal vote opening will be relocating. This will need to be within Saltisford 1 where the meetings rooms will have limited capacity and will increase pressure on the team. While other venues have been considered Saltisford 1 is the only one within WDC assets which has the necessary security and network in place.

1.12.6 The process for opening postal votes was revised this year and while more efficient in some areas it can be further revised again. With additional resources coming into the team there will be a dedicated officer within the team to lead this rather than using an external consultant (as in recent previous years). There was a new process using more technology rather than manual which significantly improved but there was a need for more scanners to process the ballot papers being checked to reduce wait time for staff.

1.12.7 There was an issue with Royal Mail not delivering post each day to Riverside House, during the time postal votes were being returned, then other days significant volumes. For future elections the Returning Officer has agreed to pay an additional fee to Royal Mail for a timed delivery (i.e. an expected (not guaranteed) time of post delivery).

1.13 **Expenses**

1.13.1 Each Candidate is required to return an expenses form to the Returning Officer. The burden for this is on the candidates with failure to do so potentially leading prosecution. Officers still spent significant time chasing all these (including for candidates where an election was not contested). While there is little that can be said in respect of learning, it is worth noting the impact that has on resources when looking to close down the election and move on to other work (including ensuring bills are paid so accounts can be completed).

1.14 **Elections Act 2022**

1.14.1 The Elections Act introduced the right for voter ID to be shown in polling stations. The media team designed and delivered a communications plan to spread the message about this locally. This was to supplement the Electoral Commission national campaign. There were conflicts between these campaigns for chasing the same advertising space. For example the EC said it was not advertising on buses in Warwick District (but Coventry) however some of the buses used were on routes in Warwick District and with companies WDC approached to advertise on.

1.14.2 It is very hard to assess how much the WDC had in terms of impact but for social media performance.

1.14.3 The other big change was the move from a poll card to a poll card letter, which increased costs (off set by new burdens funding) to ensure all the information could be included. There was no negative feedback on this to the Council.

1.14.4 There are further changes coming for the Elections Act in respect of postal vote applications (start on 31 October) with changes to arrangements and time limits for postal and proxy voting appointments, digital applications and limitations on handling applications. There will also be increased rights for overseas voters with the removal of the 15 years limit.

2 **Alternative Options**

2.1 The report is presented for information only and therefore no alternative options are provided.

3 **Legal Implications**

3.1 There are 10 pieces of legislative requirements for the delivery of elections, rather than a specific act as well as additional regulations and further guidance from the Electoral Commission. To help ensure that these are complied with the Returning Officer operates an elections project board which meets each month with representatives from all relevant teams across the Council and representatives from the Electoral Commission.

4 **Financial Services**

4.1 The election has cost more to deliver this year and the invoices to Parish & Town Councils are now being issued. The total cost of delivering the election was £462k. Recharges for each of the 31 uncontested parish/town elections for £300 each have been issued. For each of the other 22 contested Town Wards had been informed in May the estimated cost will be circa £19,000 per ward. Officers are continuing to work on apportioning the overall costs fairly including the ability to demonstrate to each Town Council how the cost is made up of. This is not always a straight 50/50 split of costs (which there can be for polling stations and staffing), in some instances WDC will take the whole cost for equipment that will be reused many times and others the cost is split by the total number of elections (39) and apportioned appropriately to the relevant Council.

4.2   Currently the election cost apportionment is £234k to Warwick District Council and £188k to Town and Parish Council's. The figures are being checked and due to be communicated to the Town Councils who had election on 22 December 2023.

4.3   There was new burdens funding (£95k) from the government for the introduction of the Election Act 2023. This was used to promote the requirements for voter ID and pay for the additional staff that were required within polling stations. Money from this is also being used to part fund an additional officer within the core elections team, in recognition of the additional responsibilities the team will have for phase 2 of the Elections Act. There is a chance that further future burdens grants will be provided by the government but the values of these have not been confirmed at this time.

4.4   Moving forward opportunities will be taken as part of the Change programme to look at improved efficiencies to reduce costs with delivering elections, however when the significant costs are postages, staffing and venue hire these each present their own challenges. For example the majority of communications that are now sent are a prescribed format and requirement, the number of staff used are set within the guidance by the EC and explanation has to be detailed where this is not used and with a growing population an increased number of polling stations (including temporary buildings) will be required to meet the legislation and EC requirements. This review will also look at improving the estimates process to ensure costs of inflation (for example Royal Mail) can be more accurately accounted for in advance.

5   Corporate Strategy

5.1   Warwick District Council has adopted a Corporate Strategy which sets three strategic aims for the organisation. This report does not directly relate to them in that it sets out the review of the May 2023 elections. However it does impact on the Council's finances through increase costs in delivery of elections

6   Environmental/Climate Change Implications

6.1   There are significant environmental impacts from delivering an election and over the years steps have been taken to try to minimise this through effective procurement for example of printing contracts and the papers/inks used for these. The area being considered next for improvement is the stationery packs purchased and used by presiding officers and if these can be produced differently. This is unlikely to change in 2024 simply because of the demand and unknown regarding the potential General Election.

7   Analysis of the effects on Equality

7.1   Significant work continues in terms of equality and delivering elections. Members will be aware of the campaigns regarding voter ID and providing information in additional languages, materials for which were provided by the Electoral Commission.

8   Data Protection

8.1   There are no specific data protection implications of the proposal.

9   Health and Wellbeing

9.1   There are no specific health and wellbeing implications from the report.

10   Risk Assessment

10.1   Each elections will run its own dedicated risk register managed by the election project board. This register is based on the template from the Electoral Commission.

Background papers:

None

Supporting documents:

[LGIU report on the impact of voter ID – the views of administrators](#)

[Electoral Commission Report on May 2023 Elections](#)

[Warwick District Council Elections 2023 Website](#)

Action Plan

Action	Why	When	Who
Additional Elections Officer within Team	The increased demand from Elections Act 2022 on the team	Implemented	Electoral Services Manager
Presentation to all WDC Councillors on Election Act Phase 2	Increase awareness for the changes and challenges that are faced	Dec 23/ Jan 24	Electoral Services Manager
Advertising campaign for polling staff	Increase in poll staff needed and high turnover in staff	Dec 23/Jan24	Elections Team & Communications
Training for front line staff on process for nominations and checking election post	The move out of RSH will mean no election staff based at the same venue as reception	Nominations – Mar 24 Election post - Nov 23/Dec 23	Elections Team & Customer Services & Corporate Support Team
Increased front line staffing during election period for increased demand	The increased demand with the new election laws.	April 24	Head of Governance & Elections Manager
RUCIS grants to help polling stations where we can	Polling places with accessibility issues where no alternative venue is available.	Jan 24	Electoral Services Manager
Refine count layout so based on two horseshoes rather than 3	Due to feedback from elections 23.	April 24	
Introduce a taped line in front of each count table that all agents and candidates have to stand behind	Due to May 23 elections candidates & agents caused interruptions to the counting process.	May 24	Count set up team
Work with Electoral Management System supplier for increasing the tickets that can be issued	To provide greater flexibility on Count ticket allocation for candidates and agents in line with regulations	Jan 24	Elections Team

Future elections only scan in staff and have this at point of entry	Less time consuming and easier to calculate payments.	May 24	Count Staff allocated
Security management with staff moving tables to get in and out due to entry point how to stop this?	This helps the venue to run more effectively and provides clear boundary between roles.	Feb 24	Count set up team
Green zipper bags to have marked registers in too, so we have control of them	Less time spent after the election searching bags for missing registers.	May 24	Elections Team
Increase initial provisions within stationery box allocated to each count table	There was a lot of time spent by count tables collecting additional materials form a central area, this could be reduced for future elections	April 24	Elections Team
Wire baskets or uses the plastic trays to count into.	For so many elections with significant number of candidates it was identified that insufficient wire baskets were held by the Council. These are used so all can clearly see where ballot papers are and indicatively (by volume) who has the most votes.	April 27	Elections Team
Technician support for PA system to ensure it can be heard through the hall	Improved understanding for all on what is happening at the Count	May 24	
Complete count instructions basics earlier (easier for PCC)	Count supervisors have more time to familiarise themselves with the instructions.	May 24	?
Counting sheets liaison with express to ensure unused votes included on templates	Efficient paperwork throughout	Apr 24	Elections team
For multi seats wards ensure more calculators are available for use by counters	Each area only had a calculator but some had three members of staff needing to use them. While most people have their	Mar 24	Elections team

	phone available appropriate resources should be provided by the Count.		
For all future elections move to counting in 10 rather than 25	This is considered easier for Count staff and while more clips are required it reduces errors.	May 24	Elections team
The returning Officer has to display official notices for elections. The location for this in 2024 is to be determined following the move from Riverside House	This will be reviewed on completion of the works at the Pump Rooms	March 24	Electoral Services Manager
Poll card letter to say why two postal packs	Confusion with electors	Mar 24	Electoral Services Manager

Voter ID data

99.95% of electors who came to vote in Warwick District Council's polling stations brought photo ID, which met the newly introduced voter ID requirements.

Collated figures across the area show 28,432 electors voted at 126 polling stations on 4 May.

In summary, 14 electors (0.05%) who attended a polling station to vote were not given a ballot paper because they did not meet the new voter ID requirements.

Across all polling stations, 106 electors were initially turned away throughout the day and 92 returned with acceptable ID and were able to vote. This means 86.79% of those initially turned away returned later in the day and were issued with a ballot paper.