

Time 2.00 pm **Public Meeting?** YES **Type of meeting** Regulatory

Venue Online Meeting

Membership

Chair Cllr Alan Butt (Lab)
Vice-chair Cllr Jonathan Yardley (Con)

Labour

Cllr Mary Bateman
Cllr Philip Bateman MBE
Cllr Craig Collingswood
Cllr Roger Lawrence
Cllr Barbara McGarrity QN
Cllr Lynne Moran

Independent Member

Mr Mike Ager
Mr John Humphries

Quorum for this meeting is two Councillors.

Information for the Public

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Agenda

Part 1 – items open to the press and public

Item No. *Title*

MEETING BUSINESS ITEMS

- 1 **Apologies for absence**
- 2 **Declaration of interests**
- 3 **Minutes of the previous meeting - 29 July 2020** (Pages 3 - 6)
[For approval].
- 4 **Matters arising**
[To consider any matters arising from the minutes].

DECISION ITEMS

- 5 **Update on the audit of the Statement of Accounts** (Pages 7 - 44)
[To receive an update on the audit of the Statement of Accounts from Grant Thornton].
- 6 **Covid-19 and Strategic Risk Register Update** (Pages 45 - 88)
[To provide an update on the key risks the Council faces and how it can gain assurance that these risks are being mitigated].
- 7 **Audit and Risk Committee - Annual Report** (Pages 89 - 100)
[To receive a summary of the main areas of work undertaken by the Audit and Risk Committee during 2019-2020].
- 8 **Internal Audit Update** (Pages 101 - 110)
[To note the contents of the internal audit report].
- 9 **Internal Audit Charter - Annual Review** (Pages 111 - 118)
[To review and approve the Internal Audit Charter].
- 10 **Counter Fraud Update** (Pages 119 - 164)
[To note the current position regarding the counter fraud work undertaken].
- 11 **Payment Transparency** (Pages 165 - 168)
[To receive an update on the Council's current position with regards to the publication of all its expenditure].

Attendance

Members of the Audit and Risk Committee

Cllr Alan Butt (Chair)
Cllr Jonathan Yardley (Vice-Chair)
Cllr Mary Bateman
Cllr Philip Bateman MBE
Cllr Craig Collingswood
Cllr Roger Lawrence
Cllr Lynne Moran
Mike Ager (Independent Member)
John Humphries (Independent Member)

Employees

Peter Farrow	Head of Audit
Jas Kaur	Democratic Service Manager (Host)
Claire Nye	Director of Finance
David Pattison	Director of Governance
Hayley Reid	Regulatory Governance Manager
Donna Cope	Democratic Services Officer
Mark Wilkes	Audit Business Partner
Emma Bland	Finance business Partner

External Auditors, Grant Thornton

Mark Stocks

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence**
Apologies for absence were received from Councillor Barbara McGarrity QN and Ian Cotterill, Audit Business Partner.
- 2 Declaration of interests**
There were no declarations of interest.

3 **Minutes of the previous meeting**

That the minutes of the previous meeting held on 22 June 2020 be approved as a correct record.

4 **Matters arising**

There were no matters arising from the minutes of the previous meeting.

5 **Covid-19 Risk Register Update**

Hayley Reid, Regulatory Governance Manager, presented an update on the Covid-19 Risk Register.

The Committee were advised that since the Covid-19 Risk Register was last presented in June 2020, a further risk titled 'Rising Unemployment' had been added to the Register.

In response to concerns raised, David Pattison, Director of Governance, assured Members that throughout the pandemic the Council had endeavoured to look after the most vulnerable members of society and continued to do so. He assured the Committee there was regular communication with care service providers and agreed to provide Members with a further update on this.

Following concerns raised, Peter Farrow, Head of Audit, informed Members of the work being done to identify fraudulent business claims. He stated that a lot of work had already been done pre-payment and a lot more was planned for the remainder of the year, post payment. Following the discussion, it was agreed that Mark Wilkes, Audit Business Partner, would provide a summary of returns at future meetings.

In response to concerns raised regarding care provisions for survivors of Covid-19 following their release from hospital, David Pattison, Director of Governance, agreed to liaise with the relevant officers to investigate the issues raised. He further agreed to liaise with the Chair of the Health Scrutiny Panel, and the Director of Public Health, to ensure any similar issues would be picked up through existing Council processes.

Resolved:

1. That the Council's Covid-19 risk register which detailed the risks faced by the Council as a result of the Covid-19 pandemic, as at Appendix 1 be noted.
2. That it be agreed that David Pattison, Director of Governance would update the Committee on the situation with care service providers.
3. That it be agreed that Mark Wilkes, Audit Business Partner, would provide a summary of business grant returns to future meetings.
4. That it be agreed that David Pattison, Director of Governance would liaise with the Chair of the Health Scrutiny Panel, the Director of Public Health and relevant officers, regarding home care provisions for survivors of Covid-19.

6 **Statement of Accounts 2019-2020**

Clare Nye, Director of Finance, presented the Council's approved draft Statement of Accounts for 2020-2021, which were subject to audit.

The key points were explained, and training sessions would be provided giving Members the opportunity to ask further questions and familiarise themselves with the

accounts before signing off the final set later in the year. Members were encouraged to read the draft statements and consider the impact of Covid-19 where applicable.

Resolved:

1. That it be noted that the Director of Finance approved the Draft Statement of Accounts 2019-2020 on 22 June 2020, in accordance with the revised deadline of 31 August 2020.
2. That it be noted that the 2019-2020 Draft Statement of Accounts was currently being audited by Grant Thornton UK LLP and was expected to continue through to the end of August 2020. Any material changes required as a result of the audit were expected to be reported to the Audit and Risk Committee in September 2020. However, these dates could change due to the unprecedented situation related to COVID-19.
3. That it be noted that formal approval by the Council and publication of the 2019-2020 Statement of Accounts was required by 30 November 2020.
4. That it be noted that the Statement of Accounts incorporates a copy of the Annual Governance Statement as required by the Accounts and Audit Regulations 2015.
5. That the Grant Thornton in-depth insight into the impact of Covid-19 on financial reporting in the local government sector be noted.

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CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 28 September 2020
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Report title	Update on the audit of the Statement of Accounts	
Cabinet member with lead responsibility	Councillor Louise Miles Cabinet Member for Resources	
Accountable director	Claire Nye, Director of Finance	
Originating service	Strategic Finance	
Accountable employee	Emma Bland	Finance Business Partner
	Tel	01902 553928
	Email	Emma.Bland2@wolverhampton.gov.uk
Report to be/has been considered by	None.	

Recommendation for noting:

The Committee is asked to note:

1. The Audit Findings Progress Report provided by Grant Thornton.

1.0 Purpose

- 1.1 To provide an update on the statutory audit of the Council's financial statements for the year ended 31 March 2020, including key findings to date.

2.0 Background

- 2.1 Previously the draft Statement of Accounts have been required by statute (The Accounts and Audit Regulations 2015) to be prepared and approved by the Section 151 Officer by 31 May. However, given the unprecedented situation across the UK relating to COVID-19, new regulations, (the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404) extended the deadline from 31 May 2020 to 31 August 2020, to reduce pressure on authorities.
- 2.2 The accounts are currently being audited by the Council's appointed external auditors, Grant Thornton; the statutory deadline for publication of the audited Statement of Accounts is 30 November 2020 (also extended from 31 July 2020).
- 2.3 A copy of Grant Thornton's update is attached at Appendix 1.
- 2.4 In accordance with international auditing standards, the council is required to confirm to the external auditor that it has complied with all relevant requirements and provided all relevant information to the auditor. This takes the form of a Management Representation letter, which is required to be signed by the Director of Finance prior to submission to the auditor.

3.0 Financial Implications

- 3.1 The statement, and the forthcoming audit of those statements by the external auditors, is an important element of the accountability and transparency of the Council's finances.
[EB/17092020/H]

4.0 Legal implications

- 4.1 The Secretary of State makes the Accounts and Audit Regulations in exercise of powers conferred by the Local Audit and Accountability Act 2014. The Accounts and Audit Regulations 2015 require the 2019-2020 Statement of Accounts be produced in accordance with proper practice.
- 4.2 This is exemplified by the Code of Practice on Local Authority Accounting which is published by CIPFA.
- 4.3 The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020 No. 404 require that the accounts are approved by 31 August 2020 and published by 30 November 2020.

[TS/17092020/W]

5.0 Equalities implications

5.1 There are no equality implications arising from the recommendation in the report.

6.0 Climate Change and Environmental implications

6.1 There are no climate change and environmental implications arising from the recommendation in this report.

7.0 Human resources implications

7.1 There are no human resource implications arising from the recommendation in this report.

8.0 Corporate landlord implications

8.1 There are no implications for the council's property portfolio arising from the recommendation this report

9.0 Health and Wellbeing Implications

9.1 There are no health and wellbeing implications arising from the recommendation in this report.

10.0 COVID Implications

10.1 COVID implications are covered in the appendices attached.

11.0 Schedule of background papers

11.1 There are no schedule of background papers.

12.0 Appendices

12.1 Appendix 1 – The Audit Findings for City of Wolverhampton Council – Progress Report.

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The Audit Findings for City of Wolverhampton Council – Progress Report

This version of the report is a draft. Its contents and subject matter remain under review and its contents may change and be expanded as part of the finalisation of the report.

Year ended 31 March 2020

28 September 2020

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Headlines

This table summarises the key findings and other matters arising from the statutory audit of City of Wolverhampton Metropolitan Borough Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2020 for those charged with governance, to date.

<p>Covid-19</p>	<p>The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the group and Council, such as administration of grants to businesses, closure of schools and car parks with additional challenges of reopening services under new government guidelines as well as redeployment of staff to work on all of the above.</p> <p>The Council sensibly undertook a trial run ahead of lockdown being announced to ensure that its systems were able to function remotely, which enabled teething problems in terms of access to systems to be worked through.</p> <p>Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020.</p>	<p>We updated our audit risk assessment to consider the impact of the pandemic on our audit and issued an audit plan addendum on 22 June 2020. In that addendum we reported an additional financial statement risk in respect of Covid -19 and highlighted the impact on our VfM approach. Further detail is set out on page 6.</p> <p>Restrictions for non-essential travel has meant both Council and audit staff are conducting the audit on a wholly remote basis. This has necessitated greater reliance on technology than usual for these remote working arrangements eg video calling, physical verification of assets and completeness accuracy of information produced by the entity. Remote working has brought challenges, which have been particularly pronounced in undertaking sampling work, where remote working has not quite been able to replicate the efficiencies of being in the same building and having discussions in person.</p> <p>The completion of our work by the deadline will be dependent on receiving satisfactory responses to all outstanding queries, but we thank officers for their cooperation and assistance to date.</p>
<p>Financial Statements</p>	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the group and Council's financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. <p>We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p>	<p>Our audit work is in the process of completing. It began in mid-June and will be completed by the statutory deadline subject to satisfactory resolution of outstanding work and all outstanding queries. Our findings to date are summarised on pages 5 to 22.</p> <p>We have raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.</p> <p>The status of our work is set out on the following page and while we have not identified any matters to date that would require modification of our audit opinion, clearly this is subject to the completion of outstanding work.</p> <p>We will however be including an Emphasis of Matter paragraph, highlighted material uncertainties with regard to the valuation of land and buildings, housing, and investment properties due to the issues raised by the Council's valuers in their valuation reports. The issues raised are common across all Councils valuations. The use of an Emphasis of Matter paragraph is not indicative of any control weaknesses; it simply reflects the valuer's conclusions that as a result of the Covid-19 pandemic and the subsequent lockdown and impact on market activity, less certainty – and a higher degree of caution – should be attached to their valuations than would normally be the case.</p>

Headlines

This table summarises the key findings and other matters arising from the statutory audit of City of Wolverhampton Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2020 for those charged with governance.

<p>Value for Money arrangements</p>	<p>Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report if, in our opinion, the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources ('the value for money (VfM) conclusion').</p>	<p>We are in the process of completing our risk based review of the Council's value for money arrangements.</p> <p>We have updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We have not identified any new VfM risks in relation to Covid-19.</p> <p>We have identified nothing to date that indicates that the Council does not have proper arrangements to secure economy, efficiency and effectiveness in its use of resources but our work is still ongoing as at the time of writing. This is particularly the case in respect of the risk of the financial resilience risk we identified, where we are in dialogue with the Director of Finance and her team with respect to the ongoing impact of Covid on the Council's finances.</p> <p>We will update the Committee further on the conclusions from our work at its next meeting.</p>
<p>Statutory duties</p>	<p>The Local Audit and Accountability Act 2014 ('the Act') also requires us to:</p> <ul style="list-style-type: none"> • report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and • To certify the closure of the audit. 	<p>We have not exercised any of our additional statutory powers or duties.</p> <p>We expect to be able to certify the completion of the audit when we give our audit opinion but this will be dependent on the procedures pertaining to the whole of government accounts being complete which we undertake on behalf of the National Audit Office.</p>

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times.

Status of the audit

The outstanding matters as at the time of writing are set out below.



- completion of our work on pensions, namely receipt of assurances from the auditor of the West Midlands Pension Fund and an explanation from the actuary for the £76.9m experience loss items shown in the reconciliation of the closing defined benefit obligation
- consideration of the work of the Council's valuers and sample testing of properties revalued to supporting information. This applies to other land and buildings as well as council dwellings
- final manager and engagement lead review of all of the above once completed
- our review of the value of the Council's shares in Birmingham Airport Holdings Limited. This involves input from BDO, other West Midlands Councils and our internal valuation team.

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- review of component auditor's audit files in respect of Wolverhampton Homes Limited and City of Wolverhampton Housing Company Limited to give us assurance over the figures used for the consolidation of the group accounts
- completion of our work on the value for money conclusion
- completion of our work on the Council's financial instrument disclosures
- consideration of the evidence provided in support of journals testing
- completion of our assets existence testing



- completion of our review of pooled budget disclosures, minimum revenue provision, movement in reserves statement, expenditure and funding analysis, and other interest payments
- receipt of the Council's WGA pack and completion of our procedures thereon. Deadlines for cycles 1 and 2 are 30 September and 4 December respectively
- obtaining and reviewing the updated financial statements
- obtaining and reviewing the management letter of representation
- updating our post balance sheet events review, to the date of signing the opinion

Status

- Likely to result in material adjustment or significant change to disclosures within the financial statements
- Potential to result in material adjustment or significant change to disclosures within the financial statements
- Not considered likely to result in material adjustment or change to disclosures within the financial statements

Audit approach

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents will be discussed with the Audit and Risk Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the group and Council's business and is risk based, and in particular included:

- An evaluation of the internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of the group's gross revenue expenditure to assess the significance of the component and to determine the planned audit response; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Audit approach (continued)

We have had to alter our audit plan, as communicated to you on 22 June 2020, to reflect our response to the Covid-19 pandemic.

- We set out the key aspects of our proposed response to the significant risk we identified (which are those risks that have a high risk of material misstatement). This included action such as working with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and ensuring sufficient, corroborating audit evidence could be obtained
- We updated our VfM risk assessment to document our understanding of your arrangements to ensure critical business continuity in the current environment. We did not identify any new VfM risks in relation to Covid-19.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels have been updated to those reporting in our audit plan due to gross revenue expenditure in the draft financial statements being different to the forecasts upon which we had based our planning materiality on. Updated materiality thresholds are shown overleaf alongside the thresholds originally reported to you in our Audit Plan shown in brackets.

Summary

Our approach to materiality

We detail in the table below our determination of materiality for City of Wolverhampton Council. The amounts in '()' relates to the materialities used in the prior year.

	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	12,500,000 (13,100,000)	12,400,000 (13,000,000)	We determined materiality for the audit of the Council's financial statements as a whole to be £12,500,000, which is approximately 1.5% of the Council's gross operating expenses. This benchmark is considered the most appropriate because we consider users of the financial statements to be most interested in how it has expended its revenue and other funding.
Performance materiality	9,375,000 (9,825,000)	9,300,000 (9,750,000)	<p>We use a different level of materiality, performance materiality, to drive the extent of our testing and this was set at 75% of financial statement materiality for the audit of the financial statements.</p> <ul style="list-style-type: none"> • Our consideration of performance materiality is based upon a number of factors: • We have not historically identified significant control deficiencies as a result of our audit work • We are not aware of a history of significant deficiencies or a high number of deficiencies in the control environment • There has not historically been a large number or significant misstatements arising as a result of the financial statements audits at the Council • Senior management and key reporting personnel in the finance function has remained stable from the prior year audit
Trivial matters	625,000 (655,000)	620,000 (650,000)	We determined the threshold at which we will communicate misstatements to the Audit and Risk Committee to be £620,000, which is 5% of materiality.
Materiality for specific transactions, balances or disclosures	Remuneration of senior officers: £40k		In accordance with ISA320 we have considered the need to set lower levels of materiality for sensitive balances, transactions or disclosures in the accounts. We consider the disclosures of senior manager's remuneration to be sensitive as we believe these disclosures are of specific interest to the reader of the accounts.

Significant audit risks

Risks identified in our Audit Plan

Covid- 19

Auditor commentary

We:

- worked with management to understand the implications the response to the Covid-19 pandemic had on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported specifically as a result of Covid-19 but they have been revised to reflect the draft gross revenue expenditure. The draft financial statements were provided on 22 June 2020;
- liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the Council's property valuation expert;
- evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic;
- evaluated whether sufficient audit evidence could be obtained through remote technology;
- evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations ;
- evaluated management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment;
- discussed with management the implications for our audit report where we have been unable to obtain sufficient audit evidence.
- engaged the use of auditor experts in respect of PPE valuations – refer to pages 14 to 16 for further detail on this work.

The following issues arose from our work.

Valuation - in their reports, the Council's valuers have confirmed that as a result of the Covid-19 pandemic and the subsequent lockdown and impact on market activity, less certainty – and a higher degree of caution – should be attached to their valuations than would normally be the case. Their valuations are reported on the basis of 'material valuation uncertainty'. The Council have reflected this uncertainty in Note 15C to the financial statements and we will refer to these material valuation uncertainties in our audit report.

Disclosures - we have requested that the Council updates its disclosure of post balance sheet events, to include information relating to funding received for COVID since 1 April 2020 and any other income loss or increases in expenditure.

Significant audit risks

Risks identified in our Audit Plan

The revenue cycle includes fraudulent transactions

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Auditor commentary

Having considered the risk factors set out in ISA240 and the nature of the revenue streams, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- there is little incentive to manipulate revenue recognition.
- opportunities to manipulate revenue recognition are very limited.
- the culture and ethical frameworks of local authorities, including the Council and Fund, mean that all forms of fraud are seen as unacceptable.

Therefore we do not consider this to be a significant risk for City of Wolverhampton Council's single entity accounts or the group accounts.

We have however:

- evaluated the Council's accounting policy for recognition of revenues for appropriateness
- performed substantive testing on material revenue streams; and
- reviewed unusual significant transactions.

Our audit work has not identified any issues in respect of improper revenue recognition though note that as per page 5 some of our work is still underway and therefore this conclusion could be subject to change.

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement. The main mechanism through which this could occur is through the posting of manual journals amending the reported financial performance. We therefore review the controls established relating to manual journals, including those for authorisation of manual journals.

We have:

- gained an understanding of the accounting estimates, judgements applied and decisions made by management and considered their reasonableness
- obtained a full listing of journal entries, identify and tested unusual journal entries for appropriateness
- evaluated the rationale for any changes in accounting policies or significant unusual transactions.

We identified from our review of the journal control environment in previous years that both the Chief Accountant and the Director of Finance had the ability to post journals. From our work during this year's audit we note that journal posting rights for these individuals have now been removed. However, there was a period during the financial year ending 31 March 2020 whereby the ability to post journals still existed. As this does not constitute best practice we engineered our testing to obtain an appropriate level of assurance that this weakness did not give rise to a possible material misstatement. From the testing performed to date we are content that these individuals did not post any journals during the period.

From the sample testing of journals done to date we have found that they were appropriate, eligible and valid, and can be agreed to supporting evidence. However as per page 5 some of our work is still underway and therefore this conclusion could be subject to change.

For more in-depth consideration of the Council's judgements and estimates please refer to pages 14 to 19.

Other audit risks

Risks identified in our Audit Plan

Valuation of land and buildings

The Authority revalues its land and buildings on a rolling basis to ensure that the carrying value is not materially different from the current value or fair value (for surplus assets) at the financial statements date.

This valuation represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.

Management have engaged the services of valuers to estimate the current value as at 31 March 2020.

We therefore identified valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement.

We do not consider this risk to apply to the other components within the group as neither Wolverhampton Homes Limited or City of Wolverhampton Housing Company Limited has land and buildings, which it carries as property, plant and equipment

Auditor commentary

We have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work
- evaluated the competence, capabilities and objectivity of the valuation expert
- written to the valuer to confirm the basis on which the valuations were carried out
- tested on a sample basis revaluations of the Council's operational properties, investment properties, and HRA properties during the year to ensure they have been input correctly into the Council's asset register and financial statements.

Audit Findings

We are in the process of challenging the information and assumptions used by the valuer to assess completeness and consistency with our understanding. We are also evaluating the assumptions made by management for any assets not revalued at 31 March 2020, including those in the HRA, and how management has satisfied themselves that the carrying value of these assets in the balance sheet is not materially different to their current value.

In their reports, the Council's valuers have confirmed that as a result of the Covid-19 pandemic and the subsequent lockdown and impact on market activity, less certainty – and a higher degree of caution – should be attached to their valuations than would normally be the case. Their valuations are reported on the basis of 'material valuation uncertainty'. The Council have reflected this uncertainty in Note 15C to the financial statements and we will refer to these material valuation uncertainties in our audit report as an emphasis of matter.

Council Dwellings revaluation

The valuation report for Council dwellings does not reflect Council Dwelling Asset additions and disposals made during the year. The additions relate primarily to new build properties, and the Council have attributed their own value to these properties, by using 2015 valuation data as a proxy. In the draft financial statements the carrying value on the balance sheet is the valuation per the valuer, plus additions and less disposals not notified to the valuer, plus enhancement expenditure of £21.4m incurred during the year. While the Council has followed the same process as last year we have asked the Council to inform the valuer of these subsequent changes and expenditure by requesting a revised valuation report to determine the impact if any on the valuation of Council Dwellings at 31st March 2020.

Investment Property and Land and Building revaluation

Similarly the amount recognised in the balance sheet for those assets subject to valuation in 2019/20 is the valuer's valuation plus enhancement spend in the region of £14m. There is also £6.2m of spend on new assets during

Other audit risks

Risks identified in our Audit Plan

Valuation of land and buildings

(continued)

Auditor commentary

Investment Property and Land and Building revaluation (continued)

2019/20 which has not been subject to valuation and is therefore being carried at historic cost, (the largest element of which is £5.2m for Oxdale Primary School).

As with Council Dwellings, while the Council has followed the same process as last year the Council have informed their valuer Bruton Knowles of the level and nature of the enhancement/new asset expenditure and requested that they revise their valuation to take account of this in year spend.

Investment Property asset misclassification

A reconciliation between the valuers report for Investment Property and the Asset Register has identified one asset which has been incorrectly included within the Other Land and Building category, instead of Investment Property. Other Land and Buildings are therefore overstated by £713k, and Investment Property understated by the same amount. This is a disclosure correction only and has no impact on the Council's surplus position

Revaluation reserve

The workpaper provided by the Council in support of its revaluation reserve shows a balance of £145.9m as at 31 March 2020. This is £2.4m larger than the closing revaluation reserve balance in Note 13 of the draft financial statements. As this variance is above our levels of tolerance it has been reported to the officers who are in the process of investigating.

Conclusion

At the time of writing this report, our detailed work on the Council's valuations is ongoing. There are significant queries that we are still discussing with the Council's valuer in relation to the approach used and assumptions applied. In addition, we will complete detailed testing to agree the key inputs for a sample of valuations to supporting evidence, and consider the movements year-on-year. This work is not complete, and may result in further findings.

Valuation of the pension fund net liability

The Council's pension fund net liability, as reflected in the balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£615 million in the balance sheet) and the sensitivity of the estimate to changes in key assumptions. We identified valuation of the pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls
- evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work
- assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation
- assessed the accuracy and completeness of the information provided to the actuary to estimate the liability
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary

Other audit risks

Risks identified in our Audit Plan

Valuation of the pension fund net liability (continued)

International Financial Reporting Standard (IFRS) 16 Leases – (issued but not adopted)

Auditor commentary

- completed procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within that report

In agreeing the statement of accounts to the actuarial reports a number of differences were identified. While the primary statements had been updated to reflect a revised actuary report received by the Council, Note 9 had been erroneously omitted from this update. Note 9 has now been corrected accordingly.

The Council's actuaries have reported a net defined liability comprising significant "experience" items of £76.9m. These are material and therefore we are investigating the breakdown of this amount to determine that items included are appropriate. We are in dialogue with our counterparts in the pension fund who have liaised with the actuary and comments have been provided which we are in the process of considering.

At the time of writing this report, the impact of the Goodwin judgement on LGPS is being considered by the NAO and their auditor expert PWC, and this may result in further audit queries.

Our audit work has not identified any other issues in respect of the valuation of the Council's pension fund net liability.

We noted in our audit plan that the public sector will implement this standard from 1 April 2020.

The guidance has subsequently been amended to be implemented from 1 April 2021. It will replace IAS 17 Leases, and the three interpretations that supported its application (IFRIC 4, Determining whether an Arrangement contains a Lease, SIC-15, Operating Leases – Incentives, and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). Under the new standard the current distinction between operating and finance leases is removed for lessees and, subject to certain exceptions, lessees will recognise all leases on their balance sheet as a right of use asset and a liability to make the lease payments.

In accordance with IAS 8 disclosures of the expected impact of IFRS 16 should be included in the Council's 2019/20 financial statements. The Council has included its anticipated impact in Note 15E to the financial statements.

We have had sight of the registers that the Council has put in place to track the leases held and the resultant impact the change in accounting standards will have.

It has estimated that there will be a non-material difference of £2.8million on the balance sheet which will increase the Council's liabilities. The Council is anticipating a negligible impact on expenditure.

We have no issued to report in respect of this risk.

Significant findings arising from the group audit

Along with the full audit procedures on the Council's financial statements, we are required to complete specific procedures on transactions and balances within the financial statements of other bodies in the group, where those transactions and balances are material to the group's financial statements.

Component	Component auditor	Findings	Group audit impact
Wolverhampton Homes Limited	Grant Thornton UK LLP	<p>We requested that the component auditor undertake work in the following areas to provide us with the necessary assurance for the group audit:</p> <ul style="list-style-type: none"> Valuation and allocation pertaining to the net pension liability as this is a figure which is material to the group accounts Consideration of the impact of Covid-19 on the financial statements as the risk is pervasive to the group accounts as a whole. 	Conclusion outstanding pending our review of the component auditor's work.
City of Wolverhampton Housing Company Limited	Grant Thornton UK LLP	<p>We requested that the component auditor undertake work in the following areas to provide us with the necessary assurance for the group audit:</p> <ul style="list-style-type: none"> Valuation and existence of inventories as this is a figure which is material to the group accounts Consideration of the impact of Covid-19 on the financial statements as the risk is pervasive to the group accounts as a whole. 	The audit work by the component auditor has not yet been undertaken as at the time of writing (it is due for completion during September and early October) and therefore our conclusion is outstanding pending completion of this work and our review thereon.

We have reperformed both the group balance sheet and group CIES consolidations, and completed targeted audit procedures on material balances and consolidation adjustments as referred to above.

In addition we have reviewed the group cash flow statement and group MIRS for consistency with other work performed.

Our work on the consolidation process has not identified any issues to date to bring to your attention.

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
Council Dwellings Draft: £838m Final: TBC	<p>The Council owns in excess of 22,000 properties and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties.</p> <p>The Council has engaged Jones Lang Lasalle to complete the valuation of these properties. The total net book value of Council Dwellings was £838m, a net increase of £87m from 2018/19 (£751m).</p> <p>Management and their valuer have considered a range of available indices, and have used this to determine an appropriate estimate for the indexation of the Council's dwellings.</p> <p>In line with RICS guidance, the Council's valuer disclosed a material uncertainty in the valuation of the Council's land and buildings at 31 March 2020 as a result of Covid-19. The Council has included disclosure of this in Note 15C.</p>	<ul style="list-style-type: none"> We have engaged our own valuer to assist with our work and challenge in this area. We have no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council. The housing stock has been divided using the external valuer's judgements and knowledge on 'Local Connections' to ensure that the stock is subdivided into groups that is deemed to be reasonable homogenous in value. This is a slight amendment to the methodology used in previous years which was based on asset group. The change has been applied in order to provide amore granular level of detail than was previously the case We have considered the indices that the valuer has used in performing the valuation and are discussing the appropriateness of these with the Council and its valuer. Disclosure of the estimate in the financial statements is considered adequate. We will refer to the uncertainties disclosed in Note 15C in our audit report. We have considered the completeness and accuracy of the underlying information used to determine the estimate. <p>Our work in this area is ongoing and we are actively engaging with the Council's valuer on these matters. In particular we have queried the significant increase between last years valuation and this. The figure of £87m includes additions and disposals: the revaluation increase alone is £56m which is still significant at 7.5%. We have asked the Council, in conjunction with its valuer, to provide evidence that the change in revaluation is due to a legitimate increase in value, and not indicative of errors either in this year's or the prior year's valuations.</p>	 (TBC)

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Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
<p>Other Land and Buildings</p> <p>Draft: £444m</p> <p>Final: TBC</p>	<p>The Council has engaged Burton Knowles to complete the valuation of these properties.</p> <p>The Council requires assets in excess of £1m to be valued annually and the remaining assets are subject to a full, formal valuation on a five yearly cyclical basis.</p> <p>The Council seeks assurance that any assets not valued as at 31 March 2020 are not being held at a value which would be materially different to if they had been valued as at the balance sheet date. They do this through a desktop review undertaken by their valuers to test for any material movement in market value.</p> <p>Other land and buildings revalued in 2019/20 comprised specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision.</p> <p>The remainder of other land and buildings revalued in 2019/20 are not specialised in nature and are required to be valued at existing use value (EUV) at year end.</p> <p>The total net book value of Other land and buildings was £444m, a net decrease of £11m from 2018/19 (£455m). Management and their valuer have taken into account available market data, and considered a range of available indices, and have used this to determine an appropriate estimate for the indexation of the Council's land and buildings. In line with RICS guidance, the Council's valuer disclosed a material uncertainty in the valuation of the Council's land and buildings at 31 March 2020 as a result of Covid-19. The Council has included disclosure of this in Note 15C.</p>	<ul style="list-style-type: none"> • We have engaged our own valuer to assist with our work and challenge in this area. • We have no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council. • There have been no changes to the valuation method this year. • We have considered the movements in the valuations of individual assets and their consistency with indices provided by Gerald Eve as our auditor's expert. At the time of writing this report, we are still discussing the appropriateness of the indices and assumptions used by the Council's valuer with the valuer. • Disclosure of the estimate in the financial statements is considered adequate. We will refer to the uncertainties disclosed in Note 15C in our audit report. • We have considered the completeness and accuracy of the underlying information used to determine the estimate. <p>Our work in this area is ongoing and we are actively engaging with the Council's valuer on these matters.</p>	<p>●</p> <p>(TBC)</p>

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Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
Investment Property Draft: £35m Final: TBC	<p>The Council has a number of assets that it has determined to be investment properties. Investment properties must be included in the balance sheet at fair value (the price that would be received in an orderly transaction between market participants at the measurement date) so these assets are valued every year at 31 March.</p> <p>The Council has engaged Bruton Knowles to complete the valuation of these properties.</p> <p>The year end valuation (net book value) of the Council's investment property portfolio was £35m a net decrease of £0.7m from 2018/19 (£34.3m).</p> <p>Management and their valuer have taken into account available market data at 31 March 2020.</p> <p>In line with RICS guidance, the Council's valuer disclosed a material uncertainty in the valuation of the Council's Investment Property at 31 March 2020 as a result of Covid-19. The Council has included disclosure of this in Note 15C.</p>	<ul style="list-style-type: none"> We have engaged our own valuer to assist with our work and challenge in this area. We have no concerns over the competence, capabilities and objectivity of the valuation expert used by the Council. There have been no changes to the valuation method this year. Disclosure of the estimate in the financial statements is considered adequate. We will refer to the uncertainties disclosed in Note 15C in our audit report. We have considered the completeness and accuracy of the underlying information used to determine the estimate. At the time of writing this report, we are in the process of testing supporting information for the detailed calculations of property valuations provided by the Council's valuers in order to perform testing to confirm that the key inputs in the valuations are accurate. <p>Our work in this area is ongoing and we are actively engaging with the Council's valuer on these matters.</p>	 (TBC)

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Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
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Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment																								
<p>Net pension liability</p> <p>Draft: £615m</p> <p>Final: TBC</p>	<p>Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £19m net actuarial gain during 2019/20 (£25m for the group as a whole).</p> <p>The Council's net pension liability as at 31 March 2020 is £615m (£649m for the group) comprising obligations under the West Midlands Pension Fund Local Government pension scheme.</p> <p>The Council uses Barnett Waddingham to provide actuarial valuations of the Council's assets and liabilities derived from this scheme.</p> <p>A full actuarial valuation is required every three years. The latest full actuarial valuation was completed in 2019. A roll forward approach is used in intervening periods which utilises key assumptions such as life expectancy, discount rates, salary growth and investment return.</p>	<ul style="list-style-type: none"> We have no concerns over the competence, capabilities and objectivity of the actuary used by the Council. We have used the work of PwC, as auditors expert, to assess the actuary and assumptions made by the actuary. See below for consideration of key assumptions in the West Midlands Pension Fund valuation as it applies to City of Wolverhampton Council. <table border="1"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>2.35% (rounded up in accounts to 2.4%)</td> <td>2.35%</td> <td>● (G)</td> </tr> <tr> <td>Pension increase rate</td> <td>1.90%</td> <td>1.85%-1.95%</td> <td>● (G)</td> </tr> <tr> <td>Salary growth</td> <td>2.9%</td> <td>2.85%-2.95% scheme-specific</td> <td>● (G)</td> </tr> <tr> <td>Life expectancy – Males currently aged 45 / 65</td> <td>45: 23.8 65: 21.9</td> <td>22.8 - 24.7 21.4 - 23.3</td> <td>● (G)</td> </tr> <tr> <td>Life expectancy – Females currently aged 45 / 65</td> <td>45: 26.0 65: 24.1</td> <td>25.2 – 26.2 23.7 – 24.7</td> <td>● (G)</td> </tr> </tbody> </table> <ul style="list-style-type: none"> No issues were noted with the completeness and accuracy of the underlying information used to determine the estimate. There have been no changes to the valuation method since the previous year, other than the updating of key assumptions above. We note from our auditor's expert that Barnett Waddingham have not made allowance for the actual level of pension increases between triennial valuation dates. However, they note that when compounded, assumed increases and actual increases have generally been similar over this period with differences of less than 0.5% (with a broadly equivalent impact on 	Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.35% (rounded up in accounts to 2.4%)	2.35%	● (G)	Pension increase rate	1.90%	1.85%-1.95%	● (G)	Salary growth	2.9%	2.85%-2.95% scheme-specific	● (G)	Life expectancy – Males currently aged 45 / 65	45: 23.8 65: 21.9	22.8 - 24.7 21.4 - 23.3	● (G)	Life expectancy – Females currently aged 45 / 65	45: 26.0 65: 24.1	25.2 – 26.2 23.7 – 24.7	● (G)	<p>● (green)</p>
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Assessment

- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
Net pension liability	(continued)	<ul style="list-style-type: none"> liabilities). As such where material levels are at least 0.5% of the IAS19 liabilities they are comfortable that the approach taken of not allowing for actual pension increases is unlikely lead to a material difference in the liabilities as at 31 March 2020. Total IAS19 liabilities for Wolverhampton are £1,669m for LGPS and £50m for the discretionary scheme. This gives total liabilities of £1,719m. Materiality for the Council is £12.4m. This is 0.72% of total liabilities. As this is greater than 0.5% of the IAS19 liabilities stipulated by PwC in their report we are satisfied that it is unlikely that no allowance for actual level of pension increases will lead to a material difference. We have confirmed that the Council's share of the pension scheme assets is in line with expectations. Disclosure of the estimate in the financial statements is considered adequate. <p>At the time of writing we are waiting for information from the pension fund auditor and cannot therefore conclude on our work. Additionally, the Council has brought to our attention an error of approximately £11m in the liability which we are in the process of auditing.</p>	 (green)

Assessment

-  We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
-  We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
-  We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
-  We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
Level 3 investments	<p>The Council have an investment in Birmingham Airport Holdings that is valued on the balance sheet as at 31 March 2020 at £13m which is a decrease of £9m on the prior year.</p> <p>The shares are not quoted on a stock exchange and are valued using non observable data and therefore a review is commissioned to.</p> <p>As the investment is not traded on an open market and the valuation of the investment is subjective. In order to determine the value, management commission a review to ascertain the valuation of the investment as at the balance sheet date using an earnings based approach. Earnings multiples are based on an average of the lower-quartile earnings and transaction multiples for the industry, in this case, airports.</p>	<p>The valuation is led by Solihull Metropolitan Borough Council on behalf of all the Wests Midlands Councils who hold such shares. Due to Covid-19 pandemic there is more uncertainty than usual on such investments, particularly given that this investment is in the airport industry which has been hit hard by Covid-19 and the resulting restrictions that have been placed on tourism and travel industries.</p> <p>This work is still underway as at the time of writing, but we note that a decrease in valuation is not unexpected.</p>	<p> (TBC)</p>
Other accruals and estimates	<p>The Council continues to apply estimates and judgements in a number of areas, such as:</p> <ul style="list-style-type: none"> • accruals of income and expenditure • recognition of school assets • the preparation of group accounts 	<ul style="list-style-type: none"> • The policies for these items are in line with accounting standards and the requirements of the Code of Practice on Local Authority Accounting • Disclosure of the estimates in the financial statements is considered to be adequate. • As part of our testing, we have reviewed the judgements applied by the Council relating to these items, and significant balance within these have been discussed with management in detail. • We have found no material misstatements in the financial statements relating to these balances from our work to date. 	<p> (green)</p>

Assessment

-  We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
-  We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
-  We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
-  We consider management's process and key assumptions to be reasonable

Significant findings – going concern

Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

Going concern commentary

Management's assessment process

Preparation of income and expenditure budgets for the year ended 31 March 2021

Auditor commentary

Going Concern is defined as “the concept that the local authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.’

The Authority's financial statements are prepared on going concern basis on the grounds that budgets are in place and are being measured and managed to ensure that liabilities can be met as and when they fall due.

Audit procedures undertaken have not found any indication of the existence of going concern events or conditions which may cast significant doubt on the Authority's ability to continue as a going concern.

The Council budget more than a year in advance: at the Council meeting in March the 2019/20 budget was agreed, which is a balanced budget without the use of reserves. The report accompanying the budget notes that work will start on developing budget reductions and income generation proposals for 2020/2021 onwards in line with the Five Year Financial Strategy, and progress will be reported to Cabinet in imminently

Work performed

It has been a challenging year due to the Covid-19 pandemic and the impact of this has been administration of grants to businesses, closure of schools and car parks with additional challenges of reopening services under new government guidelines, and the need to free up capacity of teams in addition to normal responsibilities. The Council is facing significant challenges, but despite this has reported a net surplus of £2m. It is reported in the Narrative Report that while the Council has been able to set a balanced budget for 2020/21 without the use of general reserves, the Council forecasts that it will need to save a further £15.6 million by 2021/22, rising to around £20 million over the medium term.

The 'Draft Budget and Medium-Term Financial Strategy 2021-2022 to 2023-2024' to Cabinet in July 2020 reported that this gap had been partly addressed and there was now a projected budget deficit of £8.7 million for 2021/22 based on the Council's Five-Year Strategy. Subject to finding and developing options to bridge this gap, the Council does not anticipate needing to use (nor would it want to use) its general fund reserves to pay its expenses in 2021/22 and has set a balanced budget for 2020/21.

We have reviewed the budgetary processes in place and would note the following:

- We are satisfied from our review of the Council's reserves balance that it has sufficiency of usable reserves (i.e. general fund and earmarked reserves) to bolster its finances should its savings plans not be delivered, but clearly reserves can only be used once.
- The Council is rightly concerned that there are a number of unknowns in its funding, particularly the accuracy with which it can project losses in the collection fund during 2021/22 as the knock-on effects of the downturn in economy impact the ability of tax payers to pay their council tax, and for business to pay their business rates. However, in and of itself, this is not considered to cast significant doubt on the Council's ability to continue as a going concern.

We therefore agree with the Council's conclusion that the going concern assumption is appropriate.

Other matters for communication

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Auditor commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Risk Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed. However, the Council had over-disclosed in this note and included details of transactions with organisations and individuals which did not meet the definition of related parties. This has been revised and a recommendation raised to ensure that in the preparation of the note only organisations and individuals which meet the definition fo related parties are included.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation will be requested from the Council, including specific representations in respect of the Group and will be made available to the Committee at its next meeting. If we determine that additional specific representations are required we will draw the Committee’s attention to those representations in our updated Audit Findings Report.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to those organisations with which it banks, invests and borrows. Permission was granted and the requests were duly sent. All of these requests were returned with positive confirmation..
Disclosures	See Appendix C for the most significant amendments made to disclosures. In addition these a small number of amendments were made to improve clarity for the reader. As work is still underway there may be more items subsequently added to this list.
Audit evidence and explanations/significant difficulties	<p>The impact of Covid-19 has had a number of effects on the audit, the most significant of which are summarised below.</p> <p>Remote working When the audit was first planned, it was not anticipated to be carried out remotely and this has been challenging for both teams. This has been particularly pronounced in undertaking sampling work and working through queries in relation to the PPE valuations, where remote working has not quite been able to replicate the efficiencies of being in the same building and having discussions in person.</p> <p>Financial resilience and future funding arrangements in relation to Covid-19 costs Our consideration of the Council’s financial resilience and sustainability has been more complex due to both the general level of uncertainty but also because it is not clear how long and in what form the current Covid-19 funding arrangements will be in place, and what further funding may be provided.</p> <p>Despite the challenges, all information and explanations requested from management has been, and continues to be, provided.</p>

Other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement, Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Inconsistencies have been identified but have been adequately rectified by management. Specifically, as group accounts are produced, the AGS is required to detail what governance arrangements are in place across the whole group and therefore we recommended that management add information to its statement to ensure that appropriate coverage was made of City of Wolverhampton Housing Company Limited, which was previously absent from the statement. A recommendation has been raised in this regard to ensure that this is considered as a matter of course in the preparation of future Annual Governance Statements.</p> <p>We plan to issue an unmodified opinion in this respect, though we will be in dialogue with officers to ensure that the Narrative Report and any other information is updated as deemed necessary as part of our completion procedures to reflect events since the draft financial statements were produced.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a numbers of areas:</p> <ul style="list-style-type: none"> • If the Annual Governance Statement does not meet the disclosure requirements set out in the CIPFA/SOLACE guidance or is misleading or inconsistent with the other information of which we are aware from our audit • If we have applied any of our statutory powers or duties <p>We have nothing to report on these matters.</p>
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>As the Council exceeds the specified group reporting threshold we examine and report on the consistency of the WGA consolidation pack with the Council's audited financial statements. Our work is not yet completed as at the time of writing though is planned to be completed by the end of November. However, this is subject to the receipt of the group instructions from the NAO which have not yet been provided (though are expected to be received in September).</p>
Certification of the closure of the audit	<p>We do not expect to be able to certify the conclusion of the audit yet as we do not anticipate having completed our work on the Council's Whole of Government Accounts return. The deadline for this submission has not yet been confirmed.</p> <p>Additionally, we are required to give an opinion on the consistency of the pension fund financial statements of the Authority included in the Pension Fund Annual Report with the pension fund financial statements included in the Statement of Accounts. As the Pension Fund has not prepared the Pension Fund Annual Report at the time of this report we have yet to issue our report on the consistency of the pension fund financial statements. Until we have done so, we are unable to certify that we have completed the audit of the financial statements.</p>

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Value for Money

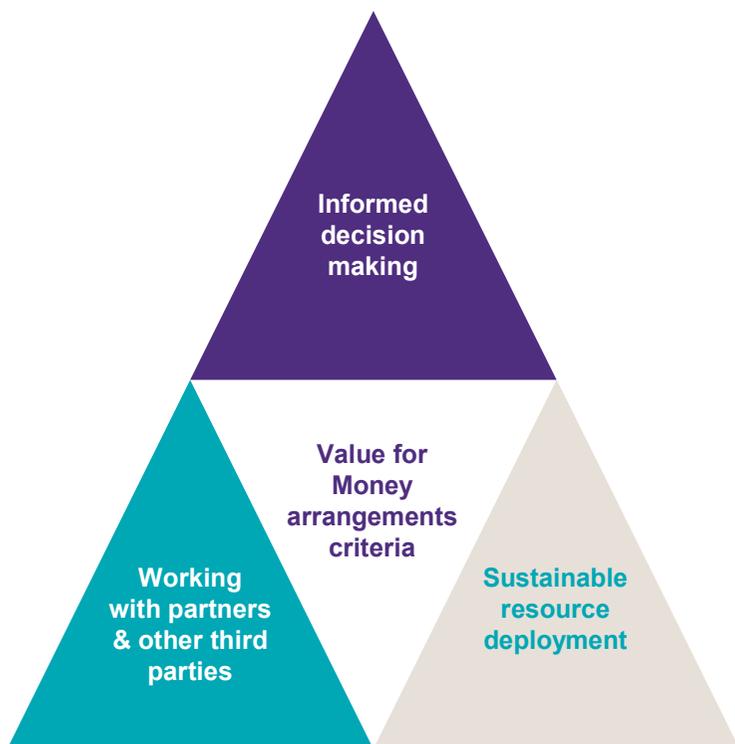
Background to our VFM approach

We are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VFM) conclusion.

We are required to carry out sufficient work to satisfy ourselves that proper arrangements are in place at the Council. In carrying out this work, we are required to follow the NAO's Auditor Guidance Note 3 (AGN 03) issued in April 2020. AGN 03 identifies one single criterion for auditors to evaluate:

"In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people."

This is supported by three sub-criteria, as set out below:



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Risk assessment

We carried out an initial risk assessment in February 2020 and identified a number of significant risks in respect of specific areas of proper arrangements using the guidance contained in AGN03. We communicated these risks to you in our Audit Plan dated 23 March 2020.

We have continued our review of relevant documents up to the date of giving our report, and have not identified any further significant risks where we need to perform further work.

We are carrying out further work only in respect of the significant risks we identified from our initial and ongoing risk assessment. Where our consideration of the significant risks determined that arrangements were not operating effectively, we have used the examples of proper arrangements from AGN 03 to explain the gaps in proper arrangements that we have reported in our VFM conclusion.

Our work

AGN 03 requires us to disclose our views on significant qualitative aspects of the Council's arrangements for delivering economy, efficiency and effectiveness.

We have focused our work on the significant risks that we identified in the Council's arrangements. In arriving at our conclusion, our main considerations were:

- The outturn from 2019/20 compared to forecast and savings for 2020/21 updated to reflect likely shortfalls in income as a result of COVID.
- The progress made in relation to the Civic Halls Refurbishment and the Council's response to delays caused by COVID
- The Council's approach to Strategic Asset Management and its progress during the year, in particular its approach to rationalisation and use of partnership working in realising its aims

This work is still underway as at the time of writing. We will provide the Committee with details of our work and our proposed conclusion at next meeting.

Overall conclusion

Our work is still underway as at the time of writing. We will provide the Committee with details of our work and our proposed conclusion at next meeting.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

Independence and ethics

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council. The following non-audit services were identified which were charged from the beginning of the financial year to the date of writing, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing capital receipts grant 2018-19	2,750	Self-Interest (because this is a recurring fee) Self review (because GT provides audit services)	The work in respect of the year ending 31 March 2020 has not been agreed as at the time of writing in respect of Housing capital receipts but the purposes of completeness we disclose here our fees for the 2018/19 work which were accrued for in the 2018/19 financial statements but paid during the 2019/20 financial year. The level of this fee taken on its own is not considered a significant threat to independence as the fee for this work is £2,750 in comparison to the total fee for the audit of £170,210 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self review threat, the timing of certification work is done after the audit has completed. Furthermore in consideration of the materiality of the amounts involved to our opinion there is an unlikelihood of material errors arising, Lastly the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Certification of Teachers Pension Return	4,500	Self-Interest (because this is a recurring fee) Self review (because GT provides audit services)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £4,500 in comparison to the total fee for the audit of £170,210 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self review threat, the timing of certification work is done after the audit has completed. Furthermore in consideration of the materiality of the amounts involved to our opinion there is an unlikelihood of material errors arising, Lastly the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Certification of Housing Benefit Claim	16,000	Self-Interest (because this is a recurring fee) Self review (because GT provides audit services)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £16,000 in comparison to the total fee for the audit of £170,210 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level. To mitigate against the self review threat, the timing of certification work is done after the audit has completed. Furthermore in consideration of the materiality of the amounts involved to our opinion there is an unlikelihood of material errors arising, Lastly the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

Action plan

We have identified 2 recommendations to date for the group as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2020/21 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<p> Medium</p>	<p>Annual Governance Statement</p> <p>The Annual Governance Statement is required to set out the governance arrangements in respect of the group, and not just the Council.</p>	<p>We recommend that management keep its group boundary under review and ensure that future Annual Governance Statements include details in respect of all consolidated entities within the group accounts.</p> <p>Management response</p> <p>Agreed – we will keep our group boundary under review and ensure that this is reflected in future Annual Governance Statements and that they include details in respect of all consolidated entities within the group accounts.</p>
<p>Page 36  Medium</p>	<p>Related Parties</p> <p>We discussed with officers during planning, the need to revisit the related parties note as it involved over-disclosure thereby leading to the risk that material and pertinent information was being obscured.</p> <p>There are specific criteria set out in the Code at section 3.9.2, which must be met in order for a related party to be defined as such and the preparation of the related parties note needs to have mind to this guidance.</p>	<p>The related parties note in the financial statements has been revised following audit feedback, and we recommend that the Council enhance its closedown procedures to ensure that only related parties meeting the definitions are considered, and only those transactions deemed to be material with such parties are disclosure.</p> <p>Management response</p> <p>Agreed – this has been taken onboard.</p>

Controls

-  High – Significant effect on control system
-  Medium – Effect on control system
-  Low – Best practice

Follow up of prior year recommendations

We identified the following issues in the audit of [insert client name] Council's 2018/19 financial statements, which resulted in 2 recommendations being reported in our 2018/19 Audit Findings report. We are pleased to report that management have implemented all of our recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>The Council amended its date of valuation from 31 March to 1 April, meaning that both valuers have provided their valuations as at 1 April 2018.</p> <p>We undertook additional work to satisfy ourselves that the values in the balance sheet as at 31 March 2019 were not materially misstated, but we recommended that the Council revisit this decision for the year ending 31 March 2020.</p>	<p>We recommended that the Council either perform a formal exercise each year to either ensure that all land and buildings reflect market value as at the year end where required (which includes investment and surplus properties), or otherwise are able to demonstrate that the value at which they are carried in the accounts is not materially misstated, either individually or in aggregate.</p> <p>Management response was to change the valuation date to the end of December, in order to reduce the risk of material misstatement.</p> <p>The revised valuation date for Other Land and Buildings as carried out by the Council's external valuers, Burton Knowles was 1 January 2020 which therefore mitigated the risk identified in the prior year recommendation.</p> <p>The valuation date for Council Dwellings as carried out by the Council's external valuers, JLL, was 31 March 2020.</p>
✓	<p>We identified from our review of the journal control environment that both the Chief Accountant and the Director of Finance have the ability to post journals. In our opinion these posting rights are incompatible with the duties of these posts. The Council has a large finance team and we would therefore expect all postings to the ledger to be executed by these lower levels of staff. Directors and Deputies have direct responsibility for the financial performance of the Council and journals posting access is considered to be an enabling factor to the risk of management override of controls.</p> <p>We therefore recommended that this access was eliminated.</p>	<p>This access has been duly eliminated, although we note that due to timing of when the recommendation was raised it was not removed until during the 2019/20 financial year.</p> <p>As noted in our response to the risk of management override on page 9 we took that into account as part of our testing procedures.</p>

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Assessment
 ✓ Action completed
 X Not yet addressed

Audit adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted and unadjusted misstatements

Any adjusted and unadjusted misstatements agreed with management and made to the draft accounts will be set out in the next iteration of our Audit Findings Report.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

References to “TBC” reflect that we have agreed with management that these amendments are to be made by the Council but for ease of processing all adjustments will be made at once. Therefore confirmation that they have been carried out as expected is shown as “TBC” pending receipt of the final version of the financial statements, on completion of the audit work.

Disclosure omission	Detail	Adjusted?
IFRS 15 disclosures	<p>In accordance with IFRS 15 authorities should disclose qualitative and quantitative information about the nature, amount, timing and uncertainty of revenue and cash flows generated from contracts with service recipients.</p> <p>The disclosure in the draft financial statements notes that the Council does not believe there are any revenue streams that are material impacted but when assessing if the disclosures specified in Code 2.7.4 are required, the relevant consideration is whether the transactions or balances are material, not whether the implementation of IFRS 15 results in a materially different amount of revenue.</p> <p>The Council are considering the amendments required to this disclosure.</p>	TBC
Trust Funds	Trust Funds disclosed at Note 12 are material. The Council should include an Accounting Policy for Trust Funds to explain how they are accounted for.	TBC
Inventories	This accounting policy needs some additional explanation as currently it refers to inventories such as stock/consumables but the material inventories held by the group relate to work in progress house builds, and therefore this accounting treatment also needs to be explained in the policy.	TBC
Critical Judgements	<p>The Code requirement of critical judgements is that an authority shall disclose, along with its significant accounting policies or other notes, the judgements, apart from those involving estimations (see paragraph 3.4.2.90), that management has made in the process of applying the authority’s accounting policies and that have the most significant effect on the amounts recognised in the financial statements.</p> <p>The disclosure should explain what the judgement is, not just a statement of accounting policy and therefore the Council are considering enhancement so this disclosure to comply fully with the Code.</p>	TBC
Employee benefits	In Note 1G employee benefit line expense is reported as £234m which includes recharge cost centres in error. The revised amount after exclusion of these cost centres is £228m. Similarly the 'Other service expenses' line is understated by £7m and should be £420m, instead of £413m.	TBC

Audit adjustments

Disclosure omission	Detail	Adjusted?
Fees and charges and other service income	In Note 1G the 'Fees and charges and other service income' line includes grant income of £264m. This should properly be disclosed on the separate 'Government grants and contributions' line at Note 1G.	TBC
Revaluations table	In the draft accounts the revaluation table had not been updated to include revaluations performed as at 31 March 2020. This should be amended to ensure consistency with the year end valuations.	TBC
Revaluations table – Other Land and Buildings	Further to the above, the revised table discloses OL&B assets revalued during 2019-20 totalling £422m. This amount includes non enhancement capital additions totalling £6.253m that have not been subject to valuation, and are effectively held at historical cost. The table should be amended to recategorise these assets between revalued at 31st March 2020 and carried at historical cost.	TBC
Collection Fund	The Collection Fund Statement disclosure does not meet statutory requirements as per paragraph 3.6.3.1 of the Code, figures need to be disclosed separately for Council Tax and Non-Domestic Rates rather than a single 'total' column	TBC
PFI	Movements on the balances for the property plant and equipment assets for Highfields & Penn Fields School, and St Matthias School are analysed as relating solely to depreciation. The line narrative should be amended as the movement is a combination of depreciation and revaluation movements.	TBC
Prior year comparatives	<p>Where figures have been restated for comparative purposes, appropriate narrative needs to be added to the note to explain that to the reader.</p> <p>Prior year comparatives at Note 6A are not consistent with the amounts reported in the audited 2018/19 statement of accounts. There are variances of £2.8m, £10.1m and £12.7m on the Central Government, Other Local Authority and External to Government lines.</p> <p>Prior year comparatives at Note 6C are not consistent with the amounts reported in the audited 2018/19 statement of accounts. There are variances of £27.8m, £1m and £29m on the Central Government, Other Local Authority and External to Government lines.</p> <p>Prior year comparatives at Note 10C Leases and Lease-Type Arrangements are not consistent with amounts reported in the 18-19 audited accounts.</p> <p>Prior year comparatives within the grants disclosure table on pages 111-113 are not consistent with amounts reported in the 18-19 audited accounts. Variances include (i) Head Start Wolverhampton £2.7m, Other grants £0.7m, and a variance on the overall total reported of £3.1m.</p> <p>Prior year comparatives within the Other related parties table on pages 113-115 are not consistent with amounts reported in the 18-19 audited accounts. Differences can be seen for Royal Wolverhampton Trust, West Midlands Combined Authority, West Midland Pension Fund, and the overall total for expenditure and income.</p>	TBC
Grants	Note 2H Grants reports total grants credited to the CIES of £362m. The sum of the individual grants disclosed however is £361m and therefore does not agree.	TBC

Audit adjustments

Disclosure omission	Detail	Adjusted?
Capital adjustment account	The sum of entries in the Capital Adjustment column is reported as -£458m, but actually sums to -£454m.	TBC
Investment properties	There is a balance of £1.7m for accumulated depreciation brought forward at 1st April 19, and carried forward at 31 March 2020. Investment Properties are valued in full every year, and this accumulated depreciation should therefore be written back out on revaluation. An equal and opposite entry will be required within the cost section of Note 8.	TBC

Audit adjustments

Impact of prior year unadjusted misstatements

The table below provides details of adjustments identified during the prior year audit which had not been made within the final set of 2018/19 financial statements.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £'000	Impact on total net expenditure £'000	Reason for not adjusting	Impact on current year
We identified errors within the our testing of cut-off of expenditure resulting in over accruals amounting to £60k and under accruals amounting to £2,425k. These two errors offset to a net underaccrued amount of £2,365k..	2.4	-2.4	2.4	Not considered to be material	Not considered to be material and superseded.
The Council undertook its valuations as at 1 April 2019, which the exception of Council Dwellings which were valued as at 31 March 2019. We have considered the valuations of all assets and compared them to market indices. We have identified a potential understatement of £12.2m.		Non-current assets £12.2m Revaluation reserve £12.2m	-	Not considered to be material	Superseded by valuation at 31 March 2020.
Understatement of PFI borrowings by £2.236m which if adjusted for would have the effect of increasing the Council's liability		-£2.2		Not considered to be material	Superseded by work carried out as part of current year audit.
An understatement of pension liabilities by approximately £1.7m in relation to the GMP pension ruling		-£1.7		Not considered to be material	Superseded by work carried out as part of current year audit.
Overall impact	£2.4	£5.9	2.4		

Fees

We set out below our proposed fees for the audit and provision of non-audit services.

Audit fees	Proposed fee	Final fee
Council Audit	170,210	TBC
Audit of subsidiary company Wolverhampton Homes Limited *	28,285	TBC
Audit of subsidiary company City of Wolverhampton Housing Company Limited (trading as WV Living) *	22,500	TBC
Audit of subsidiary company Yoo Recruit Limited (not consolidated on grounds of materiality and not therefore not included in auditor's remuneration note)	13,000	TBC
Total audit fees (excluding VAT)	£230,885	£TBC

* The Council has accrued for these fees under 'Additional Work'.

Fees for audit-related services services	Fees £'000
• Housing capital receipts 2018-19 **	2,750
• Housing Benefit Subsidy Claim	16,000
• Teachers Pension Return	4,500
Total excluding those fees to be confirmed	23,250

** The audit-related services in relation to housing capital receipts has yet to be planned in respect of the year ending 31 March 2020 and therefore the fees are yet to be confirmed. The fee charged in respect of the 2018-19 financial year was £2,750. As at the balance sheet date and the date of writing we have not been appointed in respect of the 2019-20 financial year, the Council have not included the fee in their financial statements.

There were no non-audit services provided.

The fees reconcile to the financial statements as follows (extract from Note 26 of the financial statements):

2018-2019	Description	2019-2020
Restated		
£m		£m
0.158	External Audit (Council)	0.170
0.023	Certification of Grant Claims and Returns	0.021
0.047	Additional Work (*)	0.051
0.228	Total	0.242



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CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 28 September 2020
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Report title	Covid-19 Risk Register and Strategic Risk Register	
Accountable director	Claire Nye, Director of Finance	
Originating service	Audit	
Accountable employee	Peter Farrow	Head of Audit
	Tel	01902 550417
	Email	Peter.Farrow@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	16 September 2020

Recommendations for noting:

The Committee is asked to note:

1. The Council's Covid-19 risk register which details the risks faced by the Council as a result of the Covid-19 pandemic, as at Appendix 1.
2. The latest summary of the Council's Strategic Risk Register, as at Appendix 2.

1.0 Purpose

- 1.1 To keep members of the Audit and Risk Committee aware of the new and emerging risks the Council faces as a result of the Covid-19 pandemic and to update the Committee with regards to impacts on the Council's existing strategic risks.

2.0 Background

- 2.1 The Council is no different to any organisation and will always face risks in achieving its objectives. Sound risk management can be seen as the clear identification and management of such risks to an acceptable level.
- 2.2 As with all other local authorities the Council has had to adapt the ways in which it has worked to address Covid-19, not only in terms of ensuring the City's vulnerable residents have been supported alongside its businesses but also in its governance arrangements. The Council's approach to governance during Covid-19 has been very clearly set out and shared with Councillors, the key aspects include:
- A new officer structure to deal with Covid -19 - this has allowed for focus to be applied to key work streams coming out of the pandemic
 - A new approach to decision making – following the introduction of full lockdown in March 2020 the Council instigated a decision-making approach that ensured the focus has been on protecting the vulnerable and supporting businesses.
 - All decisions made have been tracked and recorded on detailed spreadsheets with records of whether they need to be made through the urgent decision process or through delegated powers – this has included the following:
 - Clear records being kept of the financial pressures as a result of Covid-19 including loss of income and additional spend
 - Clear evidence-based approach to explain why decisions have been made, using performance data
 - Communication implications of any approach taken and the need to ensure that the message is received by all communities
 - A Covid-19 risk register has been produced interfacing with the Council's strategic risk register to ensure that the Council has been aware of and taken account of the key Covid-19 risks in an ever-changing situation.

At all times the approach of the Council has been informed and shaped by advice from the Director of Public Health and key partners to ensure that the Council has had the most effective response possible to the pandemic. As part of the governance process key areas of concern have been able to be fed to a regional and national level. The same approach is now being taken as we take forwards the Council's approach to recovery.

- 2.3 This report updates the Committee on both the Covid-19 risk register and the Strategic risk register. At the time this report was prepared, the risks and issues associated with the covid-19 pandemic were again, changing daily. Therefore, a verbal update will also be provided to Committee to cover the rapidly changing situation within the City.
- 2.4 The Covid-19 risk register was last presented to the Committee in July 2020 and the Council's Strategic risk register was last presented in June 2020. As previously reported to Committee, the Covid-19 global pandemic has had a significant impact on the risks faced by the Council. In addition, the Council's response to the pandemic has resulted in a significant change to Council services being delivered and the way in which those services are being delivered. This unprecedented environment has resulted in decisions being taken at speed, in accordance with the information available at time, government guidance, direction and relevant legislation.
- 2.5 The purpose of this report is to highlight the new significant risks that the Council now faces, along with details of the steps being taken to mitigate those risks.
- 2.6 Both the Covid-19 and the Strategic risk registers do not include all the risks that the Council faces. They represent the most significant risks that could potentially impact on the achievement of the Council's objectives. Other risks are captured within directorate, programme, project or partnership risk registers in line with the Council's corporate risk management framework.
- 2.7 A detailed summary of the Council's Covid-19 risk register is included at Appendix 1 of this report which sets out the status of the risks as at September 2020. A summary of the Council's pre-existing strategic risk register which includes the impact of the global pandemic is attached at appendix 2. These risks are reviewed on an on-going basis and can be influenced by both external and internal factors and as such, may fluctuate over time.

3.0 Progress

- 3.1 Both the Covid-19 Risk Register and the Strategic Risk Register will be updated as required and presented at approximately quarterly intervals to the Committee.

4.0 Financial implications

- 4.1 There are no financial implications associated with the recommendations in this report as Councillors are only requested to note the risk register summaries. Financial implications may arise from the implementation of strategies employed to mitigate individual risks, but these will be evaluated and reported separately if required. [GE/14092020/V]

5.0 Legal implications

- 5.1 Although there may be some legal implications arising from the implementation of the strategies employed to mitigate individual risks, there are no direct legal implications arising from this report. [TS/14092020/S]

6.0 Equalities implications

6.1 Although there may be equalities implications arising from the implementation of the strategies employed to mitigate individual risks, there are no direct equalities implications arising from the recommendation in this report.

7.0 Climate Change and Environmental implications

7.1 Although there may be some environmental implications arising from the implementation of the strategies employed to mitigate individual risks, there are no direct environmental implications arising from the recommendation in this report.

8.0 Human resources implications

8.1 Although there may be some human resource implications arising from the implementation of the strategies employed to mitigate individual risks, there are no direct human resource implications arising from the recommendation in this report.

9.0 Corporate landlord implications

9.1 There are no corporate landlord implications arising from the recommendation made in this report.

10.0 Health and Wellbeing implications

10.1 There are no health and wellbeing implications arising from the recommendation made in this report.

11.0 Covid implications

11.1 The Council's has prepared a Covid-19 risk register which details the risks faced by the Council as a result of the Covid-19 pandemic.

12.0 Schedule of background papers

12.1 There are no schedule of background papers.

13.0 Appendices

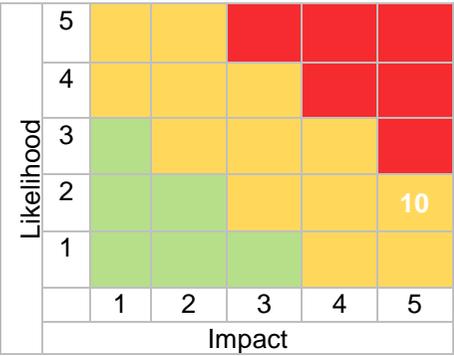
13.1 Appendix 1 – updated Covid-19 risk register.

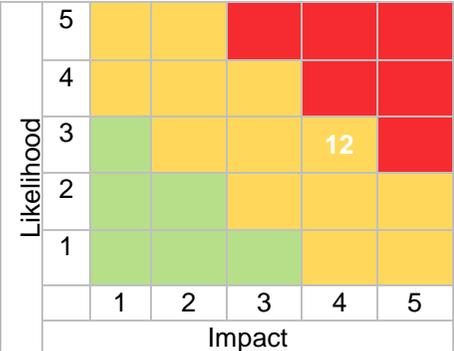
13.2 Appendix 2 – updated Strategic risk register.

Appendix 1 – Covid-19 Risk Register

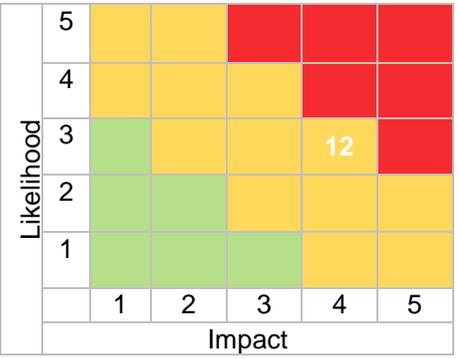
September 2020

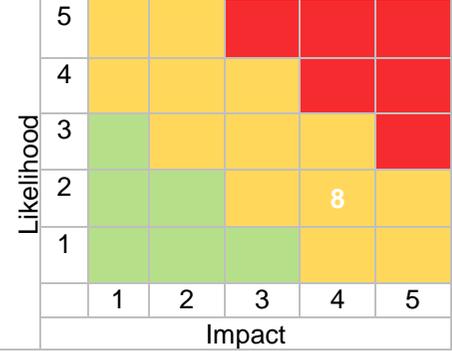


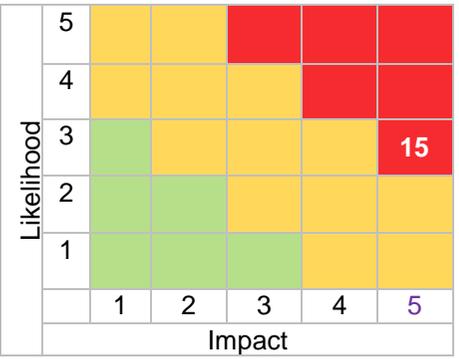
Risk ref	Risk title and description	Current score (Sept 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																										
1 04/20	<p>Budgetary Pressure 2020-2021 There is a risk that the Council will need to spend more than we have in tackling Covid-19 (above and beyond specific Covid-19 grants received). There is a legal requirement to operate within budget.</p> <p>Risk owner: Claire Nye Cabinet Member: Cllr Louise Miles</p>  <table border="1" data-bbox="224 651 678 1007"> <tr><td>5</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td><td>Red</td></tr> <tr><td>4</td><td>Yellow</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>3</td><td>Green</td><td>Yellow</td><td>Yellow</td><td>Yellow</td><td>Red</td></tr> <tr><td>2</td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td><td>10</td></tr> <tr><td>1</td><td>Green</td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td></td><td colspan="5">Impact</td></tr> </table>	5	Yellow	Yellow	Red	Red	Red	4	Yellow	Yellow	Yellow	Red	Red	3	Green	Yellow	Yellow	Yellow	Red	2	Green	Green	Yellow	Yellow	10	1	Green	Green	Green	Yellow	Yellow		1	2	3	4	5		Impact					10 Amber	10 Amber *On-Going	<p>The rating of this risk has reduced from red to amber. The Government has provided the Council with additional grant funding to tackle the Covid-19 pandemic for 2020-2021. Financial updates were provided in the Revenue Monitoring Report and the Draft Budget and Medium-Term Financial Strategy 2021-2022 to 2023-2024 presented to Cabinet on 29 July 2020. Current projections demonstrate that the grant will be sufficient to meet the immediate revenue cost pressures but will not address the full year impact, including the delivery of budget reduction targets. The impact of the pandemic has significantly distorted the 2020-2021 budget and current assumptions identify a potential cost pressure after the use of a grant of £3 million for 2020-2021. However, this does not include any costs of recovery or any provision for a second wave or local lockdown. The Council continues to assess the potential impact of Covid 19. It is anticipated that the Government will provide sufficient grant funding to cover the pressures in 2020-2021, however, if this is not the case the Council would need to identify in year efficiencies to fund these pressures. The financial implications will continue to be closely monitored and updates will be provided in future reports.</p>	4 – MTFS
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Risk ref	Risk title and description	Current score (Sept 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks
2 04/20	<p>Impact on Residents</p> <p>There is potential impact on the health and wellbeing of Wolverhampton residents due to inaction by the Council.</p> <p>Risk owner: John Denley Cabinet Member: Cllr Jasbir Jaspal</p> 	12 Amber	8 Amber *On-Going	<p>The Council has published an outbreak control plan (OCP) which was approved by the Leader on 29 June 2020. The OCP details how it will tackle the virus and control any future outbreaks. The plan developed by the Council in conjunction with Wolverhampton Commissioning Group and the Royal Hospital NHS Trust aims to reduce the spread of the virus, save lives and help people return to a normal way of life safely, whilst protecting health and social care systems and supporting the economy. Building on the plan, the Council has developed a wider partnership approach and established an escalation plan with the aim of suppressing the spread of infection, protecting our most vulnerable population and balancing economic recovery. Objectives include: amplification of key messages, increasing compliance with risk reduction behaviours, delivering enhanced interventions to protect the most vulnerable and increasing the uptake of testing. Where there are national dependencies (such as availability of testing) there is a clear escalation process which raises individual risks and issues. In addition, a local more detailed risk register will be held within Public Health which manages on-going operational risks and issues.</p>	

Risk ref	Risk title and description	Current score (Sept 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																							
3 04/20	<p>Businesses Closing Loss of Business, impacting on the overall regeneration of the City.</p> <p>Risk owner: Richard Lawrence Cabinet Member: Cllr Stephen Simkins</p> <table border="1" data-bbox="224 531 678 882"> <tr> <td rowspan="5" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td></td> <td></td> <td style="background-color: red; color: white; text-align: center;">20</td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td style="background-color: red;"></td> <td></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td></td> <td></td> <td style="background-color: red;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5			20		4					3					2					1							1	2	3	4	5		Impact					20 Red	8 Amber *On-Going	<p>As Covid-19 restrictions have eased local businesses across the City are reopening, however, there are still significant challenges that remain in place such as reduction in demand from customers, navigating public policy measures such as social distancing, disrupted supply chain and more generally economic uncertainty and loss.</p> <p>Wolves in Business has been set up to enable the Enterprise team and city partners to reach a wider business audience and sectors to raise awareness of local and national support and financial assistance put in place by Central Government. Work is currently underway to gather business intelligence and understand the wider position across the city to enable a proactive approach that will support growth and aid recovery.</p> <p>The information gathered through the work of the business grant scheme means we have a larger database of information. The Council are aware that some sectors are struggling whilst others are thriving. There is also concern that BREXIT in December will result in further challenges to the economy</p>	9 – City Centre Regeneration 4 – MTFS 22 – Skills for Work and Inclusive Growth
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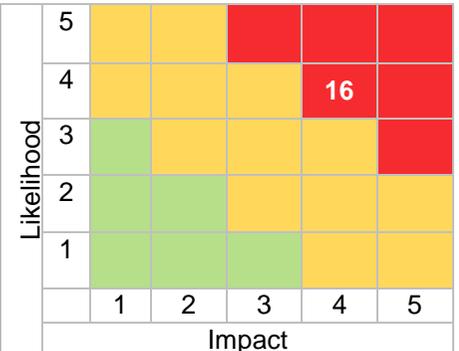
Risk ref	Risk title and description	Current score (Sept 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																										
4 04/20	<p>Safeguarding Children Ensuring that the most vulnerable children are safeguarded.</p> <p>Risk owner: Emma Bennett Cabinet member: Cllr John Reynolds</p>  <table border="1" data-bbox="224 542 683 901"> <tr><td>5</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>4</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>3</td><td></td><td></td><td>12</td><td></td><td></td></tr> <tr><td>2</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>1</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td></td><td colspan="5">Impact</td></tr> </table>	5						4						3			12			2						1							1	2	3	4	5		Impact					12 Amber	8 Amber *On-Going	<p>Childrens Services are no longer using the interim model agreed at the start of the Covid-19 pandemic. The Council have returned to both holding face to face visits and working face to face with vulnerable children and families, in line with its statutory role and responsibilities.</p> <p>Now children are returning to school the Council are beginning to see an increase in new referrals to the MASH, in line with previous years. Wolverhampton’s Safeguarding together partnership is now holding monthly Covid-19 recovery meetings and Childrens Services continue to submit fortnightly vulnerable children data to the DfE which is being closely monitored.</p>	7 – Safeguarding
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Risk ref	Risk title and description	Current score (Sept 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																												
5 04/20	<p>Safeguarding Adults</p> <p>Ensuring that the most vulnerable adults are safeguarded.</p> <p>Risk owner: David Watts Cabinet member: Cllr Linda Leech</p>  <table border="1" data-bbox="226 555 678 906"> <tr> <td></td> <td>5</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>4</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>3</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>2</td> <td></td> <td></td> <td>8</td> <td></td> </tr> <tr> <td></td> <td>1</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Likelihood</td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td></td> <td colspan="5">Impact</td> </tr> </table>		5						4						3						2			8			1					Likelihood		1	2	3	4	5			Impact					8 Amber	8 Amber *Ongoing	The Care Act easements temporary operating procedure was agreed and consulted on externally - the Council's approach is that Care Act easements will only be implemented as a last resort when all other options have been explored. Service providers have been contacted to identify whether they can continue to provide services. Assessments are being undertaken virtually. To date it remains that it has not been necessary to move to either stage 3 or stage 4 of the care act easements procedure.	7 – Safeguarding
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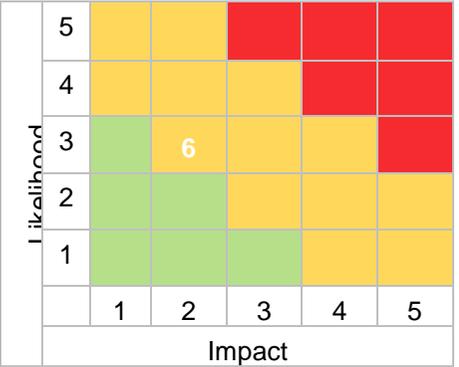
Risk ref	Risk title and description	Current score (Sept 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																										
6 04/20	<p>Reputation / Loss of Public Trust and Confidence</p> <p>There is a risk that the Council loses public trust and confidence by; i) failing to respond to the needs of local people, especially vulnerable ii) failure to warn and inform the public leading to impact upon the health of residents and businesses.</p> <p>Risk owner: Tim Johnson Cabinet Member: Cllr Ian Brookfield</p>  <table border="1" data-bbox="224 734 683 1093"> <tr><td>5</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td><td>Red</td></tr> <tr><td>4</td><td>Yellow</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>3</td><td>Green</td><td>Yellow</td><td>Yellow</td><td>Yellow</td><td>Red (15)</td></tr> <tr><td>2</td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td><td>Yellow</td></tr> <tr><td>1</td><td>Green</td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td></td><td colspan="5">Impact</td></tr> </table>	5	Yellow	Yellow	Red	Red	Red	4	Yellow	Yellow	Yellow	Red	Red	3	Green	Yellow	Yellow	Yellow	Red (15)	2	Green	Green	Yellow	Yellow	Yellow	1	Green	Green	Green	Yellow	Yellow		1	2	3	4	5		Impact					15 Red	10 Amber *On-Going	The Council recognises the continued need to engage in comprehensive and regular communications with residents and other key stakeholders in the City of Wolverhampton. There has been a comprehensive assessment of levels of vulnerability and the Council's approach has been and will continue to be focused on keeping people safe, reducing the spread of the virus and sustaining economic recovery. The virus is still circulating and there is no place for complacency. Effective communications, working with partners at local, regional and national level, remains vital.	N/A
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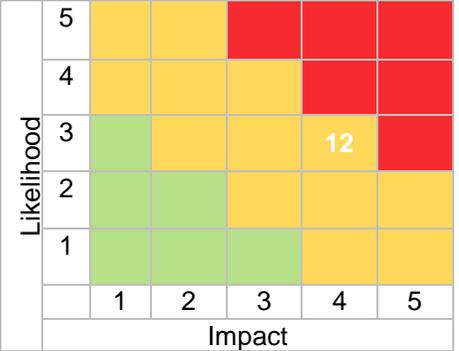
Risk ref	Risk title and description	Current score (Sept 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																							
07 04/20	<p>Medium Term Budgetary Pressure</p> <p>There is a risk that the medium-term impact of Covid-19 will place significant pressure on the Medium-Term Financial Plan.</p> <p>Risk owner: Claire Nye Cabinet Member: Cllr Louise Miles</p> <table border="1" data-bbox="224 606 683 957"> <tr> <td rowspan="5" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td></td> <td></td> <td style="background-color: red; color: white; text-align: center;">20</td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5			20		4					3					2					1							1	2	3	4	5		Impact					20 Red	10 Amber *On-Going	<p>As detailed above the Government have provided additional grant funding to tackle the Covid-19 pandemic, however, this grant is for 2020-2021 only. There are longer term implications for the Council's operating model, as the scale of the change post Covid-19 will place new expectations and demands on 2022-2021 and future years. It is anticipated that income streams will still be adversely affected in 2021-2022 as a result of the pandemic, furthermore, the impact of Covid-19 and the Council's plan for reset and recovery of services over the immediate and medium term will require financial investment. In recognition of this initial investment that will be required to support recovery work, Cabinet on 8 July 2020, approved a specific Recovery Reserve of £3 million. The Council will need to re-prioritise resources for any investment required to support the recovery strategy beyond this initial £3 million.</p> <p>Work is ongoing within the Council's Finance Team alongside Senior Managers and Budget Holders to monitor spending and regular updates continue to be provided to the Leader, Cabinet Member and the Strategic Executive Board (SEB).</p>	4 - MTFS
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Risk ref	Risk title and description	Current score (Sept 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																													
08 04/20	<p>Supply Chain</p> <p>There is a risk that we may lose key suppliers (ICT and Social Care Suppliers are of particular concern).</p> <p>Risk Owner: Claire Nye Cabinet Member: Cllr Louise Miles</p> <table border="1" data-bbox="224 571 678 922"> <tr> <td rowspan="5" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> <td style="background-color: red;"></td> <td style="background-color: red;"></td> <td style="background-color: red;"></td> </tr> <tr> <td>4</td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> <td style="background-color: red;"></td> <td style="background-color: red;"></td> </tr> <tr> <td>3</td> <td style="background-color: lightgreen;"></td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> <td style="background-color: red; color: white; text-align: center;">15</td> </tr> <tr> <td>2</td> <td style="background-color: lightgreen;"></td> <td style="background-color: lightgreen;"></td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> </tr> <tr> <td>1</td> <td style="background-color: lightgreen;"></td> <td style="background-color: lightgreen;"></td> <td style="background-color: lightgreen;"></td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> </tr> <tr> <td></td> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4						3					15	2						1								1	2	3	4	5			Impact					15 Red	10 Amber *On-Going	<p>The score of this risk remains at 15 - red, the Council are continuing to support at risk suppliers. In accordance with Government guidance (PPN 02/20 issued in March 2020 and PPN 04/20 issued in June 2020) the Council continues to:</p> <ul style="list-style-type: none"> Review its contract portfolio and identify suppliers at risk. Pay at risk suppliers as normal until the end of October 2020, even if services are disrupted or suspended. Put in place measures to support supplier cashflow and ability to retain staff and supply chains. <p>In accordance with guidance this programme of support will continue until the end of October 2020. The Council continue to pay invoices as soon as possible, including ensuring that goods receipting is undertaken promptly to avoid payment delays and support suppliers.</p>	N/A
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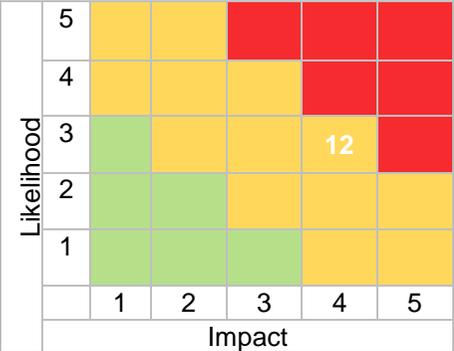
Risk ref	Risk title and description	Current score (Sept 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																										
9 04/20	<p>Service Providers – Adult Social Care</p> <p>There is a risk that we may lose service providers and not be able to maintain adequate service provision</p> <p>Risk owner: David Watts Cabinet Member: Cllr Linda Leach</p>  <table border="1" data-bbox="224 606 683 957"> <tr><td>5</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>4</td><td></td><td></td><td></td><td>16</td><td></td></tr> <tr><td>3</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>2</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>1</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td></td><td colspan="5">Impact</td></tr> </table>	5						4				16		3						2						1							1	2	3	4	5		Impact					16 Red	8 Amber *On-Going	<p>The score of this risk has increased, there continues to be risk of social care provider failure which is being monitored on an on-going basis by the Council. Daily communications with service providers to assess ability to provide services, review case numbers, staffing levels and identify PPE requirements are ongoing.</p> <p>The Covid-19 infection prevention grant received by the Council has now finished, 75% of the grant has been distributed to care homes on a per bed basis. The remaining 25% has been used to support the non-bed-based sector.</p>	N/A
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10 04/20	<p>Governance / Decision Making</p> <p>There is a risk that impacts from decisions made at speed could leave the Council open to complaint, litigation or financial penalty at a later date.</p> <p>Risk owner: David Pattison Cabinet Member: Cllr Paula Brookfield</p> <table border="1" data-bbox="224 603 678 954"> <tr> <td rowspan="5" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700; text-align: center;">8</td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> </tr> <tr> <td></td> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4						3						2				8		1								1	2	3	4	5			Impact					8 Amber	8 Amber *On-Going	<p>Robust decision-making procedures are being established alongside strong risk management. Regular director / member meetings are ongoing to provide challenge. Virtual Committee meetings for elected members are happening on a regular basis including a full Scrutiny programme (done remotely) and full Council on 16 September 2020. Decision and risk logs have been established for all work streams and are reviewed and updated on a regularly.</p>	37 - Governance of Major Capital Projects, 3 - Information Governance
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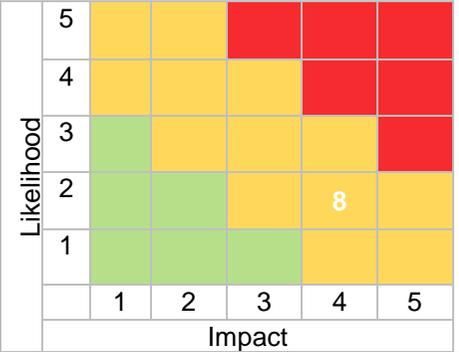
Risk ref	Risk title and description	Current score (Sept 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																										
11 04/20	<p>Fraud / Misappropriation</p> <p>The Council is open to fraud and misappropriation due to changes in legislation / speed that government grants need to be validated and distributed.</p> <p>Risk Owner: Claire Nye / David Pattison Cabinet Member: Cllr Paula Brookfield</p>  <table border="1" data-bbox="224 678 683 1045"> <tr><td>5</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>4</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>3</td><td></td><td>6</td><td></td><td></td><td></td></tr> <tr><td>2</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>1</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td></td><td colspan="5">Impact</td></tr> </table>	5						4						3		6				2						1							1	2	3	4	5		Impact					6 Amber	4 Amber June 2020	<p>The Council has paid out a variety of over 4,000 small business grants in a short time frame. In some cases, to businesses and sole traders where the Council only held limited information. While a series of pre-payment checks including the use of the government tool 'Spotlight' will have reduced the risk of payments being made in fraud or error, there remains a small risk of this. In line with BEIS guidance a Post-Payment assurance Framework has been developed and a number of post-payment checks are now taking place.</p>	N/A
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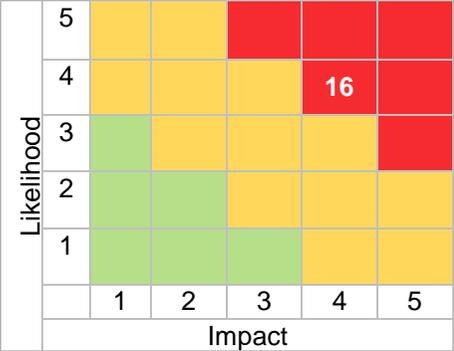
Risk ref	Risk title and description	Current score (Sept 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																										
12 4/20	<p>Employee Support – Health and Wellbeing</p> <p>Impact on staff health and wellbeing due to unprecedented levels of service demand / changes to working practices. Lack of Personal Protective Equipment (PPE) for frontline workers is a particular concern.</p> <p>Risk Owner: Tim Johnson Cabinet Leader: Cllr Ian Brookfield</p>  <table border="1" data-bbox="224 670 683 1021"> <tr><td>5</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>4</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>3</td><td></td><td></td><td>12</td><td></td><td></td></tr> <tr><td>2</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>1</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td></td><td colspan="5">Impact</td></tr> </table>	5						4						3			12			2						1							1	2	3	4	5		Impact					12 Amber	8 Amber *On-Going	<p>Employee well-being was a Council priority prior to Covid-19 and continues to be a priority now. Strong communications are regularly issued to staff. Adjustments continue to be made to facilitate homeworking, the Council have established an online employee wellbeing hub and bespoke face to face counselling for staff going through difficult times, including bereavement has been made available. On site working continues to be made available to staff where it is required from a well-being perspective, requests to work onsite are evaluated on a case by case basis. The Council are in the process of undertaking DSE assessments for staff working at home and are working with ICT and other relevant suppliers to provide equipment where required in order to support working from home. Significant work is being undertaken to ensure staff have the correct PPE, this includes planning to ensure adequate PPE is place if infection numbers within the City increase.</p> <p>Following Government guidance issued on 10 May 2020 the Council are consulting with employees, unions and the health and safety team before approval is sought to re-start services, in order to ensure that both employees and the public are protected. A task and finish group has been established and work is ongoing alongside Public Health to implement an individual risk assessment for both services that are opening and services that have remained open throughout the crisis period, all relevant staff have had a risk assessment undertaken.</p>	28 – Health and Safety
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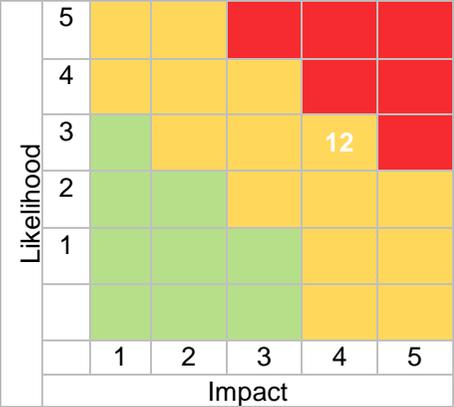
Risk ref	Risk title and description	Current score (Sept 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																							
13 4/20	<p>WV Living</p> <p>There is potential for significant reputational and financial risk to the Council as a result of the financial impacts on WV Living as a result of Covid-19.</p> <p>Risk Owner: Claire Nye Cabinet Leader: Cllr Louise Miles</p> <table border="1" data-bbox="224 606 683 957"> <tr> <td rowspan="5" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td></td> <td></td> <td style="background-color: red; color: white; text-align: center;">20</td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td style="background-color: red;"></td> <td></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td></td> <td></td> <td style="background-color: red;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5			20		4					3					2					1							1	2	3	4	5		Impact					20 Red	12 Amber *On-Going	<p>In response to a formal request for support from the Chair of the Board of WV Living, the Council approved at the Cabinet meeting on 23 June 2020 a package of support for WV Living. WV Living continue to work to update their Business Plan in order to identify new opportunities and take into account the impacts of the coronavirus crisis, this process will take a number of months whilst the impact the crisis has had on the housing market is better understood. The Council continues to work closely with WV Living to monitor the ongoing situation.</p>	N/A
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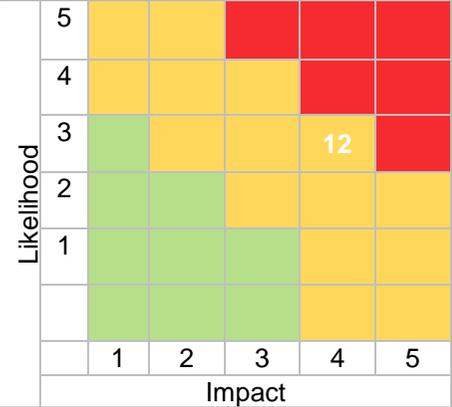
Risk ref	Risk title and description	Current score (Sept 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																										
14 4/20	<p>Employee Capacity</p> <p>There is a risk to the provision of statutory functions / functions required as part of the Council's Covid-19 response due to employee capacity issues - including impact of sickness / caring responsibilities.</p> <p>Risk Owner: Tim Johnson Cabinet Leader: Cllr Ian Brookfield</p>  <table border="1" data-bbox="224 638 678 989"> <tr><td>5</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td><td>Red</td></tr> <tr><td>4</td><td>Yellow</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>3</td><td>Green</td><td>Yellow</td><td>Yellow</td><td>12</td><td>Red</td></tr> <tr><td>2</td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td><td>Yellow</td></tr> <tr><td>1</td><td>Green</td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td></td><td colspan="5">Impact</td></tr> </table>	5	Yellow	Yellow	Red	Red	Red	4	Yellow	Yellow	Yellow	Red	Red	3	Green	Yellow	Yellow	12	Red	2	Green	Green	Yellow	Yellow	Yellow	1	Green	Green	Green	Yellow	Yellow		1	2	3	4	5		Impact					12 Amber	8 Amber *On-Going	Detailed analysis has been conducted and systems have been established in order to understand the flexibility of the workforce. Service areas have been prioritised and redeployment capacity assessed, where necessary employees have been redeployed, these requirements are reviewed on an ongoing basis. All Heads of Service have revisited their resilience plans to ensure that services can operate in a Covid secure manner. Processes are in place to identify priorities both as we move through the recovery phase and if there is continued rise in infection numbers, this includes identifying staff that could be re-deployed if required.	N/A
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Risk ref	Risk title and description	Current score (Sept 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																													
15 4/20	<p>ICT Network and Telecommunications / Security Issues</p> <p>There is a risk of service disruption due to failures in ICT and telecommunications systems (including the ability to access the Council's secondary data centre). There is also an increased risk of cyber security threats as a result of Covid-19.</p> <p>Risk Owner: Charlotte Johns Cabinet Leader: Cllr Louise Miles</p> <table border="1" data-bbox="224 750 672 1101"> <tr> <td rowspan="5">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td>8</td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="6">Impact</td> </tr> </table>	Likelihood	5						4						3						2				8		1								1	2	3	4	5		Impact						8 Amber	4 Amber *On-Going	<p>Regular and ongoing maintenance and review of ICT systems and technical defences is ongoing. System back-ups continue to be undertaken on a regular basis and there is a continual review of ICT security.</p> <p>Work has been undertaken to implement multi factor authentication to improve security, which has now been implemented. The Council continues to block applications with security concerns (i.e. Zoom below version 5) from the network so that they cannot be accessed from corporate devices. Work on a second POP site is underway, supporting further network resilience.</p>	23 – Cyber Security
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Risk ref	Risk title and description	Current score (Sept 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks
16 4/20	<p>Education Provision</p> <p>There is a risk to the consistent provision of education to all children and young people in Wolverhampton due to;</p> <ul style="list-style-type: none"> • Covid-19 outbreaks in schools • Children and young people not regularly being in school due to managing isolated Covid-19 cases • Parents confidence that children are safe in schools due to the pandemic. <p>Risk Owner: Emma Bennett Cabinet Leader: Cllr Dr Michael Hardacre</p> 	8 Amber	4 Amber *On-Going	<p>The Council are continuing to provide a programme of ongoing support to schools, all Wolverhampton schools reopened to pupils in September. Attendance levels across the city are high and the Council are continuing to monitor attendance closely to ensure all children are attending. Additional capacity has been put into education welfare and a clear process has been developed in conjunction with schools to address non-attendance. In addition, a communications plan has been developed both in relation to communications to education settings and to parents to ensure consistent messaging. An Education Incident Management team has been established with key Council officers to monitor emerging Covid cases in schools and to provide ongoing support to education settings in order to manage outbreaks.</p>	22 - Skills for Work and Inclusive Growth

Risk ref	Risk title and description	Current score (Sept 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																										
17 4/20	<p>Impact on-going projects and programmes</p> <p>There is a risk to the Council's ongoing projects and programmes in terms of both timings and costs due to the impacts of Covid-19. Furthermore, original business cases may no longer align with future strategic aims.</p> <p>Risk Owner: Richard Lawrence Cabinet Leader: Cllr Stephen Simkins</p>  <table border="1" data-bbox="224 670 678 1021"> <tr> <td></td> <td>5</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>4</td> <td></td> <td></td> <td>16</td> <td></td> </tr> <tr> <td></td> <td>3</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>2</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Likelihood</td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5">Impact</td> </tr> </table>		5						4			16			3						2						1					Likelihood	1	2	3	4	5		Impact					16 Red	12 Amber *On-Going	<p>With regards to the Council's major capital projects; the strategic pipeline and the related investment funding opportunities, the Infrastructure for Growth Board continue to consider the impacts of the pauses in work caused by COVID-19 and the changes in longer term objectives. An exercise to describe some of these considerations in terms of changes to key assumptions and associated risks (i.e. reduced appetite in city centre residential development, potential for a property market crash etc) is ongoing.</p> <p>A Covid reporting protocol has been initiated to identify and monitor risks and issues directly related to Covid-19. The Council is pro-actively working with partners and stakeholders to mitigate risk and continue operations in accordance with Government guidelines. Regular reporting to PAG, i4Projects, SEB and Member Reference Group is also ongoing.</p>	37 - Governance of Major Capital Projects
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Risk ref	Risk title and description	Current score (Sept 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																																
18 4/20	<p>PPE</p> <p>There is a risk to Wolverhampton's frontline workers due to national issues regarding the supply of PPE.</p> <p>Risk Owner: David Watts Cabinet Leader: Cllr Linda Leach</p>  <table border="1" data-bbox="224 547 678 954"> <tr><td>5</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>4</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>3</td><td></td><td></td><td>12</td><td></td><td></td></tr> <tr><td>2</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>1</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td></td><td colspan="5">Impact</td></tr> </table>	5						4						3			12			2						1													1	2	3	4	5		Impact					12 Amber	8 Amber *On-Going	<p>The Council continues to be in regular contact with care providers to identify PPE requirements.</p> <p>Public health, the NHS and the Council's Health and Safety team continue to work to keep on top of national guidance. Local risk assessment processes have been designed and implemented to enable reopening of further services. Any localised shortages of PPE are being managed via mutual aid between local authorities</p>	N/A
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Risk ref	Risk title and description	Current score (Sept 2020)	Target score and date (where appropriate)	Comment	Link to Strategic Risks																																																
19 07/20	<p>Recovery</p> <p>If the Council's recovery planning is not robust the Council and the City will not recover swiftly causing an inability to support citizens and businesses effectively, resulting in significant financial and/or reputational damage.</p> <p>Risk Owner: Charlotte Johns Cabinet Leader: Cllr Ian Brookfield</p>  <table border="1" data-bbox="226 655 678 1062"> <tr><td>5</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td><td>Red</td></tr> <tr><td>4</td><td>Yellow</td><td>Yellow</td><td>Yellow</td><td>Red</td><td>Red</td></tr> <tr><td>3</td><td>Green</td><td>Yellow</td><td>Yellow</td><td>12</td><td>Red</td></tr> <tr><td>2</td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td><td>Yellow</td></tr> <tr><td>1</td><td>Green</td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td></td><td>Green</td><td>Green</td><td>Green</td><td>Yellow</td><td>Yellow</td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td></td><td colspan="5">Impact</td></tr> </table>	5	Yellow	Yellow	Red	Red	Red	4	Yellow	Yellow	Yellow	Red	Red	3	Green	Yellow	Yellow	12	Red	2	Green	Green	Yellow	Yellow	Yellow	1	Green	Green	Green	Yellow	Yellow		Green	Green	Green	Yellow	Yellow		1	2	3	4	5		Impact					12 Amber	8 Amber *On-Going	<p>Planning for recovery includes;</p> <ul style="list-style-type: none"> Short term operational transition of services from lock down where is safe to do so, alongside, Longer term strategic approach to a wider recovery within the Council and City to shape future service delivery. <p>With regards the phased re-opening of Council services detailed work is ongoing to review and implement the latest Government guidance appropriately. This includes collaboration between Heads of Service, Health and Safety and Public Health teams to identify how services can move forward safely, with minimal risk to officers and members of the public. This includes considerations such as PPE requirements and work locations. An employee risk assessment has been established in collaboration with key partners and has since been adopted as best practice by others.</p> <p>The Council have established a recovery commitment which has been approved by Cabinet on 9 September and Full Council on 16 September 2020. This includes a phased approach, the first phase of which is to establish a robust evidence base to inform recovery through an impact assessment which is proposed through four lenses; services, community, employee and economy. A robust governance structure to oversee the recovery phase has been established including a city Recovery Co-ordinating Group. Regular reporting to the Strategic Executive Board and elected members is ongoing. Collaboration is also being undertaken with both regional partners and partners from within the City where appropriate, through the regional Recovery Co-ordinating Group.</p>	N/A
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20 07/20	<p>Rising Unemployment</p> <p>Impact of Covid-19 on businesses and industries across the City will result in more unemployment.</p> <p>Risk Owner: Richard Lawrence Cabinet Leader: Cllr Stephen Simkins</p>	20 Red	16 Red	<p>Covid-19 has significantly impacted businesses and industries across the City. Nationally and regionally, the number of people claiming unemployment benefits in April 2020 has increased exponentially. The West Midlands is predicted to be one of the hardest hit economies, reflecting the region's high dependency on the automotive and education sectors. The labour market which emerges from this crisis will likely be the toughest for generations, with the current hibernation of thousands of businesses potentially followed by a longer period where companies are reluctant to return to their pre-crisis recruitment and training behaviour. Wolves @Work has built strong relationships with businesses and residents across the city supporting those affected from redundancy. The service is part of a region wide group tracking vacancies and redundancies across the West Midlands ensuring we are informed and can respond to changes in the economy</p> <p>The Council are monitoring the position for the city carefully and have identified one significant redundancy. In addition, there is an expectation the end of Furlough will lead to high numbers of redundancies and are preparing the service to receive and support clients, working closely with DWP and other key partners.</p>	9 - City Centre Regeneration, 22 - Skills for Work and Inclusive Growth

* The target assessment for these risks remains constant as they are risks which are likely to remain at their current level over the medium term and as such these risks may not have target dates.

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Appendix 2 – Strategic Risk Register

September 2020



Risk ref	Risk title and description	Previous score (May 2020)	Direction of travel	Current score (Sept 2020)	Target score and date (where appropriate)	Comment																																											
3 01/14	<p>Information Governance (IG)</p> <p>If the Council does not put in place appropriate policies, procedures and technologies to ensure:</p> <ul style="list-style-type: none"> that the handling and protection of its data is undertaken in a secure manner and consistent with both the provisions of the Data Protection Act 1998 and the General Data Protection Regulation (GDPR) which came into force during May 2018; compliance with the Freedom of Information Act and Environmental Information Regulations; <p>then it may be subject to regulatory action, financial penalties, reputational damage and the loss of confidential information.</p> <p>Risk owner: David Pattison Cabinet Member: Cllr Paula Brookfield</p> <table border="1" data-bbox="219 943 672 1294"> <tr> <td rowspan="6" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000; text-align: center;">12</td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4						3				12		2						1							1	2	3	4	5		Impact					12 Amber		12 Amber	8 Amber When new working practises are embedded	The score of this risk remains at 12 Amber to continue to take into account new working arrangements and the increase in the likelihood of data breaches. IG implications have now been included within key documentation such as Teams User Guides and working from home guidance has been reviewed and re-issued to staff. The IG Team continue to work closely with the Projects and Programmes team to ensure that IG implications are taken into account across all work streams.
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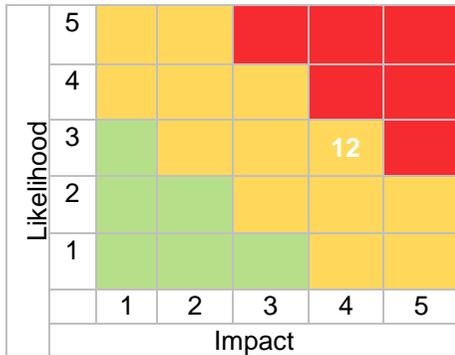
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4 01/14	<p>Medium Term Financial Strategy If the Council does not manage the risks associated with the successful delivery of its medium term financial strategy (MTFS) including the continual review of the assumptions and projections of the strategy, the effective management of the key MTFS programmes and projects such as the transformation of Adults and Children’s services then revenues may be exhausted, resulting in the potential loss of democratic control and the inability of the Council to deliver essential services and discharge its statutory duties.</p> <p>Risk owner: Claire Nye Cabinet Member: Cllr Louise Miles</p> <table border="1" data-bbox="219 831 672 1184"> <tr> <td rowspan="6" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000; text-align: center;">20</td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5			20		4					3					2					1						1	2	3	4	5		Impact					20 Red		20 Red	16* Amber On-Going	<p>The score of this risk remains at 20 red alongside Covid-19 risk, 7 – Medium Term Budgetary Pressure as detailed on the Covid-19 risk register.</p> <p>As reported in the Covid Risk Register, work is ongoing within the Council’s Finance Team alongside Senior Managers and Budget Holders to monitor spending and regular updates continue to be provided to the Leader, Cabinet Member and the Strategic Executive Board (SEB).</p>
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7 01/14	<p>Safeguarding</p> <p>If the Council’s safeguarding procedures and quality assurance processes are not consistently and effectively implemented then it will fail to safeguard children and vulnerable adults and lead to reputational damage.</p> <p>Risk owner: Emma Bennett Cabinet Member: Cllr John Reynolds and Cllr Linda Leach</p> <table border="1" data-bbox="219 644 672 997"> <tr> <td rowspan="5">Likelihood</td> <td>5</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>4</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>3</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>12</td> <td>Red</td> </tr> <tr> <td>2</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> </tr> <tr> <td>1</td> <td>Green</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td></td> <td colspan="5">Impact</td> </tr> </table>	Likelihood	5	Yellow	Yellow	Red	Red	Red	4	Yellow	Yellow	Yellow	Red	Red	3	Green	Yellow	Yellow	12	Red	2	Green	Green	Yellow	Yellow	Yellow	1	Green	Green	Green	Yellow	Yellow			1	2	3	4	5			Impact					12 Amber		12 Amber	10 Amber On-Going	The score of this risk remains at 12 – amber in accordance with risk 4 – Safeguarding Children on the Covid-19 Register. For details of mitigating actions with regards to safeguarding children and vulnerable adults at this time see the Covid-19 Risk Register.
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8 01/14	<p>Business Continuity Management (BCM) Failure to develop, exercise and review plans and capabilities that seek to maintain the continuity of critical functions in the event of an emergency that disrupts the delivery of Council services.</p> <p>Risk owner: John Denley Cabinet Member: Cllr Jasbir Jaspal</p> <table border="1" data-bbox="219 624 672 970"> <tr> <td rowspan="5" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000; text-align: center;">12</td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4						3				12		2						1								1	2	3	4	5			Impact					12 Amber		12 Amber	8* Amber On-going	<p>The score of this risk remains at 12 – amber. BCM plans are being utilised, employees continue to work from home and statutory functions are operating. The new BCM system is operating and meets ISO 2230 and 22313 and the Team continue to work towards new British standards. The Team are collating lessons learnt to feed into future operations, this includes looking at existing plans to ensure they cover all aspects of homeworking such as the reliance on technology and utilities.</p> <p>The BCM SharePoint site is now operational, Heads of Service are responsible for reviewing and updating individual plans, each service area has been given an individual RAG rating (based on completion of BCM documentation) and where required Managers are being asked to provide outstanding items.</p>
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9 01/14	<p>City Centre Regeneration</p> <p>If the city centre regeneration programme is not effectively managed in terms of project timings, costs and scope, then it will be unable to maximise opportunities including:</p> <ul style="list-style-type: none"> the attraction of private sector investment and the creation of space to accommodate new businesses and economic growth the enhancement and creation of visitor attractions the creation of well-paid employment retention of skilled workers the creation of residential opportunities a functioning city centre offer that serves the residents of the City a reduced demand on Council services <p>Risk owner: Richard Lawrence Cabinet member: Cllr Stephen Simkins</p> <table border="1"> <tr> <td rowspan="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td>12</td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5">Impact</td> </tr> </table>	Likelihood	5						4						3			12			2						1							1	2	3	4	5		Impact					12 Amber		12 Amber	12* Amber On-going	<p>The score of this risk remains at 12 – Amber. Whilst there have been impacts on project timings, costs and scope, at present these are being effectively managed across the City Centre Regeneration Programme. The Council is proactively working with partners and stakeholders to mitigate risk and where possible to ensure that activity can continue, in accordance with Government guidelines.</p> <p>All project managers are continuing to review and highlight risks relating to Covid-19 so that the potential impacts on each project can be identified and analysed and that where necessary changes to scope can be implemented. Potential impacts include, but are not limited to; timing delays, reduction in income from sales (occupation / floor space) increased costs within the supply chain, changes to stakeholder priorities and effects on financial viability.</p> <p>Risks across the City Centre Regeneration Programme are being continually monitored and evaluated. Regular reporting to the Strategic Executive Board / Infrastructure for Growth Board, Project Assurance Group / Member Reference Group and elected members is in place.</p> <p>With regards to City Centre developments it is noted;</p> <ul style="list-style-type: none"> The Interchange Scheme has now moved onto Phase two, following the opening of phase one of the station in May 2020, work on the i9 development is also ongoing. The Council continues to support Benson Elliot (owners of the Mander Centre), who have successfully let the retail space formally occupied by Debenhams. Work to improve the public realm and pedestrianise a number of areas within the City Centre using funding obtained through the Future High Street fund is ongoing. Wolverhampton’s Town Deal Board have submitted a final bid for Government funding to transform the City Centre, Bilston and Wednesfield.
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15 01/14	<p>Emergency Planning</p> <p>Failure to develop, exercise and review plans and capabilities for preventing, reducing, controlling or mitigating the effects of emergencies in both the response and recovery phases of a major incident. Failure to train sufficient numbers of staff to undertake the roles in our plans that assist our residents in emergencies and protect the council's reputation from damage. Failure to audit the emergency response plans and capabilities of third-party organisations that deliver statutory services on behalf of the council.</p> <p>Risk owner: John Denley Cabinet member: Cllr Jasbir Jaspal</p>	12 Amber		12 Amber	8* Amber On-going	The score of this risk remains unchanged. Multi-Agency / Regional work is ongoing and working well. Plans are being updated to take into account actual occurrences, at the time of reporting three major Council Emergency Plans have been updated. The Resilience Team are collating lessons learnt to feed into future operations. Work is on-going with the Council's out of hours contact centre to develop procedures and ensure that correct notification protocols are in place, further assurance will be required to ensure new procedures are working effectively.

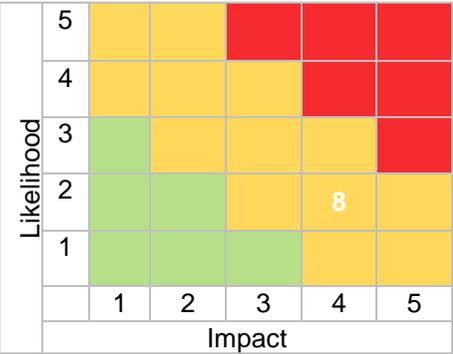


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22 01/17	<p>Skills for Work and Inclusive Growth</p> <p>If the city residents do not have the appropriate skills that employers require and the Council does not work effectively with its partners to promote and enable growth, high rates of unemployment and low rates of inclusive growth will result in increased demand for council services.</p> <p>Risk owner: Richard Lawrence Cabinet Member: Cllr Dr Michael Hardacre</p> <table border="1" data-bbox="219 667 672 1021"> <tr> <td rowspan="6" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700; text-align: center;">10</td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4						3						2					10	1							1	2	3	4	5		Impact					10 Amber	➔	10 Amber	10* Amber On-going	The score of this risk remains at 10 - amber. The situation is being monitored carefully. Wolves@work has identified over 800 new jobs and is working closely with partners to inform and shape the current skills provision
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23 01/17	<p>Cyber Security</p> <p>Failure to maintain a high level of cyber security (technology, processes and awareness) throughout the Council may result in cyber-attacks and theft or loss of confidential data leading to financial penalties, reputational damage and a loss in public confidence.</p> <p>Risk owner: Charlotte Johns Cabinet Member: Cllr Louise Miles</p> <table border="1" data-bbox="219 702 672 1050"> <tr> <td rowspan="6" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000; text-align: center;">12</td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4						3				12		2						1							1	2	3	4	5		Impact					12 Amber	➔	12 Amber	10 Amber <small>Dependent on cyber world-wide cyber incidents</small>	<p>The score of this risk remains at 12 amber, the risk of devices being compromised continues to remain low due to current working arrangements. Since last reported it is noted;</p> <ul style="list-style-type: none"> Multi Factor Authentication has been enabled in order to prevent impersonation and phishing attacks and to allow employees to access information securely from personal devices. Unified labels are in the process of being launched, this will provide the Council with additional consistency with regards to the classification and protection of data. Rights Management Software (RMS) is due to be implemented during October, this will safeguard emails so that only authorised recipients can view them. The Council continues to block applications with security concerns (i.e. Zoom below version 5) from the network so that they cannot be accessed from corporate devices. The Cyber Essentials Security Plus Certificate has been achieved for the second consecutive year, this award demonstrates the continued progress made by the Council in relation to Cyber Security. <p>Regular maintenance of the cyber security technical defences is ongoing in order to address and resolve vulnerabilities.</p>
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27 02/19	<p>City assurance of response and compliance with the requirements of National Building Safety Programme, Grenfell Inquiry Report Recommendations and MHCLG Building Regulation Guidance Advice Notice(s)</p> <p>There is a risk of injury to members of the public, reputational damage, exposure to regulatory action and financial penalties to Council if appropriate processes and controls to ensure compliance with the requirements of the National Building Safety Programme, Grenfell Inquiry Report Recommendations and MHCLG Building Regulation Guidance Advice Notice(s).</p> <p>Risk Owner: Ross Cook Cabinet Member: Jacqueline Sweetman</p> <table border="1" data-bbox="219 890 672 1244"> <tr> <td rowspan="5" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700; text-align: center;">10</td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="6" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4						3						2					10	1								1	2	3	4	5		Impact						10 Amber	➔	10 Amber	5 Amber	There have been no changes to this risk score as a result of the Covid-19 pandemic. Work is ongoing to ensure the Council's compliance with the National Building Safety Programme, Grenfell Inquiry Report Recommendations and MHCLG Building Regulation Guidance.
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28 10/17	<p>Health and Safety</p> <p>Through failure to use safe working methods the Council may be exposed to regulatory action, financial penalties and reputational damage.</p> <p>Risk owner: David Pattison Cabinet Member: Cllr Paula Brookfield</p> <table border="1" data-bbox="219 619 672 970"> <tr><td>5</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>4</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>3</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td>2</td><td></td><td></td><td></td><td>8</td><td></td></tr> <tr><td>1</td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td></td><td colspan="5">Impact</td></tr> </table>	5						4						3						2				8		1							1	2	3	4	5		Impact					8 Amber		8 Amber	8 Amber *On-going	<p>The score of this risk remains at 8 Amber, whilst there have been impacts as a result of Covid-19 these continue to be adequately managed and tightly controlled. The Council's Health and Safety Team continue to be fully involved in decision making processes and governance structures. With regards to a return to face to face services the following process is still in place;</p> <ul style="list-style-type: none"> • Director and SEB approval is required to start discussions regarding how services can return on a face to face basis. • Discussions with the Health and Safety Team, Human Resources and Facilities Management on how and if this can be achieved safely are required. • Consultations with Unions and staff on how this might work must be undertaken. • Where there is agreement, the proposal is taken to SEB for approval, sign-off is also required from elected members where appropriate. <p>All decisions are recorded on detailed decision trackers and appropriate communications must be developed prior to re-launching service provisions. There is a potential that this risk could increase as the Council move further into the recovery phase, at present adequate assurance that government guidelines and risk assessments are being adhered to is in place.</p> <p>In addition, it is noted that employee well-being continues to be a priority for the Council, processes are in place to provide access to office facilities for employees where it is required from a wellbeing perspective. In addition, DSE assessments are being completed for staff and Heads of Services have been asked to provide details of ICT equipment required to support individuals whilst working at home.</p>
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29 12/17	<p>Fire Safety – Public Buildings If the Council does not have in place appropriate systems to ensure compliance with the Regulatory Reform (Fire Safety) Order 2005 within public buildings (including schools) there is a risk of injury to members of the public and exposure to regulatory action, financial penalties and reputation damage to the Council.</p> <p>Risk owner: Mark Taylor Cabinet Member: Cllr Jacqueline Sweetman</p> 	8 Amber		8 Amber	8 Amber *On-going	<p>The score of this risk remains at 8 amber. Valid fire risk assessments continue to be in place for all public buildings. The Council's Projects and Works team continue to focus on implementing high priority actions identified within these risk assessments and adequate funding is in place to complete these works.</p> <p>As previously reported there have been only minor impacts from Covid-19 which includes a delay in completing some Fire Risk Assessment reviews, this is not deemed a significant issue as valid assessments are in still in place. The Council's Corporate Landlord and Health and Safety Teams are working with education to improve fire safety management reporting within schools. Sufficient fire and health and safety checks are being undertaken within Council operated public buildings prior to them re-opening to both Council employees and the members of the public.</p>

Risk ref	Risk title and description	Previous score (May 2020)	Direction of travel	Current score (Sept 2020)	Target score and date (where appropriate)	Comment																																											
30 01/18	<p>Civic Halls</p> <p>There is a significant reputational and financial risk to the Council and to the City's wider visitor economy if the revised Civic Halls refurbishment programme is not effectively managed in terms of project timings, costs and scope.</p> <p>Risk owner: Richard Lawrence Cabinet Member: Cllr Stephen Simkins</p> <table border="1" data-bbox="219 662 672 1013"> <tr> <td rowspan="6" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700; text-align: center;">12</td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4						3				12		2						1							1	2	3	4	5		Impact					16 Red		12 Amber	12* Amber Ongoing	<p>The main contract for the refurbishment of the Civic Halls was signed on the 28th July 2020. Progress on the project is currently on programme, with the piling works to the foundations now completed and the new structural steels being delivered to site and the subsequent installation commencing in October 2020. Demolition works are also continuing to all areas in the Civic and Wulfrun Halls in preparation for the new structural steel installation, with existing bar and WC areas now all stripped out.</p> <p>COVID-19 measures are fully implemented on site and are kept under constant review from the contractor and project teams.</p> <p>Careful contract monitoring and regular liaison with contractors is ongoing, regular updates continue to be provided to the Leader, relevant Cabinet Member and to SEB.</p>
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Risk ref	Risk title and description	Previous score (May 2020)	Direction of travel	Current score (Sept 2020)	Target score and date (where appropriate)	Comment																																													
32 06/18	<p>Waste Management Services</p> <p>If the Council does not continue to effectively manage the delivery of its waste service there is a risk that savings targets will not be delivered, and reputational damage may be incurred due to issues with waste collections.</p> <p>Risk owner: Ross Cook Cabinet Member: Cllr Steve Evans</p> <table border="1" data-bbox="219 624 672 975"> <tr> <td rowspan="5">Likelihood</td> <td>5</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>4</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>3</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> </tr> <tr> <td>2</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> </tr> <tr> <td>1</td> <td>Green</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td></td> <td colspan="5">Impact</td> </tr> </table>	Likelihood	5	Yellow	Yellow	Red	Red	Red	4	Yellow	Yellow	Yellow	Red	Red	3	Green	Yellow	Yellow	Yellow	Red	2	Green	Green	Yellow	Yellow	Yellow	1	Green	Green	Green	Yellow	Yellow			1	2	3	4	5			Impact					4 Amber		4 Amber	4* Amber Ongoing	This risk score remains at 4 – amber, there has been no impact to waste collections as a result of the Covid-19 pandemic. The Council is undertaking garden waste collections as planned, waste disposal contracts are being finalised and in accordance with government guidance household waste rubbish collection sites continue to remain open.
Likelihood	5		Yellow	Yellow	Red	Red	Red																																												
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Risk ref	Risk title and description	Previous score (May 2020)	Direction of travel	Current score (Sept 2020)	Target score and date (where appropriate)	Comment																																													
36 05/19	<p>Parent company assurance of Tenant Management Organisations (TMOs)</p> <p>There is a risk to the safety of residents if assurance cannot be provided that adequate management and safety controls are in place within TMOs.</p> <p>Risk Owner: Ross Cook Cabinet Member: Cllr Jacqueline Sweetman</p> <table border="1" data-bbox="219 646 672 999"> <tr> <td rowspan="5" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000; text-align: center;">12</td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4						3				12		2						1								1	2	3	4	5			Impact					12 Amber		12 Amber	4 Amber June 2020	The score of this risk remains unchanged and work to support the TMO's continues.
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Risk ref	Risk title and description	Previous score (May 2020)	Direction of travel	Current score (Sept 2020)	Target score and date (where appropriate)	Comment																																													
37 05/19	<p>Governance of Major Capital Projects and Programmes</p> <p>The Council will fail to maximise opportunities and incur significant reputational and financial risks if it does not continue to manage, monitor and review major capital projects effectively, particularly in terms of project timescales, achievement of milestones and costs.</p> <p>Risk owner: Laura Phillips Cabinet Member: Cllr Paula Brookfield</p> <table border="1" data-bbox="219 743 674 1094"> <tr> <td rowspan="5" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700; text-align: center;">8</td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4						3						2				8		1								1	2	3	4	5			Impact					8 Amber	➔	8 Amber	4* Amber Ongoing	The score of this risk remains unchanged, there has been no impact on the governance of major capital projects as a result of the Covid-19 pandemic. A Covid reporting protocol has been initiated to identify and monitor risks and issues directly related to Covid-19 and an exercise to describe some of these considerations in terms of changes to objectives and assumptions is ongoing.
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Risk ref	Risk title and description	Previous score (May 2020)	Direction of travel	Current score (Sept 2020)	Target score and date (where appropriate)	Comment																																										
38 01/20	<p>Climate Change</p> <p>Failure to achieve the Council's commitments in relation to Climate Change, including the pledge to make Council activities net-zero carbon by 2028 may result in significant reputational damage and a loss in public confidence.</p> <p>Risk owner: Ross Cook Cabinet Member: Cllr Steve Evans</p> <div data-bbox="215 667 672 1018" data-label="Figure"> <table border="1"> <tr> <td>5</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>4</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> <td>Red</td> </tr> <tr> <td>3</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> <td>Yellow</td> <td>Red</td> </tr> <tr> <td>2</td> <td>Green</td> <td>Green</td> <td>6</td> <td>Yellow</td> <td>Yellow</td> </tr> <tr> <td>1</td> <td>Green</td> <td>Green</td> <td>Green</td> <td>Yellow</td> <td>Yellow</td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5">Impact</td> </tr> </table> </div>	5	Yellow	Yellow	Red	Red	Red	4	Yellow	Yellow	Yellow	Red	Red	3	Green	Yellow	Yellow	Yellow	Red	2	Green	Green	6	Yellow	Yellow	1	Green	Green	Green	Yellow	Yellow		1	2	3	4	5		Impact					6 Amber		6 Amber	4* Amber Ongoing	The score of this risk remains unchanged, there has been no impact on the Council's Climate change strategy as a result of the Covid-19 pandemic.
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Risk ref	Risk title and description	Previous score (May 2020)	Direction of travel	Current score (Sept 2020)	Target score and date (where appropriate)	Comment																																											
39 09/20	<p>Implications of Brexit</p> <p>There is a risk that the implications of Brexit could have a negative impact on the Council and the wider city.</p> <p>Risk owner: Tim Johnson Cabinet Member: Cllr Ian Brookfield</p> <table border="1" data-bbox="219 579 672 930"> <tr> <td rowspan="6" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>4</td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000;"></td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>3</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FF0000; text-align: center;">12</td> <td style="background-color: #FF0000;"></td> </tr> <tr> <td>2</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td>1</td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #90EE90;"></td> <td style="background-color: #FFD700;"></td> <td style="background-color: #FFD700;"></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table>	Likelihood	5						4						3				12		2						1							1	2	3	4	5		Impact					N/A	N/A	12 Amber	12* Amber Ongoing	Continual monitoring of the ongoing political situation to identify and prepare for potential impacts across the Council and within the City of Wolverhampton are ongoing, this includes assessing the potential impact on local businesses and the supply chain.
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Audit and Risk Committee

28 September 2020

Report title	Audit and Risk Committee Annual Report – 2019-2020	
Accountable director	Claire Nye, Director of Finance	
Originating service	Audit	
Accountable employee	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable.	

Recommendation for decision:

The Committee is recommended to:

1. Endorse the Audit and Risk Committee Annual Report for 2019-2020 and refer it to Full Council for approval.

1.0 Purpose

- 1.1 This report summarises the main areas of work undertaken by the Audit and Risk Committee during 2019-2020.

2.0 Background

- 2.1 The purpose of the Audit and Risk Committee is to provide independent assurance on the adequacy of the risk management framework and the internal control environment. It provides an independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

3.0 Progress

- 3.1 The Audit and Risk Committee will continue to receive regular assurance reports throughout the year.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report.
[GE/17092020/W]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report.

[TS/16092020/G]

6.0 Equalities implications

- 6.1 There are no equalities implications arising from the recommendation in this report.

7.0 Climate Change and Environmental implications

- 7.1 There are no climate change and environmental implications arising from the recommendation in this report.

8.0 Human resources implications

- 8.1 There are no human resources implications arising from the recommendation in this report.

9.0 Corporate landlord implications

9.1 There are no corporate landlord implications arising from the recommendation in this report.

10.0 Health and wellbeing implications

10.1 There are no health and wellbeing implications arising from the recommendation in this report.

11.0 Covid implications

11.1 There are no covid implications arising from the recommendation in this report.

12.0 Schedule of background papers

12.1 There are no schedule of background papers.

13.0 Appendices

13.1 Appendix 1 - Audit and Risk Committee – Annual Report.

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Audit and Risk Committee
Annual Report
2019-2020 – Appendix 1



**Stronger
Economy**



**Stronger
Communities**



**Stronger
Organisation**

The Audit and Risk Committee at Wolverhampton

Councillor Alan Butt – Chair of the Audit and Risk Committee

The Audit and Risk Committee is a key component of the Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.



The impact of Covid-19 on the Committee

As our last meeting of the financial year took place on 23 March 2020 we were lucky enough to be able to conclude most of our annual business just before the nationwide lockdown came into effect. Throughout 2020-2021 the Committee will maintain a focus on how the Council has managed the risks associated with the impact of Covid-19.

The purpose of the Audit and Risk Committee is to provide independent assurance to the Council on the adequacy of the risk management framework and the internal control environment. It provides independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes.

It also oversees the work of both the internal and external auditors, helping to ensure that efficient and effective assurance arrangements are in place. The key benefits of the Committee can be seen as:

- increasing public confidence in the objectivity and fairness of financial and other reporting;
- reinforcing the importance and independence of internal and external audit and similar review processes;
- providing additional assurance through a process of independent review; and
- raising awareness of the need for internal control and the implementation of audit recommendations.

The Audit and Risk Committee agrees a work programme for each year. It is based on (but not limited to) the following main sources of assurance:

- Annual Governance Statement - this is the statutory report which the Committee approves in relation to the council's Statement of Accounts.
- Strategic Risk Register and Assurance Map - a regular review of the key risks the Council faces, and how and where the Committee can gain assurance that these risks are being well managed.
- Internal Audit - the ongoing work of, and reports from the Council's internal auditors.
- External Audit - the reports submitted to the Committee by the Council's external auditors Grant Thornton

I believe it has been another successful year for the Audit and Risk Committee and we look forward to building on this during 2019-2020.

Finally, as the Chair of the Audit and Risk Committee I would like to thank all the members who served on the Committee during the year, both the internal and external auditors and all of the other officers who have contributed towards its success.

We undertook the following key developments during the year

During the year in order to help ensure that the City of Wolverhampton retains a modern, effective and risk focussed Committee, we:

- Continued to focus on the Council’s risk management arrangements, gaining an increased assurance that the Council is managing its risks well and retaining the option of ‘calling-in’ risks and their risk owners, for a more detailed review as deemed appropriate.
- Maintained a strong working relationship, through regular progress meetings, with the Council’s External Auditors Grant Thornton, our Internal Auditors and Senior Officers. We also had further engagement with Grant Thornton, through regular consideration of their informative Audit Committee Update publications at Committee meetings.
- Began to receive regular updates from the relevant directors who were invited to attend the committee, in areas where internal audit had issued limited assurance reports.
- Continued to obtain local press coverage on a number of issues that were raised through, and discussed at the Committee.

Audit and Risk Committee Training Sessions

As part of the Committee’s role in reviewing the Annual Statement of Accounts for 2019/20, members of the Committee attended two training sessions hosted by the Finance team in August and September. The Committee would like to pass on our thanks to the members of the Finance team who delivered this training, in what were two very informative sessions.

Our key business during the year was:

Meeting	Activity
10 June 2019	<ul style="list-style-type: none"> The Council’s Draft Statement of Accounts External Audit Progress Report and Update Annual Governance Statement Annual Internal Audit Report Annual Audit and Risk Committee Report Strategic Risk Register and Strategic Assurance Map CIPFA Technical Update Payment Transparency Counter Fraud Update Investigations Update
22 July 2019	<ul style="list-style-type: none"> Audited Statement of Accounts TMO Audit Review Update
31 July 2019	<ul style="list-style-type: none"> Audit Statement of Accounts Update CIPFA Audit Committee Update

- Audit Investigations Update

16 September
2019

- Annual External Audit Letter
- Strategic Risk Register and Assurance Map
- Internal Audit Update
- Internal Audit Charter – Annual Review
- Payment Transparency
- Counter Fraud Update
- CIFA Technical Update

20 January
2020

- External Audit Progress Report and Update
- External Audit Communication
- Strategic Risk Register and Assurance Map
- Tendering Procedures for Major Projects
- Annual Governance Statement – Action Plan Update
- Internal Audit Update
- Counter Fraud Update
- Audit Investigations Update
- Payment Transparency

23 March 2020

- External Audit Certification Work
- External Audit Plan
- Strategic Risk Register and Assurance Map
- Internal Audit Plan 2020-2021
- Internal Audit Update
- Counter Fraud Update
- Audit and Risk Committee – Terms of Reference Annual Review
- Payment Transparency
- CIPFA Audit Committee Update
- Audit Investigations Update

How we ensured there was a strong focus on risk management

One of the main roles of the Committee is to regularly review the Strategic Risk Register in order to ensure that the risks the Council faces are being suitably addressed. During the year we had detailed discussions around the following risks:

• Cyber Security
• Medium Term Financial Strategy
• Civic Halls
• City Centre Regeneration
• Waste Management services
• Business Continuity

Our conclusion for 2019-2020:

As a result of our work throughout the year, we were able to confirm:

- That the system of internal control, governance and risk management in the Council was adequate in identifying risks and allowing the Council to understand the appropriate management of these risks.
- That there were no areas of significant duplication or omission in the systems of internal control, governance and risk management that had come to the Committee's attention, and had not been adequately resolved.

We believe that our key achievements during the year were:

- Providing assurance through a process of independent review and challenge.
- Raising the profile of internal control issues across the Council and of the need to ensure that audit recommendations are implemented.
- Regular consideration and review of the risks that the Council faces, through examination of the strategic risk register and accompanying assurance map.
- Maintaining a good working relationship with the Council's internal and external auditors.
- Building the skills and knowledge of Committee members through regular technical updates and the consideration of related guidance issued by CIPFA.
- The presence of two independent members serving on the Committee in order to broaden the Committee's experience and independent viewpoint.
- Maintaining a detailed focus on the actions being taken to combat fraud.
- Reviewing and updating the Committee's Terms of Reference in order to ensure they remain fit for purpose.

These are our Terms of Reference:

Statement of purpose

Our Audit and Risk Committee is a key component of the Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of our Audit and Risk Committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, risk and control

To review the Council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.

To review the annual governance statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.

To monitor the effective development and operation of risk management in the Council.

To monitor progress in addressing risk-related issues reported to the committee.

To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.

To monitor the counter-fraud strategy, actions and resources.

To review the governance and assurance arrangements for significant partnerships or collaborations.

Internal Audit

To approve the internal audit charter.

To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.

To approve the risk based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

To approve significant interim changes to the risk-based internal audit plan and resource requirements.

To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.

To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.

To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:

- Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work;
- Regular reports on the results of the quality assurance and improvement programme;
- Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must be included in the annual governance statement.

To consider the head of internal audit's annual report:

- The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the quality assurance and improvement programme that supports the statement - these will indicate the reliability of the conclusions of internal audit.
- The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion - these will assist the committee in reviewing the annual governance statement.

To consider summaries of specific internal audit reports as requested.

To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

To contribute to the quality assurance and improvement programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

To consider a report on the effectiveness of internal audit to support the annual governance statement, where required to do so by the Accounts and Audit Regulations.

To provide free and unfettered access to the audit committee chair for the head of internal audit, including the opportunity for a private meeting with the committee.

External Audit

To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.

To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

To consider specific reports as agreed with the external auditor.

To comment on the scope and depth of external audit work and to ensure it gives value for money.

To commission work from internal and external audit.

To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial reporting

To receive detailed training in respect of the process associated with the preparation, sign off, audit and publication of the Council's annual statement of accounts.

To monitor the on-going progress towards publication of the Council's annual statement of accounts, ensuring the statutory deadlines are achieved.

To obtain explanations for all significant variances between planned and actual expenditure to the extent that it impacts on the annual statement of accounts.

To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.

To report to full Council on a regular basis on the committee's performance in relation to the terms of reference, and the effectiveness of the committee in meeting its purpose.

To publish an annual report on the work of the Committee.

Audit and Risk Committee

28 September 2020

Report title	Internal Audit Update	
Accountable director	Claire Nye, Director of Finance	
Originating Service	Audit	
Accountable employee	Peter Farrow	Head of Audit
	Tel	01902 554460
	Email	peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable.	

Recommendation for noting:

The Committee is asked to note:

1. The contents of the latest internal audit update.

1.0 Purpose

- 1.1 The purpose of this report is to update the Committee on the progress made against the 2020 - 2021 internal audit plan and to provide information on recent work that has been completed.

2.0 Background

- 2.1 The internal audit update report contains details of the matters arising from audit work undertaken so far this year. The information included in the report will feed into, and inform, the overall opinion in our annual internal audit report issued at the year end. It also updates the Committee on various other activities associated with the internal audit service.

3.0 Progress

- 3.1 Regular internal audit update reports will continue to be presented to the Committee throughout the year.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report. [GE/17092020/R]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report. [TS/16092020/R]

6.0 Equalities implications

- 6.1 There are no equalities implications arising from the recommendation in this report.

7.0 Climate Change and Environmental implications

- 7.1 There are no climate change and environmental implications arising from the recommendation in this report.

8.0 Human resources implications

- 8.1 There are no human resources implications arising from the recommendation in this report.

9.0 Corporate landlord implications

- 9.1 There are no corporate landlord implications arising from the recommendation in this report.

10.0 Health and wellbeing implications

10.1 There are no health and wellbeing implications arising from the recommendation in this report.

11.0 Covid implications

11.1 This report details the impact of Covid-19 on the Council's internal audit service.

12.0 Schedule of background papers

12.1 There are no schedule of background papers.

13.0 Appendices

13.1 Appendix 1 - Internal Audit Update Report 2020-2021

Appendix 1 - Internal Audit Update Report 2020-2021

[NOT PROTECTIVELY MARKED]



1 *Introduction*

The purpose of this report is to bring the Audit and Risk Committee up to date with the progress made against the delivery of the 2020-2021 internal audit plan.

The Audit and Risk Committee has a responsibility to review the effectiveness of the system of internal controls and also to monitor arrangements in place relating to corporate governance and risk management arrangements. Internal audit is an assurance function which provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control and governance. This work update provides the committee with information on recent audit work that has been carried out to assist them in discharging their responsibility by giving the necessary assurances on the system of internal control.

The information included in this progress report will feed into, and inform, our overall opinion in our internal audit annual report issued at the year end. Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

Limited	Satisfactory	Substantial
There is a risk of objectives not being met due to serious control failings.	A framework of controls is in place, but controls need to be strengthened further.	There is a robust framework of controls which are applied continuously.

2 *Internal Audit Plan Update*

A report was presented to the Council's Audit and Risk Committee on 22 June 2020 updating the Committee on how Covid-19 had impacted upon the internal audit plan and explaining how a significant proportion of the audit resources had been temporarily redeployed to other areas of the Council's business to provide assistance in a number of areas including the food distribution hub, the various business support grants team, assisting Procurement with supplier due diligence checks regarding the supply of PPE and other Covid-19 related grant assurance.

Since the June meeting, the audit team have managed to complete a number of outstanding reviews from the previous year, including all of the key financial stems. Alongside this, work has also begun on delivering areas within the 2020-2021 audit plan. Details on both of these are included in section 3 of this report

An exercise is also currently underway, and directors are being consulted regarding their individual plans to understand which audits are business critical and require delivery during the remainder of 2020–2021, alongside the Covid-19 related work that we are undertaking. Those areas that are not deemed business critical at this point in time, will feed back into the risk planning exercise for next year and either be removed or deferred to next year's plan. Further details on progress will be reported at the next meeting of the Committee.

3 Summary of audit reviews completed

The following audit reviews were completed towards the end of the first quarter of the current year.

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
2019/20 Audits now completed							
City North Gateway M54 Junction 2 Project Management	Medium	-	-	-	-	-	N/A - advisory
Accounts Receivable	High	-	1	1	2	2	Satisfactory
Main Accounting (General Ledger and Budgetary Control)	High	-	-	5	5	5	Substantial
Fixed Assets	High	-	-	-	-	-	Substantial
Local Taxes (Council Tax and NNDR)	High	-	-	1	1	1	Substantial
Housing Rents	High	-	-	-	-	-	Substantial
Housing Benefits	High	-	-	-	-	-	Substantial
Accounts Payable	High	-	-	1	1	1	Substantial
The following new reviews have also been completed:							
Senior Officer Emoluments	High	-	-	-	-	-	N/A
Sundry Debtors - Bad Debt Due Diligence	High	-	-	-	-	-	N/A

Key: AAN = Assessment of assurance need

4 *On-going assurance where reports are not issued*

It is a requirement of the Internal Audit Charter that Internal Audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations. Objectivity is presumed to be impaired when individual auditors review any activity in which they have previously had operational responsibility. If individual auditors are extensively consulted during system, policy or procedure development, and independence could be seen as being compromised, or if they have had previous operational roles, they will be precluded from reviewing and making comments during routine or future audits, for the remainder of that financial year and for the following financial year after their involvement. Therefore, should any reviews be conducted on the below, then they will be led by another member of the audit team.

Project/Programme	Was this in the original plan?	Audit Service's Role
Information Governance	Yes	A member of the team sits on the Council's Information Governance Board in the capacity of providing advice and support.
Pay Strategy	Yes	A member of the team sits on the Council's Pay Strategy Board. The purpose of the board is to ensure that all requests in respect pay and grading is approved in accordance with the Council's Collective Agreement for NJC employees.
Project Assurance Group	Yes	A member of the team is involved in this group. The purpose of the group is to ensure that all of the Council's projects and programmes, recorded through the Verto system, are reviewed and scrutinised.
Delivering Independent Travel Programme	Yes	A member of the team sits on the Programme Board as Independent Programme Lead. During the lifecycle of the programme on-going advice is provided on the governance, risk management and, programme and project management arrangements.
Schools Fire Safety Working Group	Yes	A member of the team sits on the Board in the capacity of providing advice and support.
Business Support Programme	Yes	A member of the team sits on the Board in the capacity of providing advice and support. The programme's main objective is the centralisation of administration within the Council.
City Learning Quarter Programme	Yes	Audit Services have been invited to provide an assurance role for the programme. This is a major capital investment project which has a reputational risk to the Council.

Project/Programme	Was this in the original plan?	Audit Service's Role
Agresso Board	Yes	A member of the team sits on this Board to oversee the on-going development of the Council's enterprise resource planning (ERP) solution.
Children's Transformation Board	Yes	A member of the team attends the Board and provides support and assurance on project management arrangements and specific audit issues. This also includes advice and support on the implementation of the new Eclipse management information system.
Transform Adult Social Care Programme	Yes	A member of the team attends the Board to provide support and assurance on project management arrangements and specific audit issues.
Transport Asset Group	Yes	A member of the team is involved in this group. The purpose of the group is to ensure that business cases submitted by business areas for vehicles and equipment replacement are reviewed and assessed prior to approval, as well as addressing future Council Fleet requirements and climate targets for a cleaner environment and reduction in carbon emissions, and future use of electric / hybrid vehicles.
HR Improvement Programme	Yes	The purpose of this programme is to review current Human Resource systems, processes and procedures to drive out efficient service improvements. A member of the team sits on the Board to provide support and assurance around changes proposed in order to ensure risks are managed and controls are not compromised.
Civic Halls Operational Board	Yes	A member of the team is a representative on this group. The purpose of the board is to oversee the operational delivery of the Civic Halls full refurbishment.
Infrastructure for Growth Board	Yes	The purpose of this group is to oversee the strategy of regeneration projects across the city to ensure there is a co-ordinated joined up approach. A member of the team is present on this board to provide support and assurance around governance.

5 *Counter Fraud Activities*

The Audit Service's team investigate all allegations of suspected fraudulent activity, during the year. Details of these have will be presented to the Audit and Risk Committee in a separate report, along with details of initiatives put in place in order to both raise awareness of, and tackle fraud across the Council.

6 *Audit reviews underway*

There are also a number of other audit reviews now underway and these will be reported upon in future updates.

7 *Sundry Debtors - Bad Debt Due Diligence*

Audit Services were requested to undertake due diligence into a number of companies that appeared on the Council's end of year bad debt report. This work involved undertaking a number of financial checks to understand whether each company was financially stable to repay the outstanding debts. Following the checks performed by Audit Services each company was RAG rated in terms of their ability to repay their outstanding debts and passed to the Council's Corporate Finance Team to inform the overall bad debt provision for the Council's accounts.

8 *Follow-up of previous recommendations*

We continue to monitor the implementation of previous key recommendations, and any major issues of concern relating to their non-implementation, will be reported back to the Audit and Risk Committee.

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CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 28 September 2020
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Report title	Internal Audit Charter – Annual Review	
Accountable director	Clare Nye, Director of Finance	
Originating service	Audit	
Accountable employee	Peter Farrow Tel Email	Head of Audit 01902 554460 peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable.	

Recommendation for action:

The Committee is recommended to:

1. Perform an annual review of and approve the Internal Audit Charter.

1.0 Purpose

- 1.1 The Charter was originally approved by the Committee in September 2013 and is now due for its latest review. The Charter was last reviewed in September 2019 and there have been no changes since that time.

2.0 Background

- 2.1 There is a statutory requirement for Internal Audit to work in accordance with the 'proper audit practices'. These 'proper audit practices' are in effect the 'Public Sector Internal Audit Standards' and the Internal Audit Charter reflects this.

3.0 Progress

- 3.1 The Internal Audit Charter will continue to be subject to annual review by the Audit and Risk Committee.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report. [GE/17092020/Z]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report. [TS/16092020/T]

6.0 Equalities implications

- 6.1 There are no equalities implications arising from the recommendation in this report.

7.0 Climate Change and Environmental implications

- 7.1 There are no climate change and environmental implication arising from the recommendation in this report.

8.0 Human resources implications

- 8.1 There are no human resources implications arising from the recommendation in this report.

9.0 Corporate landlord implications

- 9.1 There are no corporate landlord implications arising from the recommendation in this report.

10.0 Health and Wellbeing implications

10.1 There are no health and wellbeing implications arising from the recommendation in this report.

11.0 Covid implications

11.1 There are no covid implications arising from the recommendation in this report.

12.0 Schedule of background papers

12.1 None.

13.0 Appendices

13.1 Appendix 1 – Internal Audit Charter

Appendix 1 - Internal Audit Charter

CITY OF
WOLVERHAMPTON
COUNCIL



**Stronger
Economy**



**Stronger
Communities**



**Stronger
Organisation**

Definition of internal auditing

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Mission of internal audit

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Core Principles for the Professional Practice of Internal Auditing

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organisation.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement

Authority and standards

Internal audit is a statutory service in the context of the Accounts and Audit Regulations (Amendment)(England) 2015. Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a Chief Financial Officer to have responsibility for those arrangements

The Local Government, England and Wales, Accounts and Audit Regulations 2015 also states that: *"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance"*. These Standards have been adopted by the Council's internal audit section.

The responsibility for ensuring that the Council has an effective internal audit has been delegated to the Chief Financial Officer/Section 151 Officer.

In the Council's Financial Procedure Rules, the Section 151 Officer has the responsibility to ensure that an adequate and effective internal audit of all Council activities is carried out in accordance with the most recent CIPFA Statements on Internal Audit Practice and relevant legislation.

Internal audit have the right of access to all records, assets, personnel and premises, including those of partner organisations, and has the authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities.



Public Sector Internal
Audit Standards
Applying the IS International Standards to
the UK Public Sector

Throughout the Public Sector Internal Audit Standards, reference is made to the terms 'Chief Audit Executive', 'board' and 'senior management'. For the purposes of this Charter, the 'Chief Audit Executive' is defined as the Head of Audit the 'board' as the Audit and Risk Committee and 'senior management' as the Strategic Executive Board.

Scope and objectives of internal audit activities

The scope of work of internal audit is to determine whether the Council's risk management, control, and governance processes are adequate and effective in order to ensure that:

- Key risks are identified and managed;
- Key financial, managerial, and operating information is accurate, reliable, and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Programs, plans, and objectives are achieved;
- Quality and continuous improvement are fostered in the Council's control process; and
- Key legislative and regulatory issues impacting the Council are identified and addressed appropriately.

Internal audit's remit extends to the entire control environment of the Council and not just financial controls. Where other internal or external assurance providers may have undertaken relevant assurance and audit work, internal audit will seek to rely on the work of these other assurance providers where professional standards would make it appropriate to do so.

Responsibilities

Internal audit has a responsibility to:

- Provide a cost effective and value added full internal audit service;
- Develop a flexible annual audit plan using a risk-based methodology;
- Implement the annual audit plan;
- Track status of outstanding management actions;
- Provide regular updates on the work of internal audit to the Audit and Risk Committee and where appropriate, senior officers;
- Assist, as needed, in the investigation of significant suspected fraudulent activities within the organisation; and
- Work with the External Auditor and other review bodies to share assurance and minimise duplication.

Organisational independence

Internal audit is involved in the determination of its priorities in consultation with those charged with governance. The Head of Audit has direct access and freedom to report in his own name to all officers and councillors and particularly to those charged with governance. If required the Head of Audit may request to meet privately with the Audit and Risk Committee.

Internal audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations.

Objectivity is presumed to be impaired when individual auditors review any activity in which they have previously had operational responsibility. If individual auditors are extensively consulted during system, policy or procedure development, and independence could be seen as being compromised, or if they have had previous operational roles, they will be precluded from reviewing and making comments during routine or future audits, for the remainder of that financial year and for the following financial year after their involvement.

Accountability, reporting lines and relationships

The Head of Audit reports on an administrative basis to the Section 151 Officer and reports functionally to the Audit and Risk Committee, the Managing Director and other senior management. An Annual report will also be produced and presented to the Audit and Risk Committee which will include an 'opinion' from the Head of Audit on the adequacy and effectiveness of internal control, risk management and governance within the Council.

A written report will be prepared by internal audit for every internal audit review. The report will be subject to an internal quality review before being issued to the responsible officer and, where appropriate, will include an 'opinion' on the adequacy of controls in the area that has been audited. The responsible officer will be asked to respond to the report in writing. The written response must show what actions have been taken or are planned in relation to each recommendation. Accountability for the response to the advice and recommendation of Internal Audit lies with management, who either accept and implement the advice or formally reject it.

The full role and responsibilities of the Audit and Risk Committee are detailed in their terms of reference, which are based on the model provided by CIPFA in their "Audit Committees – Practical Guidance for Local Authorities".

Internal audit resourcing

Internal audit must be appropriately staffed in terms of numbers, grades, qualification levels and experience. Internal auditors need to be properly trained to fulfill their responsibilities and should maintain their professional competence. The Section 151 Officer is responsible for the appointment of the Head of Audit, who must be suitably qualified and experienced. The Head of Audit is responsible for appointing all of the other staff to internal audit and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills. The Head of Audit is also responsible for ensuring that the resources of internal audit are sufficient to meet its responsibilities and achieve its objectives. If a situation arose whereby it was concluded that resources were insufficient, this must be formally reported to the Section 151 Officer, and, if the position is not resolved, to the Audit and Risk Committee.

Fraud

Managing the risk of fraud is the responsibility of management. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected. Internal audit does not have responsibility for the prevention or detection of fraud and corruption. Internal auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption. Internal audit may be requested by management to assist with fraud related work. It is a requirement of the council's Anti-Fraud and Corruption Policy that any concerns over suspected fraud and corruption should be raised initially with the Head of Audit Services. Internal audit will then control any such investigations.

Advisory work

The standards allow that internal audit effort may, where considered to have the right skills, experience and available resource, sometimes be more usefully focused towards providing

advice rather than assurance over key controls. Any such internal audit involvement in consultancy and advisory work, would only take place where it would not constitute a conflict of interest in keeping an independent stance. Any significant additional consulting services will be approved by the Audit and Risk Committee beforehand.

Review of the internal audit charter

This charter will be reviewed annually by the Head of Audit Services and the Audit and Risk Committee.

Audit and Risk Committee

28 September 2020

Report Title	Audit Services – Counter Fraud Update	
Accountable Director	Claire Nye, Director of Finance	
Originating Service	Audit	
Accountable employee	Peter Farrow	Head of Audit
	Tel	01902 554460
	Email	peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendation for noting:

The Committee is asked to note:

1. The current position regarding the counter fraud work undertaken on the business support grants introduced by the Government in response to Covid-19, and the Cabinet Office's latest National Fraud Initiative report.

1.0 Purpose

1.1 The purpose of this report is to provide Members with an update on current counter fraud activities undertaken with regards to the payment of business support grants introduced by the Government in response to Covid-19, and an update on the latest report from the Cabinet Office on the National Fraud Initiative.

2.0 Background

Covid-19 Business Support Grants

- 2.1 In response to Covid-19, the Government introduced support for small businesses, and businesses in the retail, hospitality and leisure sectors, delivered through the Small Business Grant Fund and the Retail, Leisure and Hospitality Grant Fund. An additional fund aimed at small businesses who were not eligible for these funds, known as the Local Authority Discretionary Grants Fund was also later introduced.
- 2.2 The Government placed an emphasis on speed of payment and required Local Authorities to make the payments as quickly as possible having received the necessary declarations from eligible recipients.
- 2.3 The Government agreed to stand behind any erroneous grant payments subject to Local Authorities taking reasonable and practicable measures to minimise the risk of errors and/or fraud, avoid making payments to those not entitled and to take reasonable and practicable steps to recover any over-payments.
- 2.4 To support Local Authorities, the Government's Counter Fraud Function developed a toolkit that included a range of measures that could be used to reduce the risk of fraud and error in these schemes. Where appropriate these tools were used by the Council when assessing each application and prior to payment.

Type of applicant:	Upfront low-friction controls										Post-event assurance				
	To establish eligibility using existing data sets	To capture the data fields for upfront controls / and post-event assurance	In applications, disclaimers or contracts	In applications, disclaimers or contracts	In applications, disclaimers or contracts	To identify and verify the individual	To undertake due diligence on the applicant	To undertake due diligence on the applicant	To pay new bank accounts	To pay long standing bank accounts	To confirm the identity of the individual (post-payment)	To detect fraud (post-payment)	To confirm payees / trace funds	To undertake due diligence on the applicant	To detect fraud in residual risk areas (bespoke to each scheme)
	Existing data sets	Data specification	Claw back agreements	Fraud clause	Privacy notice	GOVUK Verify	Spotlight	AppCheck	Account verification	Existing bank account data	GOVUK Verify	National Fraud Initiative	Account verification	Spotlight	Data analytics
Individuals	⊙	⊙	⊙	⊙	⊙	⊙	⊗	⊙	⊙	⊙	⊙	⊙	⊙	⊗	⊙
Businesses	⊙	⊙	⊙	⊙	⊙	⊗	⊙	⊗	⊙	⊙	⊗	⊙	⊙	⊙	⊙
Charities	⊙	⊙	⊙	⊙	⊙	⊗	⊙	⊗	⊙	⊙	⊗	⊙	⊙	⊙	⊙

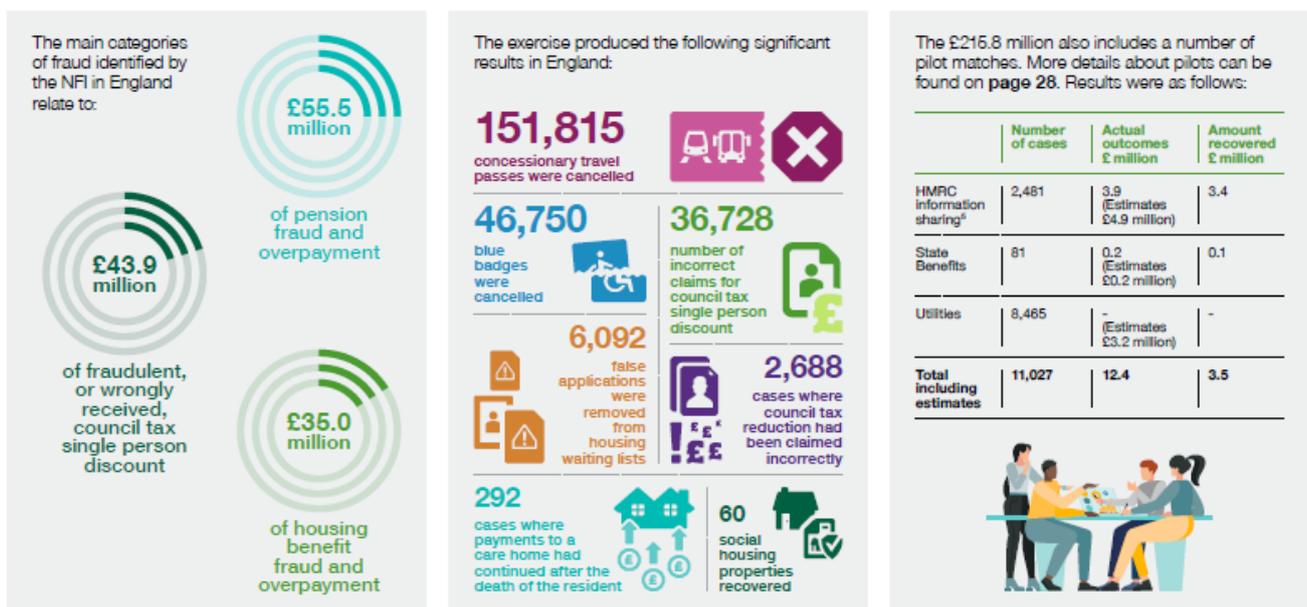
- 2.5 As can be seen in the above diagram, there is also an expectation that a range of risk based post-event assurance activities will also take place. Therefore, the Council has developed a post payment assurance framework where further validation checks will be completed to ensure only eligible applicants received grants and will further reinforce the checks already completed. These checks are now underway.
- 2.6 Local Authorities are also now required to submit a monthly return to the Ministry of Housing, Communities and Local Government indicating the number and value of each category of grant paid and the numbers rejected for ineligibility, including potential fraud. From over 4,000 grant applications that have been processed to date totalling over £47 million, the Council rejected 180 for a number of reasons including ineligibility, failure to submit appropriate evidence and duplication. We also have a small residual number of applications that are currently subject to further investigation. This includes 19 with a value of just over £200,000 that we may seek to recover and a further 10 that have yet to be paid as we are awaiting further information. These figures are likely to change as we introduce our post-payment assurance framework and data matching exercises in-line with Government guidance and continue to work with the banks and other parties.

National Fraud Initiative

- 2.7 The Cabinet Office has recently published its latest National Fraud Initiative Report and a copy is included at Appendix 1 to this report. The report identifies the results from the National Fraud Initiative exercise for the period April 2018 to April 2020. Fraud of £215.8 million was detected and prevented through the programme in England. £65.1m of the total figure was of detected fraud, with the remaining £150.7m being an estimated value or potential future loss.

An analysis of the NFI results in England (2018 to 2020)

The results in England total: **£215.8 million**



- 2.8 The key areas of fraud detected nationally were Pensions (£55.5m), Council Tax Single Person Discount (£43.9m) and Housing Benefit (£35.0m). Another noticeable

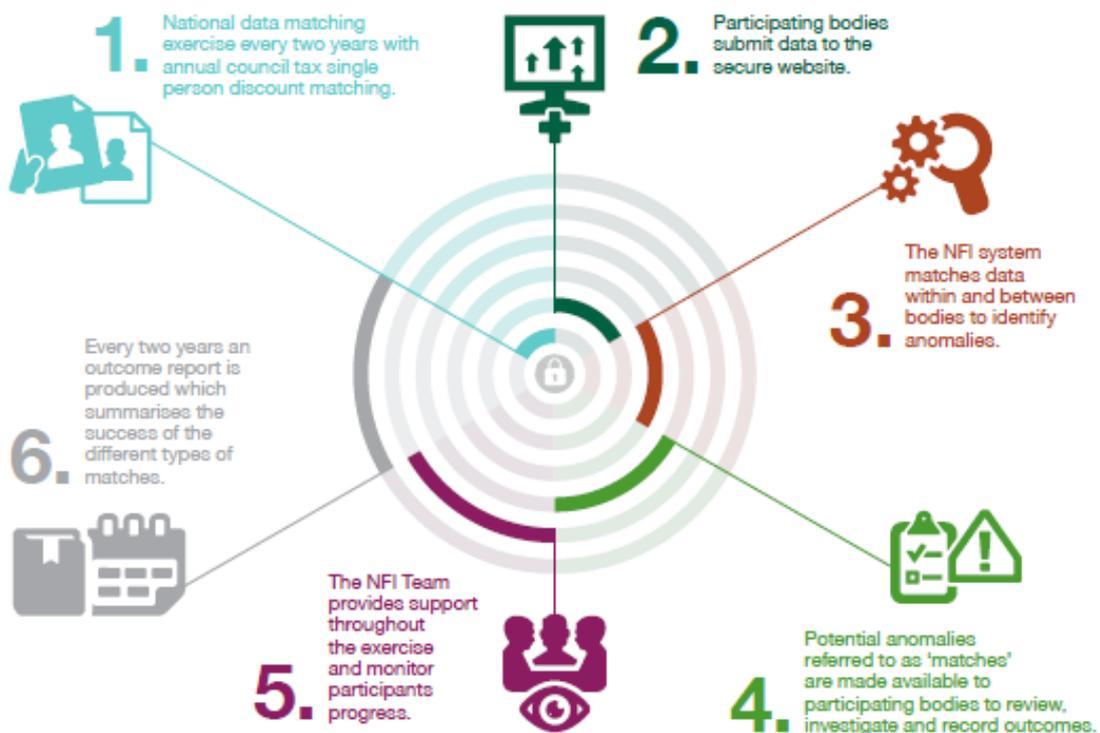
area for concern was Housing Tenancy Fraud and fraud within Housing Waiting Lists (combined £25.7m).

National Fraud Initiative – Next Exercise

- 2.9 Data for the NFI is provided by some 1,200 participating organisations from the public and private sectors including local authorities, government departments, private registered providers of social housing (housing associations) and pension schemes. Data matching involves comparing sets of data electronically, such as the payroll or benefit records of a body, against other records held by the same or another body to see to what extent they match.
- 2.10 Participating organisations receive the resulting data matches back from the Cabinet Office for consideration and investigation where appropriate. The data matching identifies inconsistencies that may require further investigation and allows potentially fraudulent claims and payments to be identified. No assumption can be made as to whether there is fraud, error or another explanation until the investigation process is completed.
- 2.11 The counter fraud team are the key contact and co-ordinate data collection, submission and investigation of matches from the Cabinet Office's National Fraud Initiative. Wolverhampton's data for the 2020 exercise is due to be submitted in October of this year.

Data is collected from organisations across the UK for national fraud detection batch matching every two years. Matches are accessed through a secure web application.

The NFI matching cycle



3.0 Progress

- 3.1 Further updates with regards to the status of business grant support payments and the National Fraud Initiative will be incorporated into the future regular Counter Fraud Reports.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report.
[GE/17092020/P]

5.0 Legal implications

- 5.1 Investigations by the Counter Fraud Unit may have legal implications depending upon what action is taken or decided against in respect of those investigations.
[TS/16092020/D]

6.0 Equalities implications

- 6.1 There are no equalities implications arising from this report.

7.0 Climate Change and Environmental implications

- 7.1 There are no climate change and environmental implications arising from the recommendation in this report.

8.0 Human resources implications

- 8.1 There are no human resources implications arising from the recommendation in this report.

9.0 Corporate landlord implications

- 9.1 There are no corporate landlord implications arising from the recommendation in this report.

10.0 Health and Wellbeing implications

- 10.1 There are no health and wellbeing implications arising from the recommendation in this report.

11.0 Covid implications

- 11.1 There are no covid implications arising from the recommendation in this report.

12.0 Schedule of Background papers

- 12.1 There are no schedule of background papers.

13.0 Appendices

- 13.1 Appendix 1 – National Fraud Initiative Report.

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National Fraud Initiative Report

July 2020





National Fraud Initiative Report

2020 Report

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Foreword

The fundamental challenge that public bodies face with fraud is that it is a hidden crime – those committing it actively try to conceal it so we must be proactive in our efforts to seek it out.

I am therefore delighted to report that the National Fraud Initiative, the Cabinet Office's data matching service, has enabled participating organisations to prevent and detect £245 million fraud and error in the period 1st April 2018 to 4th April 2020¹.

This brings cumulative outcomes for NFI participants to £1.93 billion.

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This fraud and error has been detected and prevented by the hard working staff at the 1,200 public and private sector organisations that participate in the National Fraud Initiative.

Reducing the amount of fraud in systems is a huge challenge to your organisations. We remain committed to supporting you by developing the National Fraud Initiative, and working with its community of users to drive fraud out of public services, ensuring that taxpayers' money is spent where it is needed most.

The National Fraud Initiative has the ability to quickly address emerging risks through the targeted data matching pilots that are carried out throughout the two year cycle. Most of these pilots come from your suggestions, however the scale of government COVID-19 emergency relief now offers a significant opportunity for fraudsters.

It is for this reason that we plan to extend the National Fraud Initiative remit to help ensure COVID-19 emergency relief funding is only accessed by those that are entitled.



...this fraud and error has been detected and prevented by the hard working staff that participate in the National Fraud Initiative”

The initial focus will look for irregularities in the funding distributed through local authorities. This will include, but is not limited to Business Support Grant data, such as grant recipients and business rates system data.

We are already actively engaging with stakeholders in the public and private sector to understand how the National Fraud Initiative can be further developed to highlight fraud across more of the COVID-19 support packages.

The use of data and effective data matching is a central element of our efforts to ensure that COVID-19 financial support is not lost to fraud and error.

The National Fraud Initiative has shown the effectiveness of this approach both in the last NFI exercise, and cumulatively since its inception.

This report demonstrates this across many areas of the public sector, and its use in the COVID-19 spend areas shows our commitment to seek out, find and tackle fraud and error across the public sector.

Lord Agnew, Minister of State at the Cabinet Office and Her Majesty's Treasury

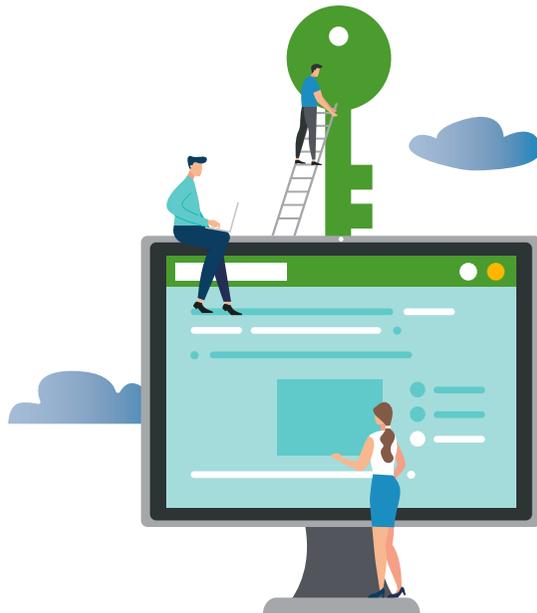
¹ The nearest date to 31st March 2020 management information was available to produce this report.

About the National Fraud Initiative

The National Fraud Initiative (NFI), conducted by the Cabinet Office, involves data matching to help in the prevention and detection of fraud.

The NFI provides multiple solutions, ranging from real time point of application fraud prevention checks through to the national data matching exercise which helps those that take part detect active fraud cases within systems.

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Data for the NFI is provided by some 1,200 participating organisations from the public and private sectors including local authorities, government departments, private registered providers of social housing (also known as housing associations) and pension schemes. The NFI works with public audit agencies in all parts of the UK.

Data matching involves comparing sets of data electronically, such as the payroll or benefit records of a body, against other records held by the same or another body to see to what extent they match.

This data is usually comprised of personal information².

Participating organisations receive the resulting data matches for consideration and investigation where appropriate.

The data matching identifies inconsistencies that require further investigation and allows potentially fraudulent claims and payments to be identified.

No assumption can be made as to whether there is fraud, error or another explanation until the investigation process is completed.

Once an investigation has been completed, the body can take appropriate action which may be to prosecute cases of fraud, recover overpayments, make good underpayments and update records as appropriate. There is also an opportunity to identify system weaknesses and review controls.

The NFI is conducted using the data matching powers conferred on the Minister for the Cabinet Office by Part 6 of and Schedule 9 to the Local Audit and Accountability Act 2014.

The legal basis for processing personal data is that processing is necessary for the performance of a task carried out in the public interest. Certain public sector bodies are required to provide data for the NFI on a mandatory basis.

In addition, bodies can provide data for matching on a voluntary basis.

This report includes all NFI outcomes recorded in the period 1st April 2018 to 4th April 2020.

These outcomes include NFI 2018/19 (the national data matching matches released at the end of January 2019), as well as those from the FraudHub, AppCheck and ReCheck products. Outcomes from incomplete investigations will be captured and reported as part of the next NFI exercise.

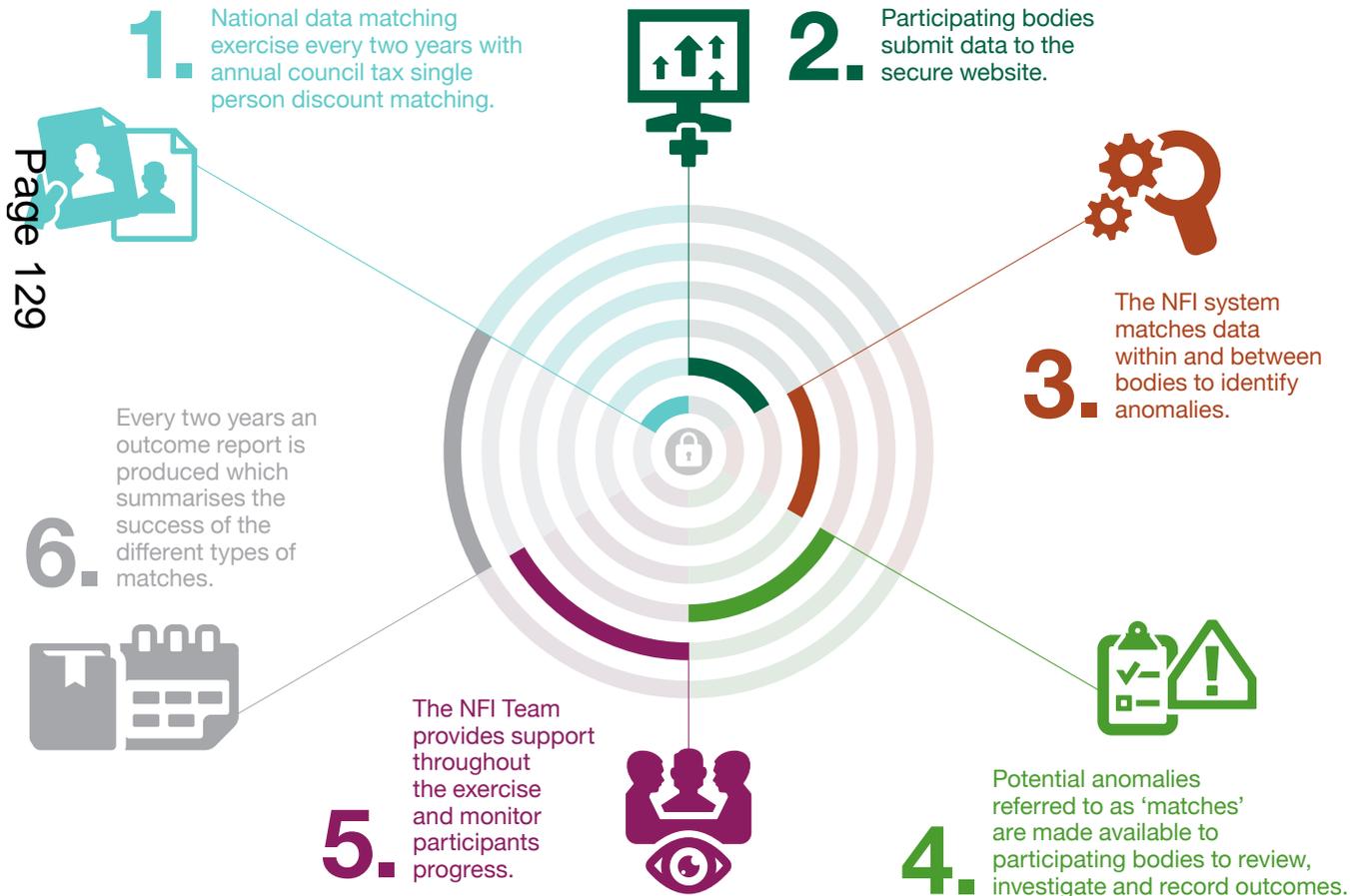
² The data requirements for the NFI exercise are set out in **data specifications**.

The NFI product portfolio

National Exercises

Data is collected from organisations across the UK for national fraud detection batch matching every two years. Matches are accessed through a secure web application.

The NFI matching cycle



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AppCheck

A fraud prevention tool that helps organisations to stop fraud at the point of application, thereby reducing administrative and future investigation costs.

ReCheck

A flexible batch matching tool that allows an organisation to repeat national batch matching at a time to suit them.

FraudHub

FraudHub enables individual organisations or groups of neighbouring organisations to regularly screen more than one dataset with the aim of detecting errors in processing payments, or benefits and services.

Cost of running the NFI

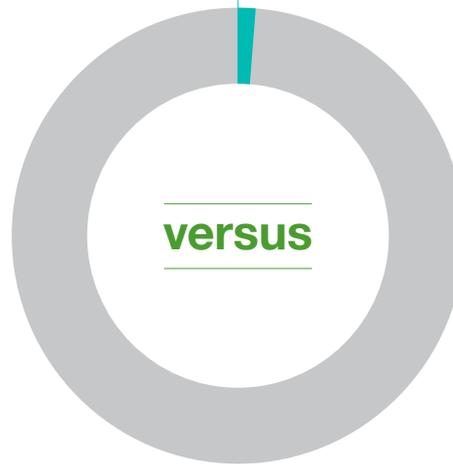
Main expenditure



Income



£2.8 million fee income



£245 million outcomes

Example fees³

2018/19 National

- London Borough Council **£4,150**
- Mid-sized council **£2,200**
- Police **£1,000**
- NHS Foundation Trust **£1,000**



Sliding scale from **£275** for 250 searches to **£850** for 1,000 searches, or **£1,850** annual membership (unlimited searches)



£300 per dataset for 1-20 datasets, or **£250** per dataset (20+)



£1,840 to £7,640 annual membership dependent on type of public sector body

³ The NFI work programme and scale of fees are consulted on prior to each exercise.



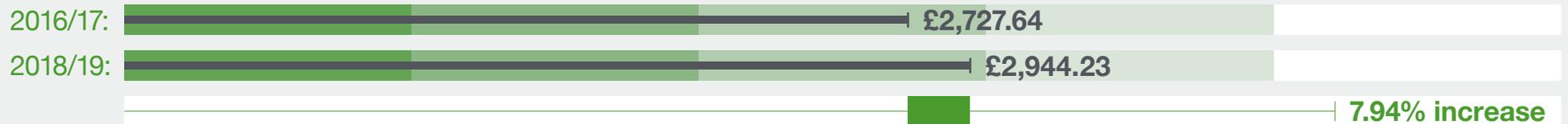
Fraud, overpayments and errors identified and prevented across the UK (2018 to 2020)

Results for the period 1st April 2018 to 4th April 2020:



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UK financial outcomes per case (categorised by participants as error or fraud):



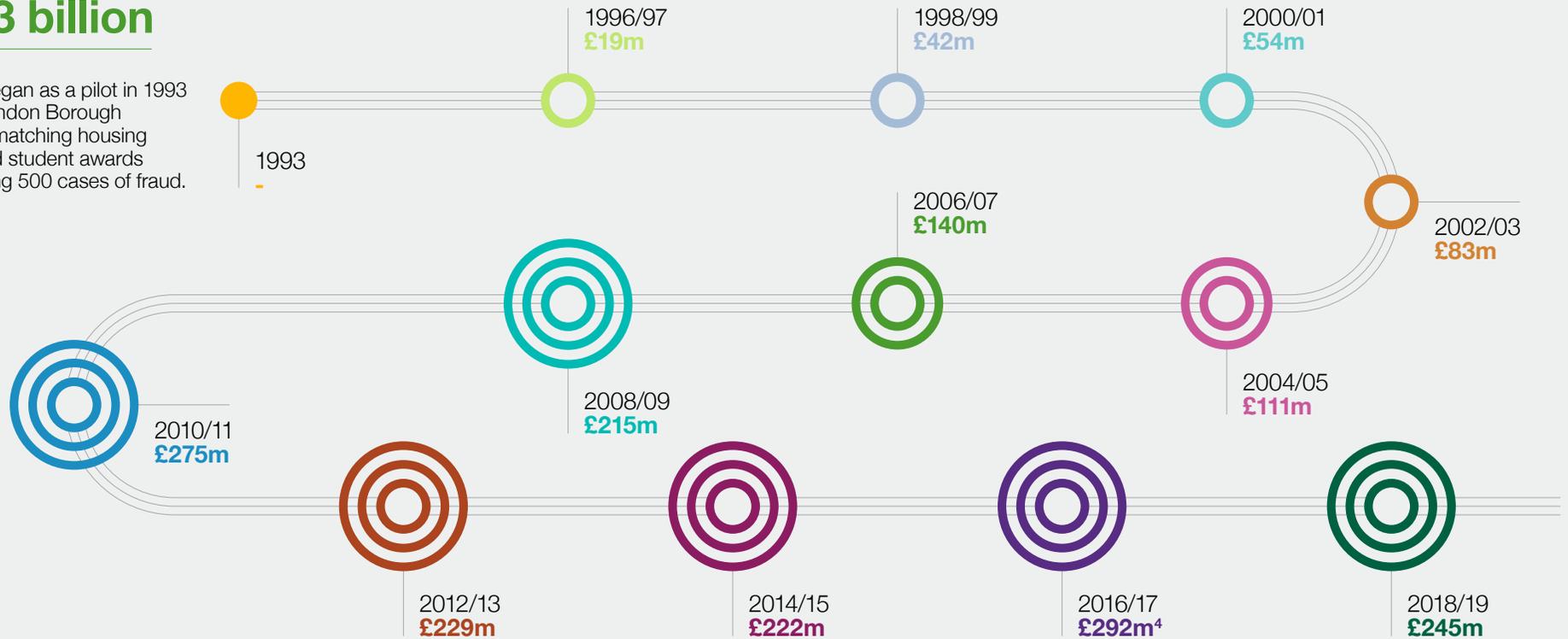
Fraud, overpayments and errors identified and prevented across the UK (1996 to 2020)

The NFI results for the UK over time:

£1.93 billion

The NFI began as a pilot in 1993 with 13 London Borough Councils, matching housing benefit and student awards data, finding 500 cases of fraud.

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⁴ Pension related outcomes in the previous NFI exercise were overstated by £9 million due to a formula error. The corrected overall total is shown in this graphic.

An analysis of the NFI results in England (2018 to 2020)

The results in England total: **£215.8 million**

The main categories of fraud identified by the NFI in England relate to:



The exercise produced the following significant results in England:



The £215.8 million also includes a number of pilot matches. More details about pilots can be found on **page 28**. Results were as follows:

	Number of cases	Actual outcomes £ million	Amount recovered £ million
HMRC information sharing ⁵	2,481	3.9 (Estimates £4.9 million)	3.4
State Benefits	81	0.2 (Estimates £0.2 million)	0.1
Utilities	8,465	- (Estimates £3.2 million)	-
Total including estimates	11,027	12.4	3.5



⁵ Outcomes from the HMRC information sharing pilot are split across the relevant dataset area for example, housing benefits, council tax, etc.



An analysis of recovery rates in England

Once overpayments have been identified, public bodies can take appropriate action to recover the money.

At the end of this reporting period, public bodies had taken action to recover 88.6% of total frauds detected compared to 79% for the equivalent period to the end of March 2018.

Table 1 – Recovery rates in England

Dataset	Fraud detected (actual not estimated) £ million	Amount in recovery £ million	Recovery rate %
Housing Benefit	26.3	21.5	82%
Council Tax Single Person Discount	17.2	15.9	92%
Pensions	7.3	6.9	94%
Creditor Payments	5.1	5.4 ⁶	106%
Council Tax Reduction	4.2	3.7	88%
Private Residential Care Homes	2.7	2.7	100%
Personal Budgets	0.8	0.7	95%
Other	0.7	0.5	70%
Payroll	0.5	0.2	40%
Pilots (excluding HMRC pilot ⁷)	0.2	0.1	83%
Right to Buy	0.03	0.03	100%
Total	65.1	57.7	88.6%

...public bodies had taken action to recover 88.6% of total frauds detected”



⁶ This includes amounts from 2016/17 that were retrospectively marked as recovered in this reporting period.

⁷ Outcomes from the HMRC information sharing pilot are split across the relevant dataset area for example, housing benefits, council tax, etc.

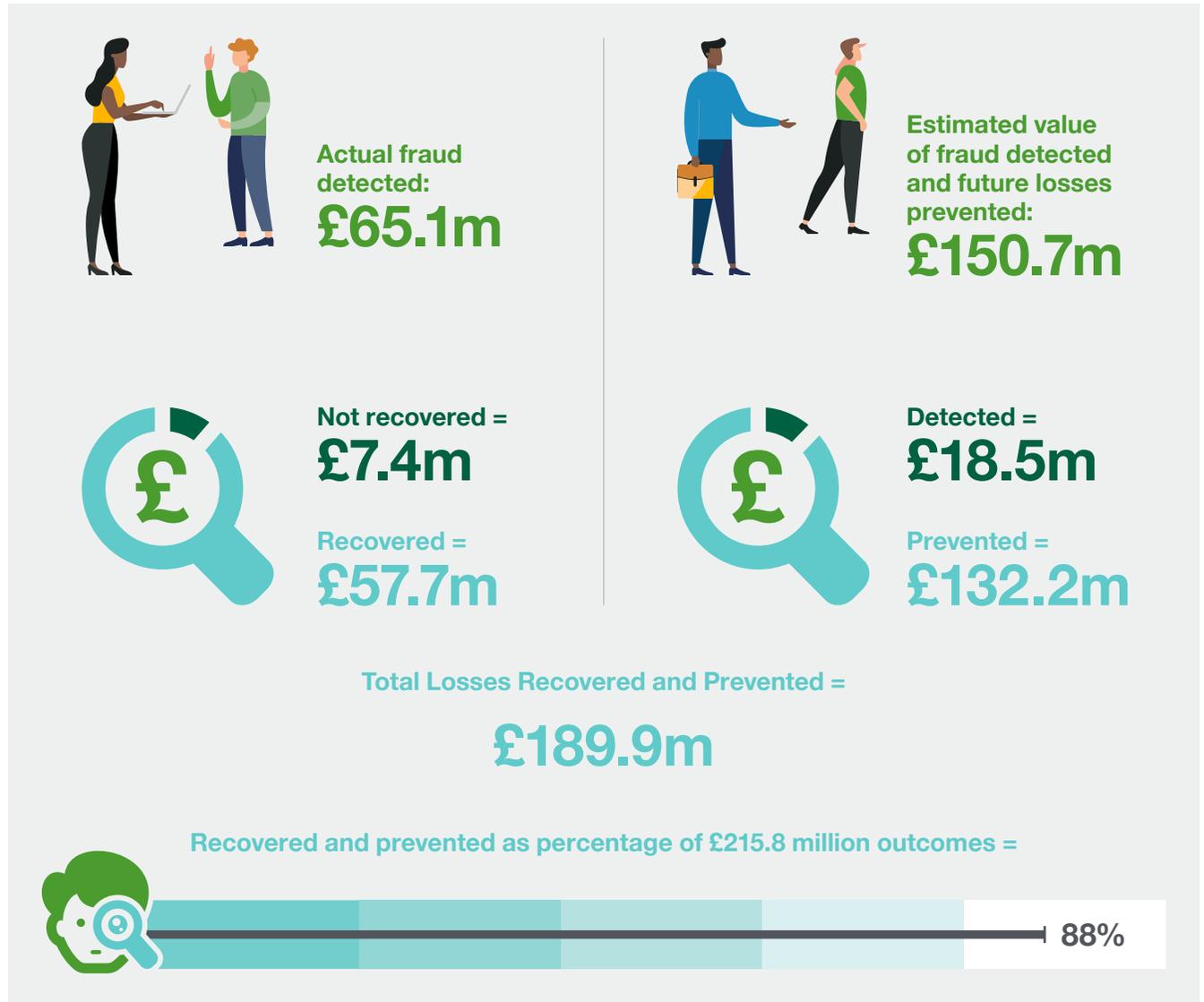
Recovery rate/impact of the NFI on public finances



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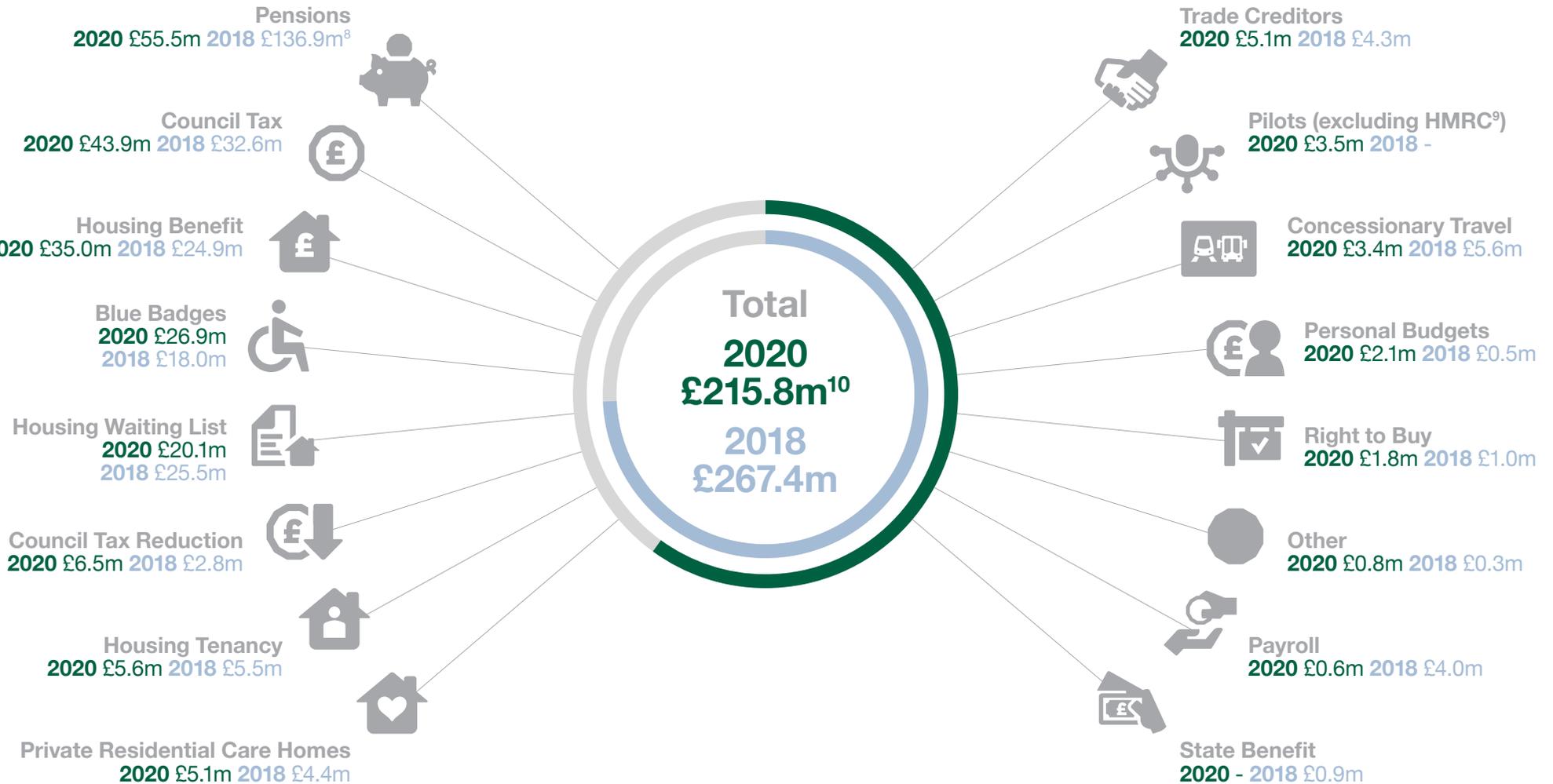
£215.8 million

= The total amount of fraud, overpayments and error identified and prevented by NFI participants in England during the period 1st April 2018 to 4th April 2020.



Outcomes in England by risk area

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⁸ Pension related outcomes in the previous NFI exercise were overstated by £7.9 million due to a formula error. The corrected figure is shown in this graphic.

⁹ Outcomes from the HMRC information sharing pilot are included in the headings above, as applicable.

¹⁰ Due to rounding, numbers presented throughout this report may not add up precisely to the totals indicated and percentages may not precisely reflect the absolute figures for the same reason.

Main messages for 2018 to 2020 by data set

Pensions: £55.5 million



Individuals obtaining the pension payments relating to a deceased person.

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The Office for National Statistics, Occupational Pension Schemes Survey¹¹ published June 2019, concluded that the total membership of occupational pension schemes in the UK was an estimated 45.6 million in 2018, compared with 41.1 million in 2017. Active membership of occupational pension schemes was 17.3 million in 2018, split between the private (11.0 million) and public sector (6.3 million). Active membership of private sector defined contribution occupational schemes was 9.9 million in 2018, representing an increase of 28.6% on 2017 levels (7.7 million). There was a decrease in the number and value of pension cases from £136.9 million in 2016/17 to £55.5 million in 2018/19. The decrease can be attributed to:

- Some pension schemes had a backlog of investigations in 2014/15 that came through in 2016/17 (see Table 2);
- Some schemes have a backlog from 2018/19 that has not yet been reported; and
- Fewer large pension schemes elected to participate on a voluntary basis in June 2019.

Table 2 – Comparison of pension related overpayments 2012/13 to 2018/19

	2012/13		2014/15		2016/17		2018/19	
	Number of cases	£ m	Number of cases	£ m	Number of cases	£ m	Number of cases	£ m
	2,990	75.9	3,592	85.1	3,763	136.9	2,876	55.5
Average outcome per case	£25,385		£23,692		£36,381		£19,289	

Testimonials:

Armed Forces Pensions

“I have been working on the matches provided by the NFI since the 2002 exercise and have found the NFI mortality screening service really useful in helping to identify numerous cases where we would have otherwise not have known there had been a change. The site is very secure, but easy to navigate and filter necessary information for our pension scheme. I look forward to working with the NFI Team to identify further improvements to the service.”

Preeti Sudra, Senior Pensions Administrator Equiniti Group plc
(Administrators for Armed Forces Pensions).

NHS Business Services Authority

“The NHS Business Services Authority aims to identify and prevent fraud throughout all aspects of the business. The opportunities provided by the National Fraud Initiative (NFI), through taking part in matching exercises with other organisations, are invaluable in not only identifying fraud, but also by helping to highlight approximately £1.6 million of pension overpayments in 2019, it also prevented any further loss of monies. Alongside the financial value, the simplicity of the process and the support provided by the NFI team cannot be understated when considering the benefits of participating in NFI exercises.”

A spokesperson from the NHS Business Services Authority.

¹¹ Office for National Statistics, **Occupational Pension Schemes Survey, UK: 2018**, June 2019.

Main messages for 2018 to 2020 by data set

Council Tax: £43.9 million



Individuals falsely declaring they live alone or who fail to notify when a second adult moves into the property. Therefore, not qualifying for the Council Tax single person discount they have claimed.

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According to the Valuation Office Agency Valuation List as at 9 September 2019 there were 8.3 million dwellings in England that were subject to either a discount or to a premium on their council tax. Of these, 7.8 million dwellings were entitled to a discount as a result of being occupied by single adults. This represents 31.9% of all dwellings¹².

Across the UK, the CIPFA 2019 Fraud and Corruption Tracker¹³ concludes that for local authorities, council tax single person discount (SPD) fraud has grown the most out of all fraud risk areas, with an estimated increase of £3.6 million since 2017/18.

The annual NFI match between Council Tax and Electoral Register data to tackle Council Tax single person discount (SPD) abuse has once again provided substantial returns for councils. Outcomes from the 2018/19 and 2019/20 exercises are £43.9 million (37,000 SPDs cancelled) compared to £32.6 million reported for the 2016/17 and 2017/18 exercises (30,343 cancelled). This is an increase of 34.7%.

The majority of outcomes come from matching individuals in receipt of a council tax single person to electoral register data (83.6%). The HMRC information sharing pilot generated £2.8 million additional overpayments from matches that provided information on individuals residing at an address, accounting for 24.6% on the overall increase to council tax outcomes.

There has also been success from the new mandatory data match introduced in 2016/17. All SPD claims are now matched against the wider range of NFI datasets to again obtain more information about the individuals residing at an address.

This resulted in the identification of 1,130 incorrect claims for single person discount and approaching £1 million overpayments which are similar levels to 2016/17.

The optional enhanced Council Tax SPD service introduced in 2016/17, that combines both public and private sector credit reference agency data, has also achieved good results identifying £3.2 million overpayments by the 17 councils that purchased the service. This service is available in addition to the mandatory annual matching and is charged for on a per record basis.



¹² Ministry of Communities and Local Government, **Local Authority Council Tax base England 2019**, 19 February 2020.

¹³ CIPFA, **Fraud and Corruption Tracker 2019**, 18 November 2019.

Main messages for 2018 to 2020 by data set

Housing Benefit: £35.0 million



Individuals claiming housing benefits who failed to declare an income or change of circumstances.

In May 2020, the DWP reported Housing Benefit overpayments due to fraud or error of £1.1 billion (an overpayment rate of 6.0%), compared to £1.3 billion (an overpayment rate of 6.3%), in 2018/19. Of the £1.1 billion, £0.6 billion of housing benefit overpayment was recovered¹⁴. DWP reports the main cause of overpayments on Housing Benefit is incorrect information about earnings and employment.

Housing benefit outcomes are £35 million, compared with the 2016/17 figure of £25 million. These outcomes were recorded by local councils and the DWP. It is assumed that the increase in overpayments of 41% is attributable to improved processes in the referral of matches by councils, and the subsequent investigation by the DWP. Table 3 shows how outcomes have been reported in 2018 and 2020.

Housing benefit overpayments identified through matching to student loans continues to generate the most outcomes. Local councils alone identified 1,055 cases with an actual overpayment value of £3.9 million. This represents 45% of the total housing benefit actual overpayments recorded by councils.

We continue to work closely with the DWP to ensure we maximise the benefits of the NFI, while avoiding duplication with the Housing Benefit data matching undertaken by the DWP through the Verify Earning and Pensions Service¹⁵.

In line with the NFI 2018 to 2022 strategic themes this will include exploring access to other state benefit data such as Universal Credit.

Table 3 – Analysis of housing benefit overpayments by source (includes estimates)

	2018		2020	
	2014/15 reported after 31 March 2016 £ million	Reported between 1 April 2016 and 31 March 2018 £ million	2016/17 reported after 31 March 2018 £ million	Reported between 1 April 2018 and 4 April 2020 £ million
Outcomes from local councils	14.0	8.0	3.0	10.0
Outcomes from DWP	-	3.0	8.0	14.0
Total	14.0	11.0	11.0	24.0

¹⁴ DWP, **Fraud and error in the benefit system: 2019 to 2020 estimates (revised 29 May 2020)**, 29 May 2020.

¹⁵ The Verify Earning and Pensions service (VEPS) allows councils to verify earnings and pensions information from claimants using real-time information from Her Majesty's Revenue and Customs.

Main messages for 2018 to 2020 by data set

Housing Benefit: £35.0 million



Individuals claiming housing benefits who failed to declare an income or change of circumstances.

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Case study:

Coventry City Council

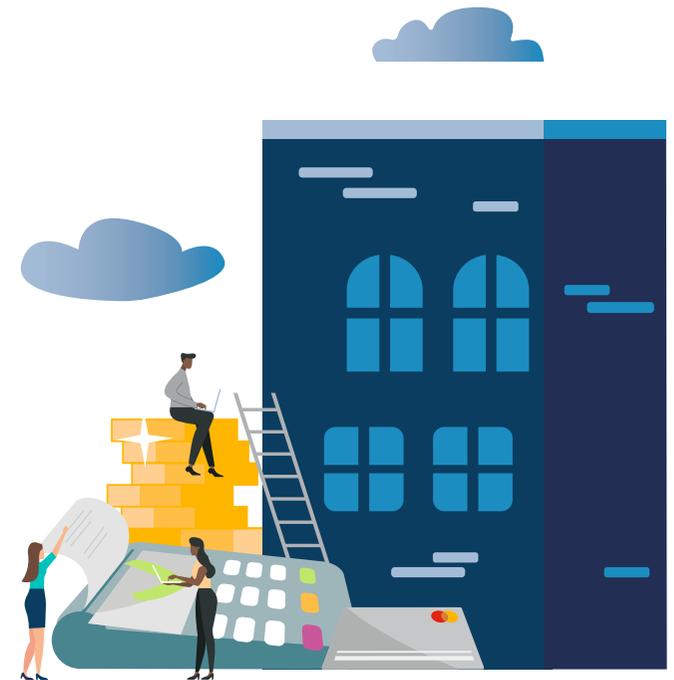
Coventry City Council identified 35 cases from the NFI matches in the first half of the 2019/20 financial year, resulting in overpayments totalling £154,350.

These included five cases relating to housing benefit claimants who had failed to declare their student loan totalling £38,200;

a housing benefit claimants to personal alcohol license match identified an overpayment of £20,500 due to a non-commercial tenancy¹⁶;

eight HMRC earnings and capital cases where the council tax reduction scheme claimants had failed to declare employment totalling £40,200;

and five HMRC household composition cases where other persons should have been liable for the council tax or household income was not fully declared totalling £40,000.



¹⁶ A private tenancy must be on a commercial basis in order for Housing Benefit to be paid. The relationship between tenant and landlord may cause that tenancy to be considered non-commercial and disqualify Housing Benefit payments.

Main messages for 2018 to 2020 by data set

Blue Badges: £26.9 million



Potential misuse of blue badge parking passes belonging to someone who had died. This may be continued use of the pass by relatives of the deceased, forgery of a pass in the name of a deceased person, use of a stolen badge.

As at 31st March 2019 there were 2.29 million Blue Badges held in England according to the Department for Transport Statistics¹⁷. There were 1,432 prosecutions for misuse of Blue Badges between 1st April 2018 and 31st March 2019 an increase of 17.9% since 2017/18. The majority of prosecutions (99%) in England were targeted at a non-badge holder using another person's badge.

During this reporting period, the number of blue badges cancelled increased to 46,750 from 31,223 in 2016/17. The estimated value of blue badges cancelled between reporting periods increased from £18 million to £26.9 million an increase of 49.4%. The increase is due to more councils and transport authorities cancelling more badges.



Number of blue badges cancelled



Number of organisations



¹⁷ Department for Transport, **Blue Badge Statistics, England: 2019**, 4 December 2019.

Main messages for 2018 to 2020 by data set

Blue Badges: £26.9 million



Potential misuse of blue badge parking passes belonging to someone who had died. This may be continued use of the pass by relatives of the deceased, forgery of a pass in the name of a deceased person, use of a stolen badge.



Case study:

Cumbria County Council

The NFI exercise identified 1,100 matches for Cumbria County Council where a blue badge was in circulation but the owner of the badge was identified as deceased. Match Key Rule and the Death Verification Level information provided in the report, was used to assist in prioritising and investigating these matches.

For 311 (28%) of the matches the investigation found that the deaths were already known to the council or that the owner of the blue badge had died after the badge had expired.

For the remaining 789 (72%) validation checks were used to confirm the quality of the data and to verify that an individual's identity and postcode matched the data on the Blue Badge Information System.

For some matches the investigation was extended and the relatives of the owner of the blue badge were contacted by telephone or letter to confirm whether the owner had died. The outcome of investigations found that in all cases the relatives had failed to notify the council about these deaths so the blue badges were cancelled.

The NFI estimated value of cancelling a blue badge is £575 which represents the value of parking charges up to the point of cancellation plus an estimate of future fraud losses prevented. This means that the NFI has helped the council identify and cancel 789 blue badges with an estimated value of £453,675.

Main messages for 2018 to 2020 by data set

Housing Waiting List: £20.1 million



Social housing waiting list applicants who were not entitled to social housing because they had misrepresented their circumstances.

The most recent Ministry of Housing, Communities and Local Government housing statistics¹⁸ show that as at the end of March 2019 there are 1.2 million households on social housing waiting lists in England. Removing applicants who are not eligible will enable councils to allocate social housing to those in genuine need.

Housing waiting lists matching has resulted in 6,092 ineligible applications for social housing having been removed by 94 councils during 2018/19. An increase from the 5 councils in 2016/17.

Applying the Cabinet Office estimate of fraud or loss presented of £3,240¹⁹ per property this equates to £20.1 million for 2018/19 compared to £25.5 million in 2016/17. The higher level in 2016/17 can be attributed to the fact that this was the first time this match had been introduced and some bodies used this as an opportunity to validate their housing waiting list and clear ineligible applicants.



¹⁸ Ministry of Housing, Communities & Local Government, **Table 600: numbers of households on local authorities' housing waiting lists, by district, England, from 1997**, 28 January 2020.

¹⁹ See 'Report calculation methodology – England only 2018 to 2020' on **page 37** for more details about the NFI estimate methodology.

Main messages for 2018 to 2020 by data set

Housing Waiting List: £20.1 million



Social housing waiting list applicants who were not entitled to social housing because they had misrepresented their circumstances.

Sandwell Council

In order to join the Sandwell housing waiting list, applicants must have either lived in Sandwell for five years or be able to demonstrate a local connection through their parents, brother, sister or adult child. Applicants can also join the housing waiting list if there is a proven need to live in Sandwell. Since January 2019, Sandwell Council have been using AppCheck to verify data given by applicants at the registration stage, enabling them to identify fraudulent applications, which in the past would have potentially satisfied the application requirements and have been accepted on the housing waiting list.



Case studies:

Contradictory and False Information

Whilst vetting a number of housing applications, one application that would normally have satisfied processes and would have been registered on the housing waiting list, was identified by AppCheck as containing contradictory information. The applicant had stated that they had been living in Sandwell for the five-year qualifying period. However, AppCheck highlighted that the individual had been living and claiming benefits in Birmingham.

As well as false information being given on the application form, the applicant had also provided a landlord's reference, which gave false information to qualify for housing. An investigation was carried out and further evidence was obtained, which proved that the applicant had only been residing in Sandwell for one year. An interview under caution was conducted where the applicant admitted that they had provided false information to register and obtain housing with Sandwell Council.

Concealed Rent Arrears Uncovered

An applicant had declared that they had not been living in Sandwell and were relying on the local connection of a relative. This would have satisfied the registration criteria. AppCheck identified that the applicant had been linked to an address in Blackpool.

However, the address had not been declared on the application form as an address they had resided at in the past six years. Further checks were made, and it was identified that the applicant had resided at the Blackpool address.

It was also discovered that the applicant had rent arrears outstanding at the address, which were again not disclosed on the application form. It was concluded that the address had been concealed intentionally because of the poor conduct of a previous tenancy to gain social housing unlawfully.

In both of these cases, as false information was provided, the applications were refused, saving the council over £3,000 per application, and the applicants were excluded from making a further submission for 12 months.

Main messages for 2018 to 2020 by data set

Council Tax Reduction: £6.5 million



Individuals claiming Council Tax reduction who failed to declare an income or change of circumstances.

Since 1 April 2013 local authorities in England have been responsible for administering Council Tax Reduction Schemes (CTRS) in their own area (also referred to as Council Tax Support)²⁰. Some authorities chose to adopt the default scheme²¹. Under the regulations liability for Council Tax can be reduced by applying a discount:

- Page 145
- Worked out as a percentage of a council tax bill;
 - Of a set amount as set out in the local scheme; or
 - Equal to the whole amount of the council tax bill – so that the amount payable is nil.

The most recent analysis of Council Tax Reduction Schemes for the 2017/18 financial year, carried out by the New Policy Institute in April 2017²², found that out of 326 councils:

- 277 had reduced the amount of CTRS available through minimum payments or band caps;
- 12 have made alternative changes such as removing the second adult rebate; and
- 37 local authorities had kept their CTRS the same since 2013.

However, through the next NFI exercise we expect to see an increase in the number and amount of CTRS payments. As part of its response to COVID-19, the government announced in the Budget on 11 March 2020 that it would provide local authorities in England with £500 million of new grant funding to support economically vulnerable people and households in their local area²³.

The expectation is that the majority of the hardship fund will be used to provide council tax relief, alongside existing local council tax support schemes.

Council Tax Reduction Scheme data was matched for the first time in 2016/17 and achieved £2.8 million. Outcomes from 2018/19 showed that this is a significant risk area with councils able to identify £6.5 million across 2,688 cases.

The average reported saving per case was £1,578 (excluding estimated forward savings) compared to £1,130 in 2016/17.

The HMRC information sharing pilot contributed to the increase in this area resulting in £3.1 million outcomes from Council Tax Reduction to both Earnings and Capital and Household Composition.

²⁰ HM Government, **The Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012**, 27 November 2012.

²¹ HM Government, **The Council Tax Reduction Schemes (Default Scheme) (England) Regulations 2012**, 18th December 2012

²² NPI, **Key Changes to Council Tax Support in 2017/18**, 5 April 2017.

²³ Ministry for Housing Communities and Local Government, **COVID-19 hardship fund 2020-21 – local authority guidance**, March 2020.

Main messages for 2018 to 2020 by data set

Council Tax Reduction: £6.5 million



Individuals claiming Council Tax reduction who failed to declare an income or change of circumstances.



Case study:

London Borough of Barnet

The London Borough of Barnet completed a comprehensive review of the NFI reports using the new fraud risk scoring to prioritise resources on matches that scored over 75%. As a result they were able to report overall overpayments of £572,613.

Examples of successful outcomes include: Metropolitan Police Amberhill data identified two Council Tax Reduction scheme customers who appeared to be using false identities. Investigations resulted in both claims being cancelled generating overpayments of £83,989 and £26,364.

Housing Benefit to Student Loans identified five cases of undeclared student loan income with overpayments amounting to £43,193.

HMRC data matched to Council Tax Reduction Scheme helped to establish that a claimant had been living abroad since 2013 generating an overpayment of £13,140. Another match from the same report identified a non-dependant who had not moved out of the property in 2009 when the customer said they had. The overpayment in this case amounted to £28,113.



Main messages for 2018 to 2020 by data set

Housing Tenancy: £5.6 million



Social housing tenants who were subletting or had multiple tenancies unlawfully.

There has reportedly been a steady downward trend in the number of housing and tenancy related frauds detected/prevented during 2018/19, decreasing by roughly 20% from 2017/18. This trend likely indicates successful efforts by local authorities to tackle housing fraud and remove illegally sublet properties from the system. However, housing fraud including succession and false applications continues to be a high risk for councils²⁴.

Outcomes from the 2018/19 tenancy matches increased by 1.82% compared to 2016/17, which was due to a small increase in the number of properties recovered from 60 from 58 in 2016/17.

Each property recovered can be reallocated to those in genuine need, so the NFI will continue to seek ways to help councils fight social housing fraud, such as repeating the HMRC information sharing pilot (see **page 28** for more details).



Case study:

Royal Borough of Greenwich

The Royal Borough of Greenwich has recovered four social housing properties as a result of matches to HMRC data. In one case it was discovered a current tenant owned five other properties across the country, some of which had been purchased under the Right to Buy scheme.

None of the properties had been declared by the tenant when she subsequently declared herself homeless when applying for social housing. The tenant died prior to being interviewed under caution and left an estate of over £1.5 million with no will.

The council are pursuing financial recovery of the costs that were incurred as a result of having provided emergency/temporary accommodation to another household.

²⁴ CIPFA, **Fraud and Corruption Tracker 2019**, 18 November 2019, page 10.

Main messages for 2018 to 2020 by data set

Housing Tenancy: £5.6 million



Social housing tenants who were subletting, were not entitled to social housing because of their status in the UK, or had multiple tenancies unlawfully.

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Case study:

Housing Tenant to Housing Benefit

A Housing Tenants to Housing Benefit Claimants match identified housing benefit was being paid for the same tenant at two different properties. It was discovered the tenant had been offered temporary accommodation by one council but had identified alternative housing in a neighbouring council area and moved into that property instead. However, the allocation of the first property was inaccurately recorded.

Investigation confirmed that the property had been cancelled as a temporary accommodation option (so rent was not being paid over to the landlord), but it was not cancelled on the housing management system and housing benefit payments continued to be paid into a rent account that was not in use. This created a £25,422.46 overpayment.

This case was closed and monies transferred with no financial loss to the council but also prompted a review of the interface between systems and how it links with the temporary accommodation process.



Main messages for 2018 to 2020 by data set

Concessionary Travel: £3.4 million



Potential misuse of concessionary travel passes belonging to someone who has died.

A statutory bus concession for older and disabled people has been in place since 2001. In 2008, the concession was extended to cover free local bus travel between 0930 and 2300 to older and disabled people anywhere in England. This statutory concession is referred to as the English National Concessionary Travel Scheme. In London, the statutory concession for London residents covers the whole London Local Transport Network.

Some administering authorities may offer a resident discretionary enhancements over and above the statutory scheme, including free travel outside the statutory time period or on other transport modes for example, London residents aged 60 plus who are below the statutory concessionary travel age can obtain a 60 plus Oyster card. This allows free travel on bus, tube, tram, DLR, London Overground, TfL Rail and most National Rail services.

In 2018/19, the Department for Transport reported there were 9.1 million older and disabled concessionary travel passes in circulation and the net spend was £1.1 billion. In total there were 861 million concessionary bus journeys in England in 2018/19²⁵.

The number of concessionary passes updated, cancelled or hot-listed²⁶ in 2018/19 as a result of an NFI match was 151,815 a decrease from 234,154 in 2016/17. As a result, the estimated value of fraud losses prevented in the same reporting period decreased from £5.6 million in 2016/17 to £3.4 million in 2018/19.

The decrease in the number of passes updated, cancelled or hot-listed may be linked to a reduction in the number of bodies undertaking additional voluntary matching as this resulted in around 82,000 cancelled passes in the previous reporting period with an estimated value of around £2 million.

The reason for this reduced take-up will be explored to ensure the NFI continues to offer data matching solutions that best meet the needs of voluntary participants.

²⁵ Department for Transport, **Concessionary Travel Statistics 2018/19**, 17 December 2019.

²⁶ Hot-listed is a term used where a pass has been deactivated for a specific reason, in this case as the person is believed to be deceased.

Other case studies

Case study:

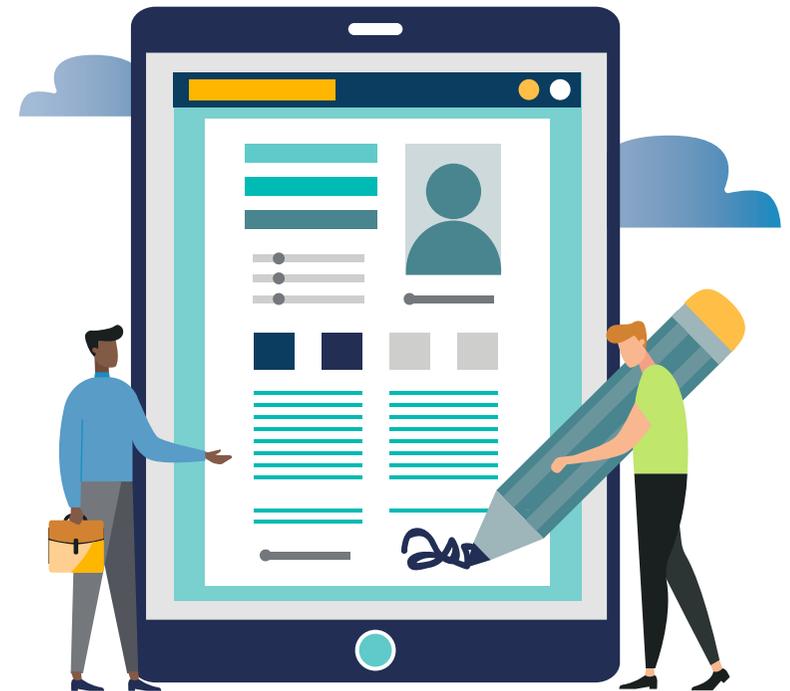
Bedford Borough Council

Bedford Borough Council's Investigation Service was alerted to discrepancies in identity documents following a NFI match between the Council's payroll and Metropolitan Police Amberhill false identity data. They established that an employee had used false documents to obtain a post as a night care assistant and for Disclosure & Barring Service (DBS) clearance to work.

Enquiries revealed her true identity and that she had overstayed her visa and had no right to work or reside in the UK. She stated she obtained the false ID documents for as little as £200.

She pleaded guilty to three charges related to using a false identity to gain employment and was sentenced to nine months' imprisonment suspended for 12 months, ordered to complete 80 hours unpaid work and given a 20-day Rehabilitation Activity Requirement (RAR).

Cllr Michael Headley, portfolio holder for finance, said: "It's particularly important that people who are working with children or vulnerable adults are exactly who they say they are."



Matches benefiting other public bodies

The main benefit of a UK-wide data matching exercise is that it enables matches to be made between bodies and across national borders.

For public bodies that take part in the NFI but may not always identify significant outcomes from their own matches, it is important to appreciate that other bodies and sectors may benefit significantly.

Data from the 2018/19 NFI exercise benefited wider public bodies, both within and outside England, enabling them to take action on 9,370 cases with actual overpayments of £14.3 million²⁷.

Most of these outcomes are from cross-body housing benefits, council tax reductions and housing waiting list matches.

Table 4 – How English bodies benefited from data provided by participants outside England



Number of cases

Local government
5,456

Central government
3,265

NHS
468

Other
181

Total
9,370



Actual outcomes

Local government
£8m

Central government
£5.1m

NHS
£0.6m

Other
£0.6m

Total
£14.3m



²⁷ Actual overpayments exclude estimates of fraud prevented.

Pilots undertaken by the NFI during 2018 to 2020 in England

HMRC information sharing pilot

After a successful initial information sharing pilot with HMRC in spring 2019, just over 2.2 million matches were released to all local councils in August 2019.

Matches were across 7 datasets (council tax reduction scheme; housing benefit claimants; housing tenants; personal budgets; private residential care homes; right to buy; and council tax single persons discount) and targeted three fraud risks:

- Undeclared property ownership
- Non or under declaration of earnings and capital
- Misrepresentation of household composition

Outcomes for the pilot totalled £8.8 million across all three targeted risk areas, specifically:

- Undeclared Earnings and Capital from Household Composition – £5.3 million
- Undeclared Earnings and Capital – £2 million
- Undeclared Property Ownership – £1.4 million

Outcomes for Household Composition matches were most significant at £5.3 million, making up 61% of total outcomes. This was due to the number of matches released and its applicability to both Council Tax single person discount fraud and Council Tax Reduction Scheme fraud which local councils have prioritised and for which, results are often quicker.

As a result of the success of the pilot the NFI will seek to undertake a further pilot as part of the NFI 2020/21, subject to the agreement of HMRC and approval to use the Digital Economy Act.

As part of this pilot we will:

- Exclude Right to Buy and Personal Budgets datasets as they did not deliver benefits in the first pilot;
- Build matches into the main NFI 2020/21 exercise;
- Reduce false positives that were identified in the first pilot; and
- Refine matching rules and risk scoring to allow for better prioritisation of matches by councils.

We anticipate that these changes would allow even greater benefits to be realised by securing better engagement and improving the effectiveness of the resources invested in reviewing these matches.

We anticipate outcomes from a further pilot could range between £16 million and £36 million depending on levels of engagement from local councils in England.



Pilots undertaken by the NFI during 2018 to 2020 in England

Case study:

Tameside Council

Tameside Council identified over £200,000 in potential savings from the 2018/19 NFI reports.

In one particular housing benefit case a non-dependant had failed to declare employment going back to December 2016, this resulted in recovery of £3,277.12 overpaid council tax reduction.

The council also used the output from the NFI HMRC information sharing pilot to identify a significant number of housing benefit and council tax reduction claims with discrepancies, such as inaccurate information provided on application forms and failure to notify a change in circumstances. Proactive follow up investigations stopped further fraud or error.

A spokesperson from Tameside said:

“The Council has found the data to be very useful in supporting the identification of cases where claimants have provided false information and/or failed to notify the Council of changes that affect benefit entitlement. All of which shows the accuracy and benefit of NFI data files.”



Water Companies

We have worked closely with the Water Industry to leverage insight from NFI data to address specific risks in this sector. We undertook a pilot which sought to address two risks:

- Non-entitlement to discounted tariffs
- Misrepresentation of void properties

The pilot used NFI data to flag where individuals were potentially not in receipt of benefits which qualified them for a discounted water tariff or where a property that was recorded as void by the water company was in fact occupied. 13% of the records matched in the pilot identified potential fraud or error.

Outcomes totalled £3.1 million in respect of void properties showing to be occupied and £172,000 in respect of non-entitlement to discounted tariffs. Investigations are ongoing and so further outcomes are expected.

In addition to helping utility companies detect more fraud and error cases, the NFI data is also helping them to verify genuine customers.

Following this pilot the NFI team is now rolling out this data matching model to other water companies in the wider utilities sector.

Business Rates

The NFI undertook a pilot to identify fraud and error within business rates whereby businesses evade rates by claiming discounts/reliefs to which they are not entitled.

For the pilot just over 200,000 records from 30 local councils were matched to each other and other external datasets.

The pilot resulted in nearly £316,000 of overpayments particularly in relation to non-entitlement to Small Business Rate Relief where companies were claiming reliefs on multiple properties.

NFI forward look

COVID-19 pandemic

The COVID-19 pandemic has already impacted on the NFI work programme in 2020 and 2021.

Following a consultation we have confirmed that the NFI will be extended to support local councils in identifying potential fraud across several government stimulus packages, in particular where local councils administer payments, for example, Business Support Grants.

Alongside this the NFI is also working with government departments on if/how the NFI can support them.

Expansion of NFI data matching purposes

Throughout 2019/20 we have been working towards passing an important piece of secondary legislation which would allow the NFI to expand the purposes of data matching. The Minister for the Cabinet Office currently has the power to conduct data matching exercises for one purpose: to help in the prevention and detection of fraud.

The Local Audit and Accountability Act 2014 (LAAA), however, provides that four additional purposes for data matching can be added to Schedule 9 (by affirmative regulations) and the Schedule can also be modified. The NFI is hoping to add all four new purposes for data matching exercises, which are to assist in the:

- Prevention and detection of crime (other than fraud)
- Apprehension and prosecution of offenders
- Prevention and detection of errors and inaccuracies
- Recovery of debt owing to public bodies

Analysis has already shown that these new data matching purposes could have far reaching benefits across the public sector.

During 2020/21 we will be looking to implement the purposes, through a parliamentary statutory instrument that will amend the LAAA. Alongside this we will develop a plan of appropriate data matching pilots for each purpose successfully included.



NFI forward look

Strategic Objectives

The extension to cover COVID-19 emergency funding and the expansion of the data matching purposes are both aligned with the NFI strategic objectives.

As is other work outlined in this report including pilots, enhancements to the risk scoring and securing HMRC data for NFI 2020/21.

In addition, the NFI team will seek to identify and deliver other work streams that further contribute to the strategic objectives set out in Figure 1.

Figure 1 – NFI Strategy Objectives 2018 – 2022



How the NFI is improving

In the 2018 report, we set out five strategic objectives for the NFI to 2022 (Figure 1). We have made good progress in all areas such as:

You said

Our response in 2018

We did

Page 156



“Management Information reports are not intuitive or easy to use.”

“As part of our continuous improvement strategy, we will develop management information tools, upgrade navigation options and improve web app functionality to better suit the user.”

We made significant improvements to the 2018/19 web application including:

- Interactive dashboards and widgets allowing users to select the management Information that they want to regularly view
- Better signposting to management information
- A Global Search option
- A Fraud Risk score match view
- Hide/Show columns
- Improved report design



“There is a lack of engagement with users.”

“We recognise the challenges around successful user engagement.

As part of our strategy, we will identify the right people to ensure NFI becomes a fundamental aspect of every organisation’s counter fraud work”.

We introduced a twice yearly newsletter for NFI participants that includes updates on pilots, case studies, user insight and articles on issues across the UK regions.

We ran six user engagement sessions across the UK and exhibited at over 35 events.

In addition, two factsheets on COVID-19 counter fraud measures were issued in April and May 2020.

How the NFI is improving

In the 2018 report, we set out five strategic objectives for the NFI to 2022 (Figure 1). We have made good progress in all areas such as:

You said

“Currently the matches provided contain many false positives and only about 10% are worth investigating.”

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Our response in 2018

“We will tighten matching rules, and risk scoring, improving the accuracy and quality of existing NFI data matching techniques.

We will also look to add additional data sources from both the public and private sector.”

We did

We introduced risk scoring of 2018/19 matches – a review of the effectiveness of this approach is now underway ahead of the 2020/21 exercise. We will seek to incorporate the main messages into our risk scoring of future matches. An analysis of matches processed in 2018/19 and 2016/17²⁸ shows:

- The number of matches processed in 2018/19 were just under 1.3 million compared to 1.2 million in 2016/17.
- In 2018/19, 65,029 (5.1%) of the 1.3 million matches processed were marked error, fraud or referred to DWP compared to 75,621 (6.4%) in 2016/17. There are currently limitations in these statistics as a Closed – Fraud or Error status cannot be attributed to all report level outcomes. We estimate this would add a further 140,000 fraud or error cases to the above figures, increasing the percentage from 5.1% to 14.2%. We intend to review the usability of the outcome status options for 2020/21 and make improvements where needed, in order to improve the completeness of these statistics for future reporting periods.
- The number of matches that were already known about by the participant decreased from 13.32% of processed in 2016/17 to 11.52% of processed in 2018/19.
- During 2018/19 a new Closed – Not selected for Investigation option was provided for users – 20% of matches were given this status that would previously have been Closed – No issue or left as not processed. This intelligence will help us improve matching techniques to reduce false positives in 2020/21.

We brought in regular data feeds from the DWP, Companies House and Credit Reference Agencies. Using the Digital Economy Act 2017 we worked with HMRC on a pilot to incorporate data on household composition, household earnings and property ownership.

The pilot helped councils prevent and detect overpayments in the region of £8.8 million up to 27th March 2020.

²⁸ These figures exclude ReCheck, AppCheck and FraudHub cases.

Comparison of NFI outcomes in England by risk area 2018 to 2020

Dataset	Example activity area	2020 £ million	2018 £ million
Pensions	Individuals obtaining the pension payments of a dead person	55.5	136.9 ²⁹
Council Tax	Individuals who did not qualify for the council tax single person discount because they were living with other countable adults	43.9	32.6
Housing benefits	Individuals claiming housing benefit who failed to declare an income or change of circumstances	35.0	24.9
Blue badges	Potential misuse of blue badge parking passes belonging to someone who has died	26.9	18.0
Housing waiting lists	Social housing waiting list applicants who were not entitled to social housing	20.1	25.5
Council tax reduction scheme	Individuals claiming Council Tax reduction who failed to declare an income or change of circumstances	6.5	2.8
Housing tenancy	Social housing tenants who were subletting or had multiple tenancies unlawfully	5.6	5.5
Private residential care homes	Payments to private care homes by a council for the care of a resident where the resident had died	5.1	4.4

²⁹ Pension related outcomes in the previous NFI exercise were overstated due to a formula error. The corrected total is shown in this table.



Comparison of NFI outcomes in England by risk area 2018 to 2020

Dataset	Example activity area	2020 £ million	2018 £ million
Trade creditors	Traders who intentionally or unintentionally submitted duplicate invoices for payment	5.1	4.3
Pilots	Various (excludes HMRC information sharing)	3.5	-
Concessionary travel	Potential misuse of concessionary travel passes belonging to someone who has died	3.4	5.6
Personal budgets	Individuals claiming a personal budget who failed to declare an income or change of circumstances or were deceased	2.1	0.5
Right to Buy	Social housing tenants who were not entitled to right to buy because they had multiple tenancies unlawfully	1.8	1.0
Other	Other miscellaneous outcomes not linked specifically to the above categories	0.8	0.3
Payroll	Employees working for one organisation while being on long-term sick leave at another	0.6	4.0
State benefit	Individuals claiming state benefits who failed to declare an income or change of circumstances	-	0.9
Total		215.8³⁰	267.4

³⁰ Due to rounding, numbers presented throughout this report may not add up precisely to the totals indicated and percentages may not precisely reflect the absolute figures for the same reason.

Comparison of NFI outcomes in England by case 2018 to 2020

Dataset	2020 Number of cases	2018 Number of cases
Pensions		
Pension payments stopped/adjusted	2,876	3,763
Council Tax single person discount		
Council Tax single person discount claims stopped	36,728	30,343
Housing benefit fraud, error and overpayments relating to:		
- Local government employees	754	798
- Central government pensioners	1,281	353
- Individuals receiving a local government pension	1,852	298
- Students	1,055	1,361
- NHS employees	282	313
- Other	679	743
Social housing/Right to Buy		
- Properties recovered	60	58
- Right to Buy wrongly awarded	17	4
- Applicants removed from a housing waiting list	6,092	7,601
Transport		
- Blue badges cancelled	46,750	31,223
- Concessionary travel passes cancelled	151,815	234,154
Social care		
- Residents in private care homes	292	275
- Personal Budgets	92	163
- Other social care	50,027	-
Payroll		
Total employees dismissed or resigned	21	53
Creditor payments		
Duplicate creditor payments	1,062	884
Council tax reduction scheme		
	2,688	1,613
Total	304,423	314,061



Report calculation methodology 2020 – England only

Data match	Detected Fraud £ million	Estimated Fraud £ million	Total £ million	Basis of calculation of estimated outcomes
Pensions	7.3	48.2	55.5	Annual pension multiplied by the number of years until the pensioner would have reached the age of 85.
Council Tax	17.2	26.7	43.9	Annual value of council tax single person discount multiplied by two years.
Housing benefits	26.3	8.7	35.0	Weekly benefit reduction multiplied by 21 weeks.
Blue badges	-	26.9	26.9	£575 per blue badge cancelled to reflect the estimated annual cost of blue badge fraud, the likelihood that badges are misused and the duration that fraudulent misuse will continue.
Housing waiting list	-	20.1	20.1	£3,240 per applicant removed from the waiting list, based on the annual cost of temporary accommodation, the likelihood that individuals on the waiting list would be provided a council property, and the duration for which fraud or error may continue undetected.
Council Tax reduction scheme	4.2	2.3	6.5	Weekly change in council tax discount multiplied by 21 weeks.
Housing tenancy	-	5.6	5.6	£93,000 per property recovered based on average four year fraudulent tenancy and an estimate of the duration that the fraud may have continued undetected. This includes temporary accommodation for genuine applicants; legal costs to recover property; re-let cost; and rent foregone during the void period between tenancies.
Private Residential care homes	2.7	2.4	5.1	£7,000 per case based on average weekly cost of residential care multiplied by 13 weeks.
Trade creditors	5.1	-	5.1	Not applicable.



Report calculation methodology 2020 – England only

Data match	Detected Fraud £ million	Estimated Fraud £ million	Total £ million	Basis of calculation of estimated outcomes
Pilots (excluding HMRC)	0.2	3.4	3.5	Water utility companies: In cases where a resident is found to be living at an address yet the property has been declared as void, the annual water charge will be used. In cases where a resident has incorrectly claimed a discounted tariff, the average amount of annual discount across the three most popular discounted tariffs will be used.
Concessionary travel	-	3.4	3.4	Number of passes cancelled multiplied by £24, based on the cost of reimbursement to bus operators for journeys made under the concessionary pass scheme and the duration of fraudulent pass misuse.
Personal budgets	0.8	1.3	2.1	Monthly reduction in personal budget payment multiplied by 3 months (the average duration that personal budget payments continue following the death of the recipient).
Right to Buy	-	1.8	1.8	£65,000 per application withdrawn based on average house prices and the minimum right to buy discount available. A regional variation applies in London of £104,000 per application withdrawn, to reflect the maximum value of Right to Buy discount available.
Other	0.8	-	0.8	
Payroll	0.5	0.1	0.6	£5,000 per case where the employee is dismissed or resigns.
Total	65.1	150.7³¹	215.8	

³¹ Due to rounding, numbers presented throughout this report may not add up precisely to the totals indicated and percentages may not precisely reflect the absolute figures for the same reason.



Contact us

We are always on the lookout for participants to help with ongoing improvements to the NFI. If you would like to get involved, please contact us at **nfiqueries@cabinetoffice.gov.uk**

For more information about the NFI please visit our website:

<https://www.gov.uk/government/collections/national-fraud-initiative>

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CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 28 September 2020
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Report title	Payment Transparency	
Accountable director	Claire Nye, Director of Finance	
Originating Service	Audit	
Accountable employee	Peter Farrow	Head of Audit
	Tel	01902 554460
	Email	peter.farrow@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable.	

Recommendation for noting:

The Committee is asked to note:

1. The Council's current position with regards to the publication of all its expenditure.

1.0 Purpose

1.1 This report is to update the Committee on the Council's current position with regards to the publication of all its expenditure.

2.0 Background

2.1 The latest position on the Council's payment transparency activity is as follows:

- The Council publishes its own spend data which is available on the Council's internet site under Transparency and Accountability (payments to suppliers) and is updated monthly.
- In addition, to the spend to date, the site also includes spend for the financial years from 2011.
- Since last reported to the Audit and Risk Committee, there have been no requests for information from the public (as an 'armchair auditor').

3.0 Progress

3.1 We will continue to report back to the Audit and Risk Committee on the details of any 'armchair auditor' requests the Council receives.

4.0 Financial implications

4.1 There are no financial implications arising from the recommendation in this report.
[GE/17092020/N]

5.0 Legal implications

5.1 There are no legal implications arising from the recommendation in this report.
[TS/16092020/F]

6.0 Equalities implications

6.1 There are no equalities implications arising from the recommendation in this report.

7.0 Climate Change and Environmental implications

7.1 There are no environmental implications arising from the recommendation in this report.

8.0 Human resources implications

8.1 There are no human resources implications arising from the recommendation in this report.

9.0 Corporate landlord implications

9.1 There are no corporate landlord implications arising from the recommendation in this report.

10.0 Health and Wellbeing implications

10.1 There are no health and wellbeing implications arising from the recommendation in this report.

11.0 Covid implications

11.1 There are no covid implications arising from the recommendation in this report.

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