

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

Venue Committee Room 3 - Civic Centre, St Peter's Square, Wolverhampton WV1 1SH

Membership

Chair Cllr Jaspreet Jaspal (Lab)

Vice-chair Cllr Mary Bateman (Lab)

Labour

Cllr Philip Bateman MBE

Cllr Claire Darke

Cllr Jeszemma Howl

Cllr Barbara McGarrity QN

Independent Member

Mr Mike Ager

Mr Armstrong Ngoh

Conservative

Cllr Andrew McNeil

Cllr Paul Appleby

Quorum for this meeting is two Councillors.

Information for the Public

If you have any queries about this meeting, please contact the Democratic Services team:

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Some items are discussed in private because of their confidential or commercial nature. These reports are not available to the public.

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 previous meeting** (Pages 5 - 12)
[For approval]
- 4 **Matters arising**
[To consider any matters arising from the minutes]

DECISION ITEMS

- 5 **Strategic Risk Register** (Pages 13 - 58)
[To receive an update on the strategic risk register.]
- 6 **Internal Audit Update Report** (Pages 59 - 72)
[To receive the internal audit update report.]
- 7 **Internal Audit Plan 2024-2025** (Pages 73 - 96)
[To receive an update on the 2024-25 internal audit plan.]
- 8 **Internal Audit Charter - Annual Review** (Pages 97 - 106)
[To receive an update on the internal audit charter.]
- 9 **External Audit Update**
[To receive the verbal external audit update.]
- 10 **Accounting Policies 2023-2024** (Pages 107 - 132)
[To receive the accounting policies 2023-2024 update.]
- 11 **Audit Services - Counter Fraud Update** (Pages 133 - 144)
[To receive the audit services - counter fraud update.]

- 12 **External Assessment of Internal Audit's Conformance with the Public Sector Internal Audit Standards (PSIAS)**
[To receive a verbal update on the external assessment of internal audit's conformance with the Public Sector Internal Audit Standards (PSIAS).]

Exclusion of press and public

[To pass the following resolution:

That, in accordance with section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business as they involve the likely disclosure of exempt information falling within paragraph 3 of Schedule 12A to the Act.]

- 13 **Audit Investigations Update Report (Pages 145 - 148)**

[To receive the audit investigations update report.]

Information relating to any individual.
Information which is likely to reveal the identity of an individual.
Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (1, 2, 3)

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Attendance

Members of the Audit and Risk Committee

Cllr Jaspreet Jaspal (Chair)
Cllr Mary Bateman (Vice-Chair)
Cllr Paul Appleby
Cllr Philip Bateman MBE
Cllr Jeszemma Howl
Cllr Barbara McGarrity QN
Cllr Andrew McNeil

Employees

Fabrica Hastings	Democratic Services Officer
Ian Cotterill	Head of Internal Audit
Claire Nye	Director of Finance
David Pattison	Chief Operating Officer
Reeta Rattu	Finance Manager
Alison Shannon	Deputy Director Finance
Jacob Stokes	Democratic Services Officer

In Attendance

Kirsty Lees	Grant Thornton
Grant Patterson	Grant Thornton
Alexa Ngini	Grant Thornton
Andrew Smith	Grant Thornton

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence**
Apologies were received from Councillor Claire Darke.
- 2 Declaration of interests**
Councillor Phillip Bateman declared an interest in matters relating to Birmingham International Airport, Ashmore Park and Phoenix Park Nursery School. Councillor Mary Bateman declared an interest in matters relating to Ashmore Park and Phoenix Park Nursery School.
- 3 Minutes of previous meeting**
It was noted that no risks from the Strategic Risk Register were called into the previous meeting, Councillor Jaspreet Jaspal advised that the four Housing related

risks would be called into the meeting scheduled for 4 March 2024. She advised that the high unemployment risk data was circulated by email to members of the Committee.

In response to a question raised by Councillor Barbra McGarrity regarding the update on the referrals to MASH and staffing. Councillor Jaspreet Jaspal advised this would be looked into.

That the minutes of the previous meeting held on 27 November 2023 be approved as a correct record.

4 **Matters arising**

In response to a question raised by Councillor Philip Bateman regarding RAAC within the private sector. David Pattison, Chief Operating Officer advised that information from The Royal Institute of Chartered Surveyors, was sent to members of the Committee and he would send members further information if required.

He advised on the recent internal audit report that provided satisfactory assurance, in relation to how the Council manages RAAC. He advised that the internal audit report would be presented to the Committee in March and will include, the relevant links to RICS guidance to ensure full transparency.

5 **Annual Auditors Report**

Alexa Nigni, Grant Thornton, presented the Annual Auditors Report.

Grant Thornton raised four improvement recommendations and identified no significant weaknesses.

The Committee were advised that Grant Thornton measure values for money against three metrics;

- Financial sustainability
- Governance
- Improving economy efficiency and effectiveness.

Grant Thornton raised two improvement recommendations in relation to financial sustainability, that were updates to previous recommendations rather than new recommendations. In relation to the robustness of the medium-term position and clarity around savings reporting.

The Council had strong financial performance for 2022-2023 finishing the year within budget with £1.7 Million contribution to general reserves. The Council was able to maintain its 5% net revenue expenditure reserves balance.

At present the Council's forecasting £1 Million overspend on the general fund revenue budget, primarily driven by pressures within Children's Services, Residents and temporary accommodation. Grant Thornton advised they have confidence in the Councils arrangements to mitigate the position.

The Council has a strong history of savings delivery, and it was noted that progress was made since the last reporting period.

Grant Thornton advised on the level of risk relating to the medium-term position and advised that the Council has a sensible level of reserves and provides room to make difficult financial decisions in the future.

Overall, the Council has appropriate governance arrangements in place, Grant Thornton made one improvement recommendation relating to external assessment for compliance with public sector internal audit standards. The Council had appropriate risk management arrangements and an effective internal audit service in place.

Grant Thornton advised there were effective audit committee arrangements in place, demonstrated with by high level of compliance with CIPFA's latest guidance.

Overall, the Council has a strong culture in place regarding reporting on KPI's, strong and effective procurement in place but Grant Thornton made an improvement recommendation encouraging greater reporting of procurement indicators at Committee or Cabinet level.

Grant Thornton continues to see that the Council has appropriate arrangements in place to protect its interest in the Civic Halls, with regards to the ongoing legal proceedings.

As the Council is the administering authority for the West Midlands Pension Fund, Grant Thornton concluded there were appropriate arrangements in place for 2022-2023.

In response to questions raised by Councillor Andrew McNeil, Claire Nye, Director of Finance advised that the quarterly reports and appendices table on the savings detail the savings delivery by service area. Grant Thornton recommended specific financial numbers be added that would be implemented with immediate effect. Savings allocations to specific service lines would be addressed in the budget process.

In response to a question raised by Councillor Andrew McNeil regarding the PSIAS standards. The Head of Internal Audit advised that the Council was currently exploring options for the procurement of an external assessment of the Council's PSIAS self-assessment. It was hoped that this would be completed in time for inclusion in the Annual Governance Statement.

In response to a question raised by Councillor Barbara McGarrity regarding the Council's savings delivery. Grant Thornton provided members with an overview of the context of savings delivery highlighted within the report. Claire Nye, Director of Finance advised the Council does all it can to ensure the savings and processes are robust, deliverable and when they are built into the budget. Through annual monitoring, the Council flag any pressures identified within the quarterly reports presented to Cabinet and Scrutiny Board. As part of the Council's budget setting process the budget is adjusted accordingly if savings are no longer a robust assumption. The amount referred are relatively small in the context of the overall budget.

In response to a question raised by Councillor Jaspreet Jaspal regarding the procurement improvement recommendations. Grant Thornton advised that there is an increased focus on ensuring that Councillors have oversight of procurement

function activities. The Director of Finance advised the Council was developing a set of KPI's in relation to procurement, completed a self- assessment with a positive outcome, working with government agencies to peer review that assessment ahead of the changes in regulations. She advised that exceptions have reduced over the years and are highlighted to Cabinet Resources Panel on a monthly basis. Trends and data KPI's developed for procurement, that are presented to the procurement panel would be included to future reports for members to see the direction of travel. Identifying which KPI's are either strategic or operational.

In response to a number of questions raised by Councillor Paul Appleby regarding the recommendations identified, short-term / medium-term pressures and recurring savings. The Director of Finance advised on the ongoing work to find ways to balance the medium-term, rather than one year at a time, but that over time the Council had recurring savings that reduced the gap. She advised the Committee that the recommendations had been implemented, however, the Council would ensure they are fully aware of the expectations of Grant Thornton, ensuring the Council are meeting the expected requirements. A progress update could be presented to the Committee at an appropriate point time during the year.

David Pattison, Chief Operating Officer advised the Committee on the challenging financial environment due to short term settlements resulting in it being difficult to plan in the long-term. The Council are looking at number of efficiency options to reduce costs such as Artificial Intelligence and value for money on contracts.

Grant Thornton advised the Committee on what they would be doing as part of their value for money work. They would be looking to engage the authority on different aspects of income generation, such as the maximisation of fees and charges. Also, treasury management in terms of maximising the income return on working capital. Grant Thornton advised that the Council completes an exercise when completing the budget to ensure it aligns to the Our City, Our Plan, providing a foundation for the medium-term financial plan.

The Chief Operating Officer advised monitoring is done on a quarterly basis in terms of the budget, performance and strategic risks, against the Our City, Our Plan and is also benchmarked against other Local Authorities to look at the immediate and future impacts.

Resolved:

1. That the Annual Auditors Report be noted.

6 **Audit Findings Report – West Midlands Pension Fund**

Grant Patterson, Grant Thornton, presented the Audit Findings Report – West Midlands Pension Fund.

The Committee were provided with an overview of the governance and delegation at the West Midlands Pension Fund.

Grant Thornton advised they were substantially complete on the Pension Fund audit and were undertaking some final checks. An audit opinion would be issued by Grant Thornton following the completion of the City of Wolverhampton's accounts.

Grant Thornton identified a difference in reporting in the Pension Fund accounts, compared to the final capital statement of investment management, over £29 Million.

In context, this is considered immaterial when the funds total assets are valued at approximately £19 Billion.

Two adjustments were identified in the Fund account and in the asset statements around an overvaluation of an asset related to the ITA Pension Fund around £13 Million of the insurance buy-in. There was an error relating to an asset clarification that was adjusted and did not affect the overall net asset within the Fund.

Two material disclosure amendments were identified including an error in respect of direct property and classification issues, resulting in around £400 Million in adjustments.

The Pension Fund published the draft annual report in November, Grant Thornton would provide a consistency opinion following the issuing of the Council's audit opinion.

The Pension Fund did issue its draft annual report in accordance with the required statutory deadlines.

Resolved:

1. That the Audit Findings Report – West Midlands Pension Fund be noted.

7

Audit Findings Report – City of Wolverhampton Council

Andrew Smith and Kirsty Lees, Grant Thornton, presented the Audit Findings Report – City of Wolverhampton Council.

Andrew Smith introduced himself to the Committee as the audit engagement lead for the Council following Jon Roberts retirement. He advised that the audit was close to completion and would be signed off soon. He advised that Grant Thornton would be proposing an unmodified audit opinion on the 2022-2023 accounts and recognised the errors and recommendations identified. He acknowledged that it was a very positive report and thanked the work undertaken by Claire Nye, Director of Finance and her team to assist the audit process.

Kirsty Lees provided the Committee with an overview of the detail identified within the report. She advised on some areas of the work outstanding including two adjustments with no impact to the Council's bottom line. Two unadjusted misstatements were deemed to be immaterial, some disclosure issues and two new recommendations.

The outstanding areas including management override where a small number of journal accounting entries are still to be tested. In addition, work is outstanding around the Council's property valuation including land and buildings. Grant Thornton were in the process of following up some queries with an auditor expert for property valuations.

Grant Thornton were also in the process of completing the work on the net pension liability. The review of auditor's component working papers for Wolverhampton Homes Ltd accounts were audited and submitted in December 2023. Grant Thornton were not anticipating any issues arising from their review, but hadn't yet conducted the review.

Grant Thornton reported on a significant deficiency in the Councils IT control environment, where a select number of staff have access multiple areas of the Council's general ledger system which creates a segregation of duties conflict. However, it is acknowledged the Council has provided a detailed response in respect of this.

Two new recommendations were made this year including one low level recommendation relating to bank reconciliation and the other recommendation is around the segregation of duties conflict.

Two adjusted misstatements including a recategorization of expenditure on the face of the comprehensive income expenditure statements, this does not impact the on the bottom line, it is just moving it between categories. The second is writing out the gross book values and the accumulated depreciation balances of some vehicle assets, this does not impact on the primary statements, it only affects the notes.

Unadjusted misstatements including areas identified within the West Midlands Pension Fund accounts relating to the value in pension assets, which impact on the Council's accounts. The second relates to the valuation of an asset, however this is still subject to discussion with the finance team so is not final.

David Pattison, Chief Operating Officer advised the Committee on the IT deficiency risk. He advised on the current arrangements and the long-term goals to manage the risk including implementing improvements to the system with the software supplier (Unit 4) to deal with the issues relating to IT deficiency. He provided members with assurance that Internal Audit will be conducting a detailed analysis and advised that the Head of Digital and IT would be attending the next meeting to provide assurance on actions taken.

In response to a question raised by Councillor Jaspreet Jaspal regarding the building overvaluation. Grant Thornton advised the building that was overvalued was the Civic Halls.

Resolved:

1. That the Audit Findings Report – City of Wolverhampton Council be approved.
2. That the management's proposed treatment of all items recorded within the table in Appendix D be approved.
3. That the management letter of representation as presented in Appendix G be approved.

8 **2022-2023 Statement of Accounts**

Claire Nye, Director of Finance presented the 2022-2023 Statement of Accounts report.

The draft statement of accounts was presented to the Committee in September 2023, and since then Committee members had attended training sessions, to enable them to understand the key information within the statements.

The statement of accounts are kept up to date to recognise any adjustments required as part of the audit. All of the West Midlands Pension Fund adjustments were updated. There was a range of adjustments made to the Council accounts, that were agreed and would be adjusted in due course.

The report seeks approval to delegated authority to the Chair of the Committee and the Section 151 Officer to complete the final management letter of representation and sign off of the final statement of accounts, in a timely manner once the audit is completed, and seek the Committees approval to publish the final accounts.

The Chair of the Committee thanked the Section 151 Officer for the report. The Vice-Chair of the Committee seconded the Chair of the Committee.

Members of the Committee thanked the Director of Finance and wished her good luck in the future.

The Director of Finance thanked members of the Committee for their comments and thanked the Finance team.

Resolved:

1. That the 2022-2023 Statement of Accounts be approved.

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CITY OF WOLVERHAMPTON COUNCIL	Agenda Item No: 5 Audit and Risk Committee 4 March 2024
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Report title	Strategic Risk Register	
Accountable director	James Howse, Finance	
Originating service	Audit	
Accountable employee	Ian Cotterill	Head of Internal Audit
	Tel	01902 5504475
	Email	Ian.Cotterill@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendations for noting:

The Audit and Risk Committee is asked to note:

1. The latest summary of the Council's Strategic Risk Register, as under Appendix 1.
2. The update on the four Housing related risks which was called in by the Audit and Risk Committee on 22 January 2024, as under Appendix 2.

1.0 Purpose

- 1.1 To keep members of the Audit and Risk Committee aware of the key strategic risks faced by the Council and how it can gain assurance that these risks are being mitigated. It also provides an update to the committee in respect of the called in Housing related risks.

2.0 Background

- 2.1 The Council is no different to any organisation and will always face risks in achieving its objectives and priorities. Sound risk management can be seen as the clear identification and management of such risks to an acceptable level.
- 2.2 The Cabinet remain the owners of the strategic risk register, with the Audit and Risk Committee maintaining oversight of, and providing an independent level of assurance on the adequacy of the risk management processes that underpin it. The latest strategic risk register will be presented to Cabinet on 20 March 2024 as part of the Performance and Budget Monitoring Report for 2023-2024.
- 2.3 The strategic risk register was last presented to the Committee in November 2023. Since that time the risk register has been reviewed in conjunction with risk owners and reviewed by the Council's Strategic Executive Board (SEB). This has resulted in the following updates and changes:
- The wording of the financial well-being and resilience risk (risk 27) has changed from *'there is risk that without the council's plan to coordinate the partnership support across the city, residents will not receive support to mitigate the impact of the cost-of-living crisis'* to *'there is risk that should the council not receive future funding via the Household Support Fund residents will not receive the necessary support to mitigate the impact of the cost-of-living crisis'*. This is to reflect the uncertainty around future government funding to support households within the city. This change has resulted in the risk increasing from an amber to a red risk.
 - The adults safeguarding risk (risk 1) has decreased from a red to an amber risk due to the implementation new processes which have improved the appropriateness of referrals and the decision-making process. Additional temporary social workers have been recruited to undertake safeguarding enquiries.
 - The adults social care provider risk (risk 2) has decreased in score because the likelihood of care provider failing is reduced through local intelligence and the interim financial support measures being explored.
 - The inadequate rating from the Care Quality Commission's (CQC) inspection of adult social care risk (risk 6) has decreased in score because of the measures now put in place to train and prepare staff in preparation for the inspection. A CQC newsletter is shared with staff outlining key messages from regional and local work being undertaken.
 - The negative assessment against the Consumer Standards – Social Housing (Regulation) Act risk (risk 10) has decreased from a red to amber risk because the likelihood score has changed to reflect the progress through the City Housing Improvement Programme to map actions and objectives.
 - For the remaining 27 risks there has been no change in score.

- 2.4 Although there are 32 risks on the strategic risk register this should not be viewed negatively. Having a detailed risk register shows the Council are a mature and transparent organisation in terms of the way it manages their risks. Having an effective risk management process in place demonstrates strong governance. By identifying new and emerging risks on the horizon the Council can ensure that early mitigations can be put in place to manage risks effectively.
- 2.5 Whilst the strategic risk register does not include all the risks that the Council faces. It represents the most significant risks that could potentially impact on the achievement of the Council's corporate priorities. Other risks are captured within directorate, programme, project or partnership risk registers in line with the Council's corporate risk management framework.
- 2.6 A summary of the strategic risk register is included at Appendix 1 of this report which sets out the status of the risks as at March 2024. 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.
- 2.7 At its January 2024 meeting, the Committee requested further information regarding the four Housing related strategic risks. The risk owner has provided further information on this and will also be attending the meeting to discuss the risks in more detail. Please see appendix 2 for this separate report.
- 2.8 The strategic risk register will be updated as required and presented at approximately quarterly intervals to the Committee. The strategic risk register does not include all the risks that the Council faces. It represents the most significant risks that could potentially impact on the achievement of the corporate priorities. As stated above, other risks are captured within directorate, programme, project or partnership risk registers in line with the Council's corporate risk management framework.

3.0 Financial implications

- 3.1 There are no financial implications associated with the recommendations in this report as Councillors are only requested to note the latest Strategic Risk Register summary and the update on four Housing related risks called in by the Audit and Risk Committee on 22 January 2024. The identification and management of risks is, however, essential to the proper management of the Council's resources. Financial implications may arise from the implementation of strategies employed to mitigate individual risks and these will be evaluated and reported separately where appropriate. [GE/19022024/L]

4.0 Legal implications

- 4.1 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. [TC/21022024/B]

5.0 Equalities implications

- 5.1 There will be equalities implications arising from the implementation of a number of the strategies employed to mitigate individual risks. These equalities implications will be addressed, where appropriate, through the various mechanisms taken to manage each risk.

6.0 All other implications

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

7.0 Schedule of background papers

- 7.1 Strategic Risk Register Update – Audit & Risk Committee 27 November 2024

8.0 Appendices

- 8.1 Appendix 1 – Strategic Risk Register
8.2 Appendix 2 – Update on the four Housing related strategic risks.

City of Wolverhampton Council – Strategic Risk Register Summary (March 2024 Update)

Ref.	Risk Title and Description	Our City, Our Plan Priority	Risk Owner	Cabinet Member and Portfolio	Target Risk Score	Previous Risk Score	Current Risk Score	Risk Direction
Adults and Wellbeing Portfolio – Councillor Jasbir Jaspal								
01. (was 3)	Safeguarding Adults There is a risk of failure to safeguard the City's most vulnerable adults.	Fulfilled lives for all with quality care for those that need it	B. Wilkinson	Cllr J Jaspal	8	16	12	↓
02. (was 5)	Social Care Providers Adults There is a risk that we may lose service providers and not be able to maintain adequate service provision.	Fulfilled lives for all with quality care for those that need it	B. Wilkinson	Cllr J Jaspal	9	12	9	↓
03.	Asylum and Refugees There is a risk that Council's fails to support new asylum seekers and refugees living in the city thus preventing community cohesion.	Healthy, inclusive communities	J. Denley	Cllr J Jaspal	6	9	9	↔
04.	Terrorism Threats – Places and Locations There is a risk the Council fails to implement appropriate anti-terrorism security measures for Council run events in accordance with legislative requirements, such as Martyn's Law. Thus, posing risk to event attendees.	Thriving economy in all parts of the city Healthy Inclusive Communities	J. Denley	Cllr J Jaspal	6	8	8	↔
05.	Terrorism Threats - People There is a risk the Council and its local specified authority partners fail to respond to the Prevent Duty putting vulnerable people at increased risk of radicalisation.	Healthy Inclusive Communities	J. Denley	Cllr J Jaspal	4	4	4	↔
06.	Inadequate rating from Care Quality Commission (CQC) inspection for Adult Social Care (ASC) There is a risk to public trust and confidence around service delivery and provision of ASC. This would have a negative reputational impact for the Council.	Fulfilled lives for all with quality care for those that need it	B. Wilkinson	Cllr J Jaspal	5	15	12	↓
07.	Impact of future pandemics There is a risk to the utilisation of Council resources as a result of future pandemics.	Healthy, inclusive communities	J. Denley	Cllr J Jaspal	8	8	8	↔
Children and Young People Portfolio – Councillor Chris Burden								
08. (was 2)	Safeguarding Children Failure to safeguard the City's most vulnerable children.	Strong families where children grow up well and achieve their potential.	A. Hinds	Cllr C Burden	4	8	8	↔
City Housing Portfolio – Councillor Steve Evans (Deputy Leader)								
Page 17	09. Housing Regulator (Damp and Mould) There is a risk that the Council fails to address damp and mould issues in properties, which could lead to the death of a resident in the city.	Good homes in well-connected neighbourhoods	J. Roseblade	Cllr S Evans	8	8	8	↔
	10. Negative assessment against the Consumer Standards – Social Housing (Regulation) Act. Implementation of the Act has redefined the legislative landscape with the Regulator of Social Housing taking a more robust, proactive approach. A new regulatory regime includes publication of performance data, In-Depth Assessments (IDA) and Inspection (4 Yearly)	Good homes in well-connected neighbourhoods	J. Roseblade	Cllr S Evans	8	16	12	↓
	11. Housing Supply There is a risk that the city will not have a suitable housing supply to meet the needs of residents.	Good homes in well-connected neighbourhoods	J. Roseblade	Cllr S Evans	8	16	16	↔
	12. Housing Standards There is a risk that housing standards in the city are not maintained or are poor, which could cause risk to health.	Good homes in well-connected neighbourhoods	J. Roseblade	Cllr S Evans	8	16	16	↔
Digital and Community Inclusion Portfolio – Councillor Obaida Ahmed								
13. (was 12)	Cyber Security There is a risk of 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.	Our Council Our Digital	C. Johns	Cllr O Ahmed	6	12	12	↔
14.	Major Core System Failures There is a risk that core digital and IT systems, or their providers, fail resulting in an impact on the delivery of services.	Our Council Our Digital	C. Johns	Cllr O Ahmed	4	9	9	↔
Environment and Climate Change Portfolio – Councillor Craig Colingswood								
15. (was 14)	Climate Change 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.	Climate Action	D. Pattison	Cllr C Collingswood	3	6	6	↔
16.	Private Hire Vehicle Growth There is a reputational risk where members of the public are injured or harmed as a result of using private hire vehicles licensed by the Council.	Our Council	J. Roseblade	Cllr C Collingswood	9	12	12	↔
Governance and Equalities Portfolio – Councillor Paula Brookfield								
17. (was 6)	Employee Wellbeing There is a potential impact on the health and wellbeing of the Council's staff due to unprecedented levels of service demand and changes to working practices.	Our Council	L. Phillips	Cllr P Brookfield	8	12	12	↔
18. (was 10)	Information Governance If the Council does not put in place appropriate policies, procedures and technologies to ensure the handling and protection of its data is undertaken in a secure manner and consistent with relevant legislation then it may be subject to regulatory action, financial penalties, reputational damage and the loss of confidential information.	Our Council	D. Pattison	Cllr P Brookfield	12	16	16	↔
19. (was 19)	Employee recruitment and retention Currently experiencing recruitment and retention difficulties that mirrors national issues. This is impacting a number of specialist roles in Adults and Children's Social Care, Procurement, IT and Digital etc.	Our Council	L. Phillips	Cllr P Brookfield	9	9	9	↔

Ref.	Risk Title and Description	Our City, Our Plan Priority	Risk Owner	Cabinet Member and Portfolio	Target Risk Score	Previous Risk Score	Current Risk Score	Risk Direction
20.	Equal Pay Due to potential unapproved local working practices, and new case law, there is a risk the Council could be exposed to future equal pay claims, thus impacting Council resources.	Fair and Equal	D. Pattison	Cllr P Brookfield	12	12	12	↔
21.	Health & Safety of Council Employees There is a risk of serious injury, or death, to an employee of the Council where health and safety legislative requirements have not been implemented or followed.	Our Council	D. Pattison	Cllr P Brookfield	9	12	12	↔
22.	Reinforced Autoclaved Aerated Concrete (RAAC) There is risk that Council owned buildings may have to closed where the use of RAAC has been identified, which potentially has an impact on service delivery.	Our Council	J. Nock	Cllr P Brookfield	4	15	15	↔
Jobs, Skills and Education Portfolio – Councillor Jacqui Coogan								
23. (was 9)	High Unemployment There is a risk that historic levels of high unemployment will remain in the city without a systemic shift by a range of partners, as articulated in the city Education, Skills and Employment Strategy.	<ul style="list-style-type: none"> Thriving Economy in all parts of the city More local people into good jobs and training 	C. Johns	Cllr J Coogan	12	16	16	↔
The Leader of the Council's Portfolio – Councillor Stephen Simkins								
24. (was 1)	Business Support There is a risk that economic challenges impact negatively on local businesses and they cannot access appropriate support to thrive.	Thriving economy in all parts of the city	C. Johns	Cllr S Simkins	6	8	8	↔
25. (was 4)	Reputation / Loss of Public Trust There is a risk that the Council loses public trust and confidence by: <ul style="list-style-type: none"> failing to respond to the needs of local people, especially those most vulnerable. failure to inform the public about delivery of key City priorities. 	Our Council	I. Fegan	Cllr S Simkins	10	10	10	↔
26. (was 8)	City Centres – Council Led Development Projects There is a potential impact on the City if the Council does not take effective action to regenerate and repurpose. In addition, there are risks to ongoing Council managed and operated capital projects and programmes in terms of costs, timings and ensuring that original business cases continue to align with the Council's strategic aims.	<ul style="list-style-type: none"> Thriving economy in all parts of the city Good homes in well-connected neighbourhoods 	R. Lawrence	Cllr S Simkins	8	12	12	↔
27. (was 17)	Financial wellbeing and resilience There is risk that should the council not receive future funding via the Household Support Fund residents will not receive the necessary support to mitigate the impact of the cost-of-living crisis.	<ul style="list-style-type: none"> Strong families where children grow up well and achieve their full potential. Healthy, inclusive communities 	A. Hinds	Cllr S Simkins	9	9	15	↑
28. (was 10)	City Learning Quarter There is risk that the City Learning Quarter is not delivered as planned resulting in adverse impacts on life chances for young people, and learning for people of all ages, potentially resulting in difficulty for local employers to grow their businesses and for all to contribute to local economic growth.	<ul style="list-style-type: none"> More local people into good jobs and training Strong families where children grow up well and achieve their full potential. Thriving economy in all parts of the city 	R. Lawrence	Cllr S Simkins	6	12	12	↔
Resources Portfolio – Councillor Louise Miles								
29. (was 11)	Medium Term Financial Strategy There remains significant uncertainty in relation to demand for services, inflation and levels of government funding. This uncertainty creates a risk that we cannot set a robust medium term financial strategy.	Our Council	J. Howse	Cllr L Miles	15	20	20	↔
30.	Financial Management If the Council does not have strong financial management there is a risk that the expenditure will exceed the budget, leading to a call on reserves.	Our Council	J. Howse	Cllr L Miles	8	8	8	↔
31. (was 15)	Related Parties The Council has a number of bodies that it either owns or has a potential liability for. There is a risk that poor performance of these bodies could adversely impact on the Council both financially and reputationally.	Our Council	J. Howse	Cllr L Miles	8	12	12	↔
32.	Impact of statutory legislation and guidance on Council budgets There is a risk of pressures on the Council's resources (including financial) as a result of the urgent requirement to implement new statutory legislation or guidance.	Our Council	J. Howse	Cllr L Miles	16	16	16	↔

Scoring Criteria:

Risk Scoring - Impact

Impact	Score	Descriptor
Low	1	Minimal loss, delay inconvenience or interruption. Can be easily and quickly remedied
Low/Medium	2	Minor loss, delay, inconvenience or interruption. Short to medium term effect.
Medium	3	Significant waste of time and resources. Impact on operational efficiency, output and quality. Medium term effect which may be expensive to recover.
Medium/High	4	Major impact on costs and objectives. Serious impact on output / or quality. Medium to long-term effect and expensive to recover.
High	5	Critical impact on the achievement of objectives and overall performance. Critical impact on costs and / or reputation. Very difficult and possibly long-term to recover.

Risk Scoring - Likelihood

Impact	Score	Descriptor
Low	1	Rare (0-5%) This risk will only materialise in exceptional circumstances.
Low / Medium	2	Unlikely (5-25%) The risk will probably not materialise.
Medium	3	Possible (25-60%) The risk may materialise at some point.
Medium / High	4	Likely (60-80%) The risk will probably materialise.
High	5	Almost certain (80%+) The risk will materialise in most circumstances.


Likelihood	5	10	15	20	25
	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5
Impact					



City of Wolverhampton Council – Strategic Risk Register

Risks reviewed by risk owners as reported to the Audit and Risk Committee

Risk Ref	Risk title and description	Alignment to the Our City, Our Plan	Previous Risk Score (Nov 2023)	Current Risk Score (Mar 2024)	Movement in Risk Score	Target Risk Score	Rationale for target score and update position/further actions to mitigate risks	Sources of Assurance
01.	<p>Safeguarding Adults</p> <p>There is a risk of failure to safeguard the City's most vulnerable adults.</p> <p>Risk Owner: Becky Wilkinson Cabinet Member: Cllr J Jaspal</p>	Fulfilled lives for all with quality care for those that need it	L'hood: 4 Impact: 4 16 Red	L'hood: 3 Impact: 4 12 Amber	↓	L'hood: 2 Impact: 4 8 Amber	<p>Rationale for target risk score: The impact of this risk materialising, by its very nature, will always be significant hence a score of 4. However, through the work outlined below it is our aim to reduce the likelihood of this risk and therefore are targeting a score of 2.</p> <p>Update position and further actions to mitigate risks:</p> <p>There continues to be a month on month increase in Safeguarding referrals which impacts on the ability of Adult Social Care to ensure a timely response and has led to an increase in the time enquiries are taking.</p> <p>Whilst we have responded to the risks with additional temporary posts there are challenges with recruitment and shortage of suitably skilled agency social workers to fill temporary vacancies. There are a significant number of referrals that are inappropriate and do not meet the criteria for a safeguarding enquiry which need to be reviewed and actioned.</p> <p>The nature of referrals being received are more complex meaning they take longer to review and conclude.</p> <p>The long-term plan to manage the increase in demand is being considered through the Adult Social Care redesign.</p> <p>Workstream set up to review Family Front door and MASH responses.</p> <p>MASH Action Plan in place with regular review by Adult Leadership Team.</p> <p>Dashboard developed to help prioritise referrals.</p> <p>A peripatetic team will be considered as part of our redesign – better able to respond as needed.</p> <p>Updated recruitment adverts and templates are now available for recruiting managers to use. The benefits of working for our Council are highlighted, demonstrating our strengths-based approach to social work and the vibrancy and diversity of our city.</p> <p>Electronic Multi Agency Referral Form (EMARF) implemented, this has enabled inappropriate safeguarding referrals to be screened and appropriately sign posted/responded to.</p> <p>Launch of local practice guidance to improve the appropriateness of referrals.</p> <p>Development of new pathways to provide a timelier response from the right team including Domestic Abuse pathway.</p> <p>01/02/24 EMARF's are reviewed daily and actioned accordingly. Risk Tool and guidance implemented to support timely decision making. Additional temporary social workers recruited to undertake safeguarding enquiries.</p>	<p>Monthly Adult Leadership performance meetings, team dashboards developed which provide performance information to Adult Leadership and Senior Leadership Teams.</p> <p>Thematic Dip Samples undertaken by Managers, and QA Team, Practice Weeks undertaken throughout the year.</p> <p>Multi-Agency Audits undertaken by MASH Management Board and WST. Performance reported at Quarterly MASH Management Board meetings.</p> <p>MASH Managers have daily meetings to review and oversee performance.</p> <p>Monthly Information Sharing meetings take place with Care Quality Commission and partner agencies to share concerns and plan actions to improve quality of services in the city.</p> <p>MASH Action Plan reviewed and updated regularly. Process mapping and team modelling being undertaken to design future MASH model.</p>

Risk Ref	Risk title and description	Alignment to the Our City, Our Plan	Previous Risk Score (Nov 2023)	Current Risk Score (Mar 2024)	Movement in Risk Score	Target Risk Score	Rationale for target score and update position/further actions to mitigate risks	Sources of Assurance
02.	<p>Social Care Providers Adults</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: Becky Wilkinson Cabinet Member: Cllr J Jaspal</p>	Fulfilled lives for all with quality care for those that need it	L'hood: 4 Impact: 3 12 Amber	L' hood: 3 Impact: 3 9 Amber	↓	L'hood: 3 Impact: 3 9 Amber	<p>Rationale for target risk score:</p> <p>This is a national risk recognised by government as well as a local risk, the fair cost of care exercise indicated that Care Provider Fees were low In Wolverhampton that statistical neighbours, this has been rectified in the 2023/24 fee review and therefore lowers the likelihood of provider failure over time.</p> <p>Through the work outlined it is our aim to reduce the likelihood of this risk materialising however it is a national issue and therefore to some extent out of our control. As a result, the target likelihood score it set at 3.</p> <p>Update position and further actions to mitigate risks:</p> <p>The factors contributing to the risks to our providers include:</p> <ul style="list-style-type: none"> Market pressures – fragility of the care market and increased risk of provider failure/ sufficiency of provision. Risk of Providers being rated as inadequate following inspection post Covid. Cost of living crisis (inflation and increase in fuel prices) Workforce pressures - challenges with recruitment and retention of staff. Retention of experienced Registered Managers. <p>Risks to sustainability are being mitigated with:</p> <ul style="list-style-type: none"> Robust outbreak management processes and robust Quality Assurance Check (QAC) visits Use of the Care Quality Commission (CQC) Capacity tracker for updates from provider organisations Exploring interim financial support measures for providers to mitigate against key risks to care delivery. <p>Risk is amber due to resource and cost of living pressures. Provider support call has been stood up due to these challenges.</p>	<p>Fee uplift agreed at CRP February 2023 which has ensured Wolverhampton is paying a competitive rate for placements and addresses cost pressures highlighted by the sector.</p> <p>With respect to quality, work is underway with OneWolverhampton to produce a Quality Assurance Framework, which will be adopted by all partners and cover all aspects of the care market including residential care. This work will also seek to ensure a package of support and training is available for Registered Managers, particularly those new to role. There is also a stable commissioning team gathering relevant market intelligence and managing the market (supporting providers in the sector). There was no provider failure in the last quarter.</p> <p>Robust provider failure process, which ensures co-ordinated response and that people remain safe whilst alternative care arrangements are made.</p> <p>Increased activity taking place with WMADASS to understand the financial risk of regional and black country neighbouring authorities</p>

Risk Ref	Risk title and description	Alignment to the Our City, Our Plan	Previous Risk Score (Nov 2023)	Current Risk Score (Mar 2024)	Movement in Risk Score	Target Risk Score	Rationale for target score and update position/further actions to mitigate risks	Sources of Assurance
03.	<p>Asylum and Refugees</p> <p>There is a risk that Council's fails to support new asylum seekers and refugees living in the city thus preventing community cohesion.</p> <p>Risk Owner: John Denley Cabinet Member: Cllr J Jaspal</p>	Healthy, inclusive communities	L'hood: 3 Impact: 3 9 Amber	L'hood: 3 Impact: 3 9 Amber		L'hood: 2 Impact: 3 6 Amber	<p>Rationale for target risk score:</p> <p>Responsibility for asylum seekers in contingency hotels lies primarily with the Home Office. However, there are potential resource implications for CWC in supporting residents to access local services. Failure to manage this adequately could result in a lack of integration as well as impact on community cohesion. This risk is unlikely to materialise due to the robust processes adopted within the City by CWC and partners to ensure that asylum seekers are able to access support, this has led to an overall score of 6. These actions are outlined below.</p> <p>Update position and further actions to mitigate risks:</p> <p>Asylum: Wolverhampton currently hosts over 1300 Asylum seekers across dispersed (community-based accommodation) and Contingency Accommodation (2 Hotels). There is a robust and embedded process to mitigate risk and to ensure rapid escalation.</p> <ul style="list-style-type: none"> Communication agreement with clear direct points of contact for referral, safeguarding and escalations with Lead Officer New communities and Migration being point of contact and support. Monthly Serco Operational meeting with key partners and providers across 0-19 services, Education, Health, Social Care, Public Health and VCS in attendance to mitigate any risks and ensure remedial action is implemented. Clear pathways have been implemented for access to intervention to reduce delays in integration and cohesion; VCS provide support based on individuals needs and to delivery workshops, ESOL and enhance access to education, funding is allocated for school uniform, bus tickets and priority support for school and educational access, additional access to City activities available to young people and adults- HAF. RWT and ICB have ensured resource allocation to mitigate health inequalities; 0-19 inequalities team have a Health Visitor who works solely with both hotels and there are dedicated GP surgeries to ensure families are able to access Health and Wellbeing intervention without delay. Strategic meetings are facilitated – cross organisationally to ensure regular communication and ensure any concerns are escalated via Regional Strategic Migration Partnership Asylum PWG without delay; and where required direct meetings with providers or Home Office have been and will continue to be facilitated. <p>Refugees: Wolverhampton has led via best practice for the welcoming of international Refugee via Home Office and DLUCH resettlement schemes; Syrian Vulnerable Person scheme, UK Resettlement scheme, Homes for Ukraine, Sudan BNO process, Afghan Resettlement Schemes.</p> <p>There is a robust model of reporting, intervention and coordinated approach to ensure the diverse and holistic needs and housing requirement for the arriving cohort are met, with consideration given to reducing impact on the host community.</p> <ul style="list-style-type: none"> Properties- sourced to meet household need in the Private rented sector; located across the city to mitigate concentration and to enable better community cohesion. Properties are checked across partnership to ensure safe and suitable for arriving households. Wrap around support- personalised needs led intervention delivered across partnership of VCS and the Local Authority to mitigate risk and enhance the opportunity integration and resettlement as equal citizens and lead fulfilled lives with access to the best future prospects. Priority Health access- Health intervention funding allocated at place to enable the health and wellbeing needs of households be met with enhanced access to specialist intervention where requires e.g., SEND support. Robust monitoring and review documentation and active communication with Home Office, DLUCH and Regional Strategic Migration Partnership. <p>Newly Granted Refugees – Via Asylum Discontinuation:</p> <ul style="list-style-type: none"> Rapid intervention process embedded to mitigate the risk of homelessness and destitution withing the Local Authority. Access to financial inclusion and full rapid assessment of needs to enable newly granted refugees access all entitled services and opportunities. Working in partnership cross departmentally and organisationally, coordinating pathways based on household requirements and identified barriers to resettlement or cohesion. Exploration of housing solutions to enhance housing and resettlement options without impact on host community. <p>The risk has not changed since the last review. The Home officer is currently reviewing their approach to supporting new migrants, and nationally local authorities are awaiting an outcome and update on recent consultations and policy considerations.</p> <p>The Our People tender has now been reduced to 1 year to ensure that there is a service available across the city whilst a longer-term approach is agreed for tender and subsequent commission. This approach will allow us to commission a fit for purpose service which can meet the long-term needs to new migrants and newly granted asylum seekers whilst also allowing us to provide a sustainable service across Wolverhampton.</p>	<ul style="list-style-type: none"> Wolverhampton Migration Partnership Forward Plan- aligned to Wolverhampton migration Forum facilitating opportunity for partnership working to readdress and gaps in delivery and meet the needs of this cohort or escalate concerns that would impact cohesion. Tender for Our People project up to £750k for 3 years to provide bespoke intervention to mitigate the risk and inequalities that may be experienced by household that are Refugee, Asylum and/or migrants. Attendance at all relevant regional and national meetings to ensure a 'best practice' approach is embedded and any challenges can be highlighted for discussion and where possible remedial action. Cross organisational and departmental delivery continues to ensure cohesive and interconnected approach to meeting the needs of the cohort and minimising risk. Implementation of Asylum Discontinuation – Prevention Pilot to mitigate the impact of homelessness and destitution for individuals discontinued from Asylum provision. Reporting and monitoring compliance as outlined by funders and/or Central Government. Monitoring and review of service delivered by VCS on behalf of the Local Authority, implementing remedial action where required. <p>Local authority Structure and staffing implemented to mitigate the increased pressure of Asylum and Resettlement since 2021.</p>

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04.	<p>Terrorism Threats – Places and Locations</p> <p>There is a risk the Council fails to implement appropriate anti-terrorism security measures for Council run events in accordance with legislative requirements, such as Martyn’s Law. Thus, posing risk to event attendees.</p> <p>Risk Owner: John Denley Cabinet Member: Cllr J Jaspal</p>	<p>Thriving economy in all parts of the city</p> <p>Healthy, Inclusive Communities</p>	<p>L’hood: 2 Impact:4</p> <p>8 Amber</p>	<p>L’hood: 2 Impact:4</p> <p>8 Amber</p>		<p>L’hood: 2 Impact: 4</p> <p>8 Amber</p>	<p>Rationale for target risk score:</p> <p>There is a national threat level system is designed to give a broad indication of the likelihood of a terrorist attack and is set by the government’s Joint Terrorism Analysis Centre and security service MI5. Threat levels are designed to give a broad indication of the likelihood of a terrorist attack.</p> <p>The levels are:</p> <ul style="list-style-type: none"> • LOW: an attack is highly unlikely • MODERATE: an attack is possible, but not likely • SUBSTANTIAL: an attack is likely • SEVERE: an attack is highly likely • CRITICAL: an attack is highly likely in the near future <p>The current threat to the UK (England, Wales, Scotland and Northern Ireland) from terrorism is SUBSTANTIAL. With a national threat level of SUBSTANTIAL, we need to recognise this within our risk register and ensure, within Wolverhampton, we work across partners to mitigate this risk as much as possible. In terms of managing this risk whilst we could try to reduce the likelihood the impact remains high if the risk materialised.</p> <p>Update position and further actions to mitigate risks:</p> <p>Regular and routine communications with and inputs from West Midlands Counter Terrorism Police (WMCTP) via the Counter Terrorism Security Advisors including:</p> <ul style="list-style-type: none"> • School lock down procedures • Comprehensive training programme for CWC and partners • Security advice to events and design of new development schemes to reduce risk of vehicle as a weapon and other threats. • Good practice developments <p>Significant upcoming city events established as a standing item on the Protect and Prepare Board agenda with opportunity to raise concerns / identify response as required.</p> <p>The newly established Hostile Vehicle Mitigation Subgroup of the Protect and Prepare Board will hold a detailed work programme to continue to reduce risk over time.</p> <p>No change to current threat and risk</p>	<p>Bi-monthly meetings of the Wolverhampton Protect and Prepare Board – strategic, multiagency membership aiming to ensure an appropriate level of joint working, preparedness and resilience to enable an effective multi-agency response to present and emerging terror-related threats that may have a significant impact on the safety of the city.</p> <p>Oversight of Protect and Prepare activity is governed by CONTEST Board. The Board receive regular reports from Counter Terrorism Police on ongoing and emerging risk and threat at international, national, regional and local levels plus information on key activity from the Protect and Prepare Board. Key decisions from Protect and Prepare Board are bought forward to CONTEST for endorsement / ratification.</p> <p>There is connected governance between Protect and Prepare Board and Local Resilience Board (LRB) with Protect and Prepare listed as a standing item on the LRB agenda. Information shared includes key activity of the PPB, opportunities for joint working plus any Protect and Prepare information that is specifically relevant / impactful to the Council.</p> <p>Key representative from the Local Resilience Board has been newly appointed as the Chair of the Training, Exercise and Learning Subgroup of the Protect and Prepare Board continuing the connectivity between the two Board structures.</p> <p>WMCTP undertake an annual review of Local Authority activity relating to Protect and Prepare which includes elements such as:</p> <ul style="list-style-type: none"> • Identified SRO • Established Board structure. • Breadth of partner membership and engagement • Progress of activity <p>WMCTP RAG rating for Wolverhampton 2022 – 2023 = Green</p>
05.	<p>Terrorism Threats - People</p> <p>There is a risk the Council and its local specified authority partners fail to respond to the Prevent Duty putting vulnerable people at increased risk of radicalisation.</p> <p>Risk Owner: John Denley Cabinet Member: Cllr J Jaspal</p>	<p>Healthy Inclusive Communities</p>	<p>L’hood: 1 Impact: 4</p> <p>4 Amber</p>	<p>L’hood: 1 Impact: 4</p> <p>4 Amber</p>		<p>L’hood: 1 Impact: 4</p> <p>4 Amber</p>	<p>Rationale for target risk score:</p> <p>The likelihood of non-compliance with the Prevent Duty is low, hence a score of 1. However, failure to discharge the Duty could lead to the Secretary of State issuing a direction to the Council via the powers within the Act and so the risk should continue to be monitored. This leads to an impact score of 4.</p> <p>Update position and further actions to mitigate risks:</p> <p>The Council has a nominated Prevent Lead dedicated to the delivery of activity related to the Duty.</p> <p>Risk and threat are monitored through the Counter Terrorism Local Profile and responded to through the local Counter Terrorism Situational Risk Assessment – part of the benchmarking activity required by the Duty.</p> <p>Routine communications, inputs and monitoring from the regional Home Office Prevent Advisor.</p> <p>Multiagency Prevent Delivery Group brings together local specified authority partners to ensure effective implementation of the partnership Prevent Delivery Plan.</p> <p>Monthly Channel Panel meetings to assess and support people who are at risk of being drawn into terrorism with the aim of providing a tailored package of interventions to address the individual’s needs and vulnerabilities, and to safeguard them from harm.</p> <p>Channel Chairs receive regular update training from the Home Office to ensure knowledge and skills are optimal.</p> <p>Development of Engagement Strategy and Communications Plan to strengthen messaging to local communities.</p> <p>Prevent Duty requirements embedded within procurement processes and new contracts for services.</p> <p>Ongoing monitoring of community relations and cohesion.</p>	<p>Oversight of the Prevent Delivery Plan by CONTEST Board with specified authority partners in attendance including Education, University of Wolverhampton, City of Wolverhampton College, Black Country Integrated Care Board (Place) and Royal Wolverhampton NHS Trust plus representation from Home Office and West Midlands Counter Terrorism Police – Prevent Team</p> <p>The Channel Panel Annual Assurance Statement forms part of the self-assessment for Local Authorities and is signed by the Chief Executive of the Council. It is submitted to the Home Office as evidence of compliance with Channel delivery and practice as required by Channel Statutory Duty Guidance 2020 issued under Section 36 (7) of the Counter Terrorism Security Act 2015. The Annual Assurance Statement provides a local benchmark against requirements contained within the guidance, identifying any areas for improvement to be progressed over the coming year.</p> <p>To corroborate the statement, a formal observation of Channel Panel is undertaken by the Home Office Regional Channel Quality Lead each year.</p> <p>The Home Office completes an annual assurance exercise to evaluate the extent to which the Local Authority is complying with and delivering against the Prevent Duty. This includes self-assessment against the Prevent Local Authority Benchmarking Assessment within the Prevent Duty Toolkit. Assessment is considered against ten benchmarks and a set of performance criteria, and involves regular audits, inspections/observations, feedback, and reviews.</p> <p>This exercise concludes annually with the Home Office Annual Prevent Duty Assurance Statement for Wolverhampton – a report summarising the benchmarking assessment scores and identifying areas of focus for the year ahead.</p>

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06.	<p>Inadequate rating from Care Quality Commission (CQC) inspection for Adult Social Care (ASC)</p> <p>There is a risk to public trust and confidence around service delivery and provision of ASC. This would have a negative reputational impact for the Council.</p> <p>Risk Owner: Becky Wilkinson Cabinet Member: Cllr J Jaspal</p>	Fulfilled lives for all with quality care for that need it.	L'hood: 3 Impact: 5 15 Red	L' hood: 3 Impact: 4 12 Amber	↓	L'hood: 3 Impact:3 9 Amber	<p>Rationale for target risk score:</p> <p>The nature of this risk means that the impact will be always significant and therefore the target impact score remains at 5. However, we believe that it is possible to manage the likelihood of occurrence through the following actions and therefore the target likelihood score is 9:</p> <ul style="list-style-type: none"> Governance model to oversee inspection preparation work in place. Self – assessment in place and regularly reviewed and refined as necessary. Improvement plan now developed and will be reviewed on a monthly basis by Heads of Service and overseen by the ASC Performance Meeting. <p>Update position and further actions to mitigate risks:</p> <p>Encompass continuous learning from pilot sites, inspection guidance and regional support.</p> <p>Continue to prepare the workforce in readiness for inspection.</p> <p>Review learning and implications from the Care Act training to ensure compliance with the Care Act.</p> <p>'Getting to good sessions' to prepare workforce are now in place to share key updates and learning from regional meetings to prepare workforce. Regular managers workshops are also in place to provide support for their respective service areas around key areas of strengths and improvements. Regular updates are also provided in our CQC newsletter to all staff with key messages from regional and local work being undertaken.</p>	<ul style="list-style-type: none"> Quality Assurance Framework – Practice Weeks (Practice Conversations, Observations of practice and Dip Samples) Peer Review Feedback Performance Data Feedback from people Second iteration of self-assessment complete Strategic Improvement Plan now in place Regulatory board meets fortnightly to oversee CQC readiness activity to discuss progress and matters that require escalation. Weekly CQC planning meetings in place to oversee and coordinate readiness activity.
07.	<p>Impact of future pandemics</p> <p>There is a risk to the utilisation of Council resources as a result of future pandemics.</p> <p>Risk Owner: John Denley Cabinet Member: Cllr J Jaspal</p>	Healthy, inclusive communities	L'hood: 2 Impact:4 8 Amber	L'hood: 2 Impact:4 8 Amber	↔	L'hood: 2 Impact: 4 8 Amber	<p>Rationale for target risk score:</p> <p>A new pandemic remains one of the most serious risks facing the UK, though it is impossible to predict when it will occur. Its impact will depend on many factors including transmission route, attack rate, and severity of disease. The most likely cause remains a respiratory pathogen (as with Covid-19), even though a range of scenarios is possible. As such, the factors contributing to this risk are largely outside the control of the Council.</p> <p>Impact can be marginally minimised through support provided by national government in the form of funding and guidance. This would help the Council's Public Health team respond effectively to the health impact of the pandemic, as well as mitigate its financial impact on the Council due to reallocation of resources and potential lost revenue. However, that also remains outside of the Council's control.</p> <p>Update position and further actions to mitigate risks:</p> <p>The UK Health Security Agency (UKHSA) is responsible for developing national planning arrangements in relation to pandemics. Local pandemic planning and mitigation is coordinated through the resilience forum, with the Public Health, health protection team contributing as appropriate.</p> <p>The risk assessment for this remains the same.</p>	<ul style="list-style-type: none"> Dialogue with UKSHA Contribution to resilience forum Appropriate training of staff Core Public Health skills and knowledge in Health Protection issues maintained. Contributing and leading on preparedness plans and exercises – local and regional

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08.	<p>Safeguarding Children</p> <p>Failure to safeguard the City's most vulnerable children.</p> <p>Risk Owner: Alison Hinds Cabinet Member: Cllr C Burden</p>	Strong families where children grow up well and achieve their potential	L'hood: 2 Impact: 4 8 Amber	L' hood: 2 Impact: 4 8 Amber		L'hood: 1 Impact: 4 4 Amber	<p>Rationale for target risk score:</p> <p>The internal and external assurance that is in place ensures that the robust services we have in place as a council operate effectively as a partner within the statutory safeguarding partnership and hence the likelihood of the majority of vulnerable children not been safeguarded is low. However, whenever this happens and in particular with very serious incidents the impact for the council and for all those involved could be high.</p> <p>Update position and further actions to mitigate risks:</p> <p>The increase in rereferrals into the MASH over the last 18 months has now levelled to a rate that reflects the expected referral rate recognising peaks and troughs throughout the year which now place Wolverhampton on a par with statistical neighbours in this area. This area continues to be monitored and at performance management meeting and MASH Management Board.</p> <p>Mobilisation of remodelled services in child protection, family help and family networks and in our statutory safeguarding partnership arrangements from January 2023 under the DfE funded Families First for Children Pathfinder Programme will offer further opportunity to ensure services are offered to families at the earliest opportunity and test a remodelled multi agency response to child protection utilising Child Protection Lead Practitioners</p> <p>Although the annual turnover rate of social workers remain below national level workforce pressures remain high. Nationally and regionally, there is a shortage of suitable agency social workers to back fill temporary vacancies created by secondment opportunities, and maternity leave. This impacts particularly in the Strengthening Families Service. To mitigate this, we have created a peripatetic team of social workers and continue to recruit to these permanent posts, we are part of a regional MoU to manage the use of agency workers. We have rebranded our social work recruitment and introduced additional incentives following a regional benchmarking process.</p> <p>There is a risk that the Council is unable to identify suitable placements registered with Ofsted for children in care particularly those with highly complex needs who are subject to a court authorised Deprivation of Liberty (DoL) Order, due to insufficient placement options.</p> <p>Where children's homes are identified these are at high cost due to the current market position. If no placements can be identified alternative unregulated provision has to be considered.</p> <p>When an unregulated placement is made Ofsted are informed, there is regular senior management oversight, and the arrangements are regarded as temporary whilst alternative regulated options are secured. The opening of two small children's homes in Wolverhampton is in process and this will increase the internal sufficiency options.</p>	<p>Internal Quality Assurance reports, alongside monthly analysis of performance information offers Senior Leadership Team reassurance regarding practice.</p> <p>Rereferrals into MASH 24 are regularly monitored and deep dive into this area has taken place.</p> <p>Quality assurance and performance information is shared with SEB, Cabinet Member and the Leader regularly, together with Ofsted on a quarterly basis.</p> <p>Senior leaders have regular oversight of the number of children that social workers are working with. Actions are being taken to try to attract experienced agency workers locally and regionally to cover short term vacancies whilst we also recruit to vacant permanent posts promoting additional motivating factors to join Wolverhampton.</p> <p>Positive outcome of Ofsted Inspection of Children's Services (21 March - 1 April 2022) with services rated overall as good offering external reassurance that children and families are supported and safeguarded well in Wolverhampton.</p> <p>Assurance provided to Wolverhampton Safeguarding Together Partnership through several mechanisms including scrutiny of practice through priority groups and specific activity such as the Covid response group and multi-agency casefile audits and external scrutineer report. Reviews of the impact of learning from Children's Safeguarding Practice Reviews is also assured through the One Panel.</p> <p>Appropriate serious incident referrals are made to the Safeguarding Partnership to consider if a learning review needs to be undertaken into specific incidents. This ensures where appropriate, practice is independently scrutinised, and lessons learned.</p> <p>The Leader/Cabinet Member/SEB and CYP Scrutiny panel are briefed every 6 months to offer assurance regarding safeguarding of the children in the city.</p> <p>A multi-agency response is in place to work with young people to reduce potential of further violent crimes within the city. This response includes universal responses and more targeted approaches with individuals most at risk.</p> <p>Two recent independent thematic reviews on knife crime and exploitation have offered strong reassurance in this area.</p> <p>Regular oversight by senior leadership team of children placed in unregulated settings and liaison with Ofsted.</p> <p>Opening of two internal family homes for children in care will increase sufficiency.</p> <p>Children are given opportunity to be supported by an independent advocate.</p>
09.	<p>Housing Regulator (Damp and Mould)</p> <p>There is a risk that the Council fails to address damp and mould issues in properties, which could lead to the death of a resident in the city.</p> <p>Risk Owner: John Roseblade Cabinet Member: Cllr S Evans</p>	Good homes in well-connected neighbourhoods	L'hood: 2 Impact: 4 8 Amber	L'hood: 2 Impact: 4 8 Amber		L'hood: 2 Impact: 4 8 Amber	<p>Rationale for target risk score:</p> <p>There is a well-established reporting mechanism in place for reporting issues related to damp and mould and a robust repair process to rectify the issue. The likelihood scores remain the same for current and target. The only way likelihood score will reduce is if the condition of existing stock is free from deficiencies before damp and mould occurs and therefore not present in the home. However, this is unlikely due to the age of existing stock, so current measures in place will allow for ease of reporting and rectifying to minimise the likelihood of severe cases resulting in death of a resident.</p> <p>The target impact score is remains at 4 on the basis there has been significant importance on improving processes and providing education material/support for residents and employees to identify and report any issues relating to damp and mould to allow the matter to be rectified. However, this has brought additional investment requirements to ensure systems are in place (SIRI) to allow the reporting of cases to be recorded/processed within required timescales. The impact of the death of a resident or any serious damp and mould case would bring severe reputational damage and failures in our existing processes.</p> <p>Update position and further actions to mitigate risks:</p> <p>The true extent of damp and mould in the cities private sector housing remains unknown as this can only be truly ascertained by inspection. A BRE conditions report has been commissioned for other purposes which will also provide a desktop assessment of the extent of damp and mould issues.</p> <p>Winter Plan 2023 – 2024 developed.</p> <p>The Private Sector Housing Service enforces:</p> <ul style="list-style-type: none"> Adequate reasonably economic heating. Insulation. Ventilation such as extractor fans. Landlords required to undertake professional mould removal required for more extensive issues. Works in default if necessary 	<p>Audit Services: Private Sector Housing Enforcement Audit 2022 – 2023 – Overall conclusion was 'satisfactory', specifically noting:</p> <ul style="list-style-type: none"> There is an effective mechanism in place for handling Private Sector Housing referrals. When, received they are triaged and allocated to Environmental Health officers, who action promptly. New coding has been introduction to easily identify damp and mould cases. <p>Council housing BIG 7 risk reporting – monthly, quarterly data analysis. Annual reporting to Scrutiny.</p> <p>DMC risk protocols, now support a robust approach to hazards and risk management and encompass the principles of the Housing Health and Safety Rating System (HHSRS).</p> <p>KPI's to monitor remedial work timescales related to Disrepair Claims have been introduced since April 2023 and are reported quarterly to WH Board and CWC's WHDPQMG.</p> <p>Complaints handling KPI and Tenant Satisfaction Measures.</p> <p>DMC reports and repairs demand continues to increase during the colder autumn/winter months and this impacts on performance (assessment and repair).</p>

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							<p>Communication:</p> <ul style="list-style-type: none"> • Landlord Forum - Damp and mould advisory presentation to landlords. • Damp and mould mitigation advice leaflet provided in response to all enquiries regardless of whether they refer to damp and mould. • Website updated to provide educational information in relation to damp and mould. <p>Support provided:</p> <ul style="list-style-type: none"> • Damp and mould removal kits provided to PRS tenants. • Provision of household support fund. • Domestic thermometer / hygrometer provided to increase awareness of humidity in the home. <p>In the social housing sector, complaints received from residents whose homes are managed by a registered housing provider (not the Council) are sent to Private Sector Housing Enquiries. Registered Providers are regulated by the Regulator of Social Housing and are responsible for management of their stock. City Housing maintains communication through the Social Housing Provider Forum.</p> <p>Council owned housing stock is managed by four managing agents. Contract management of these organisations provides oversight and assurance of repairs (inc. DMC) and complaints. The largest managing agents is Wolverhampton Homes.</p> <p>The joint Wolverhampton Homes and City of Wolverhampton Council's (CWC) Damp, Mould and Condensation Working Group, formed in early 2022, and continues to regularly meet to drive service and system enhancements,</p> <p>Wolverhampton Homes, along with CWC colleagues, has continued to target reports of DMC from customers and has worked with its partners to develop predictive data to proactively identify 'at risk' homes.</p> <p>Regular reporting of DMC is reported to CWC. DMC is now included as one of the BIG 7 risks.</p> <p>Operationally, reporting of DMC has increased significantly. Increasing contractor capacity has been a challenge due to the labour shortage regionally. Performance against the 10-working day inspection and 20 working day 'works' target remains within target or tolerance.</p> <p>A programme of support is provided, including education and advice on DMC. Healthy Homes Advisors are in place. No access procedures have been strengthened. Knowledge sharing with ASC and CS have also been developed to support families with vulnerabilities. Since November 2022, WH has experienced a significant increase in DMC related service requests from customers; linked to increased awareness and proactively communications. All homes reporting DMC will be visited. The highest proportions of DMC reported are minor and treatable with cleaning and remedial works.</p> <p>Staffing and financial resources have needed to be reallocated to DMC to meet the increase in demand. Contractors have also been requested to increase labour resources. This has had limited success due to the region wide shortage in suitable labour. The repairs budget overspend is contributed to by DMC requests.</p> <p>Further actions to mitigate risk include the following:</p> <ul style="list-style-type: none"> • Department equality plan to assess impact of language on DMC cases and case handling. • Continued analysis of rent arrears and the link to DMC, i.e., the ability to afford appropriate heating and warmth. Link to EPC and property condition. • WH has further refined its Predictive Data Analytics tool in collaboration with the Housing Management system provider, NEC. Using algorithms to predict homes that may be at a greater risk of mould forming. 	


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10.	<p>Negative assessment against the Consumer Standards – Social Housing (Regulation) Act.</p> <p>Implementation of the Act has redefined the legislative landscape with the Regulator of Social Housing taking a more robust, proactive approach. A new regulatory regime includes publication of performance data, In-Depth Assessments (IDA) and Inspection (4 Yearly)</p> <p>Risk Owner: John Roseblade Cabinet Member: Cllr S Evans</p>	Good Homes in well-connected neighbourhoods	L'hood: 4 Impact: 4 16 Red	L'hood: 3 Impact: 4 12 Amber	↓	L'hood: 2 Impact: 4 8 Amber	<p>Rationale for target risk score: The rationale for a current likelihood target of 4 is the number of improvement tasks identified and these are being worked through to deliver a reduced target of 2 once all the actions recommended have been delivered to meet the requirements of the Regulator for all Managing Agents. The team are currently undergoing a restructure to ensure the resources are in place and fit for purpose to meet the new regulations.</p> <p>The rationale for a current impact score of 4 is to acknowledge there is a lot of work to be undertaken and maintain with all Managing Agents to avoid a negative assessment by the Regulator and this will remain a target score until such time all workstreams have been delivered to ensure the Council is in the best position for the inspections. Should the outcome be negative, this could bring reputational damage to the Council in its responsibility as a Housing Authority.</p> <p>Update position and further actions to mitigate risks:</p> <ul style="list-style-type: none"> Management agreement between CWC and WH to be updated. Shareholder Board to be established, Stronger client and governance arrangements Annual reporting to Scrutiny. Re-establish performance reporting to Cabinet. <p>The reduced likelihood score of 3 reflects the progress made through the City Housing Improvement Programme to map actions/objectives. WH have commissioned independent assessment of consumer standards compliance which informs the programme.</p>	<ul style="list-style-type: none"> Savills review of compliance against the consumer standards Campbell Tickell review of the management arrangement between CWC and WH Scrutiny Board approval of recommendations to strengthen governance, reporting and clienting. Intention to update management agreement and develop Shareholder Board – being progressed by Legal. Restructure of Landlord Services within the Councils City Housing Team will strengthen the ability of the Council to respond to regulation and inspection.
11.	<p>Housing Supply</p> <p>There is a risk that the city will not have a suitable housing supply to meet the needs of residents.</p> <p>Risk Owner: John Roseblade Cabinet Member: Cllr S Evans</p>	Good Homes in well-connected neighbourhoods	L'hood: 4 Impact: 4 16 Red	L'hood: 4 Impact: 4 16 Red	↔	L'hood: 2 Impact: 4 8 Amber	<p>Rationale for target risk score: The rationale for a current likelihood score of 4 is the increasing pressure and challenges of the housing needs of our residents. A target score of 2 will ensure the Council works towards exploring every opportunity to increase its housing supply through a number of programmes to add units to its stock.</p> <p>The rationale for a current impact of 4 is that we should not be able to meet the housing demands, the waiting list will increase, and vulnerable residents may need rehousing in temporary accommodation. The target score of 4 will remain as current data research shows the demographics of our residents will increase the demand for council accommodation, including specialist/supported units, for many years to come.</p> <p>Update position and further actions to mitigate risks:</p> <ul style="list-style-type: none"> Continuing information and education on housing availability to residents, officers, and Cllrs Increased support to engage with the private rented sector and landlords directly (e.g., Call Us First, Landlord Forum) to provide access to and maintain tenancies. Homelessness Task and Finish Group monitoring homelessness numbers, TA use and spend. Identifying improvements and better value TA. Housing support fund funded by the HRA available to support tenants to remain in their homes where increasing rent costs are unaffordable. Money Smart Service through WH available Homelessness Service provided from the Civic 5 days a week: seeing increasing footfall. Housing Development Team restructured and appropriately resourced to establish a housing development pipeline and access Homes England and WMCA funding. 	<ul style="list-style-type: none"> KPI data on evictions and rent arrears highlight that that rent loss is relatively low compared to peer landlord. Evictions from council housing remain low (<20pa) – further analysis via the DEP to be completed. Call Us First Team – capacity expanded with staff recruited. Ongoing local conversations with Homes England, early indication of support for schemes and larger regeneration proposals Early conversations between planning and housing relating to housing development – although ongoing challenges around HRA land which over the years has been designated open space or trees. Continue to explore the options for face-to-face housing advice in the city. <p>New affordable housing pipeline is underdevelopment and will provide more certainty on the numbers of new build over the next 4 years. But numbers will not be significant enough to sufficiently meet needs.</p> <p>Changes to the planning requirements in the Local Plan reduce the requirement for affordable housing, this further reduces the future supply of affordable housing.</p>


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12.	<p>Housing Standards</p> <p>There is a risk that housing standards in the city are not maintained or are poor, which could cause risk to health.</p> <p>Risk Owner: John Roseblade Cabinet Member: Cllr S Evans</p>	Good Homes in well-connected neighbourhoods	L'hood: 4 Impact: 4 16 Red	L'hood: 4 Impact: 4 16 Red		L'hood: 2 Impact: 4 8 Amber	<p>Rationale for target risk score:</p> <p>The rationale for the current likelihood score of 4 is due to ageing stock, poor energy performing homes and investment requirements. The target score of 2 is due to the HRA Business Plan for a number of investment programmes to address poor condition council homes.</p> <p>The rationale for the current impact score of 4 is to recognise the challenges of the HRA and the investment required to maintain existing stock and improve the standard of housing offer across the city. The target score of 4 will remain until such time additional funding is available and funding opportunities explored to deliver improved and better-quality stock within the city.</p> <p>Update position and further actions to mitigate risks:</p> <ul style="list-style-type: none"> Strengthening HRA Business Plan development process to provide greater engagement with Councillors on investment plans and options. Non-traditional stock investment planned, and area renewal programmes planned, with initial Cabinet approvals in place for phase 1; redevelopment of New Park Village and the Tarran Bungalows. Retrofit programme of £27.5m to improve 414 not-trads across the city started May 2023. Capital programme approved for new build programme, estate remodelling, disabled adaptations, Decent Homes stock condition improvements and other stock improvements (inc. structural works, lifts, fire safety in med and high rise, roofing, door security and remedial works to non-trads). 	<ul style="list-style-type: none"> Wolverhampton Homes Delivery Plan Quarterly Monitoring Group, chaired by the Cabinet Member, provides review of delivery plan objectives, KPIs and financial performance. The WH/CWC Financial Information Group, chaired by the Director of Finance, provides financial monitoring and scrutiny, including the repairs and capital investment programmes. Savills review of HRA Demonstrable improvements to Council housing stock, including fire safety (sprinklers, fire doors) and high-rise improvements. Known stock improvement pressures are considered and further scrutiny and oversight will be provided to Councillors, in particular about investment / disinvestment options. Excellent performance under the BIG 7 risks; fire, asbestos, gas, electrical, legionella, lifts, DMC Part of the TPAS EGAGE project on high rise fire safety Housing Assistance Policy to be reviewed to ensure ongoing suitability. Success in attracting energy funding for private homes. <p>Audit Services: Private Sector Housing Enforcement Audit 2022 – 2023 – Overall conclusion was 'satisfactory', specifically noting:</p> <ul style="list-style-type: none"> There is an effective mechanism in place for handling Private Sector Housing referrals. When, received they are triaged and allocated to Environmental Health officers, who action promptly. New coding has been introduction to easily identify damp and mould cases.
13.	<p>Cyber Security</p> <p>There is a risk of failure to maintain a high level of cyber security (technology, processes and awareness) which result in cyber-attacks and theft/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 O Ahmed</p>	Our Council / Driven by Digital	L'hood: 4 Impact:3 12 Amber	L'hood: 4 Impact:3 12 Amber		L'hood: 3 Impact: 2 6 Amber	<p>Rationale for target risk score:</p> <p>Nationally there continues to be cyber security threats to local government and the wider public sector, with high profile cyber incidents impacting on some local authorities and other agencies.</p> <p>There is ongoing work to continually improve the council's security posture to reduce the likelihood and impact of constantly changing threats. Cyber security at the Council is externally verified through both PSN accreditation and Cyber Essentials Plus accreditation.</p> <p>The Council manages the risk through effective controls. However, due to the sensitivity in respect to this area, we cannot provide detailed information here which may compromise the council's security.</p> <p>Update position and further actions to mitigate risks:</p> <p>Digital and IT continue to deploy enhancements to further improve security and, a summary of key activity includes:</p> <ul style="list-style-type: none"> Policy and strategy – including ongoing review of existing and development of new policies to support improved cyber security, such as the Information and Cyber Security Policy, Acceptable Use of IT Assets and social media Policy and a new Bring Your Own Device policy. Training and development – including a new mandatory cyber security course and bespoke training and awareness sessions dependent on role in development. Technology and digital solutions – including roll out of new technology solutions to further tighten security. <p>There is a continued work programme to address cyber threats which continue to evolve.</p>	<p>The Council has achieved external accreditation of its cyber security, through achievement of Cyber Essentials Plus and PSN compliance.</p> <p>Cyber Essentials Plus accreditation was achieved in December 2022, and work is underway to complete infrastructure upgrades before a further submission for reaccreditation in February 2024.</p> <p>PSN compliance was achieved again in March 2023, and the Council remains on track to achieve its annual recertification by 31 March 2024.</p> <p>Assessment of the council's cyber security posture is also provided by Microsoft.</p> <p>Internal Audit review of Cyber Security and Disaster Recovery gave satisfactory assurance.</p> <p>Regular updates provided to Resilience Board, SEB and Cabinet Member.</p> <p>A detailed update was provided to Audit and Risk Committee in July 2022, a link to the meeting papers and minutes is available here.</p>
14.	<p>Major Core System Failures</p> <p>There is a risk that core digital and IT systems, or their providers, fail resulting in an impact on the delivery of services.</p> <p>Risk Owner: Charlotte Johns Cabinet Member: Cllr O Ahmed</p>	Driven by digital	L'hood: 3 Impact: 3 9 Amber	L'hood: 3 Impact: 3 9 Amber		L'hood: 2 Impact: 2 4 Green	<p>Rationale for target risk score:</p> <p>We continue to work to mitigate against the impact and likelihood of core systems failing, through robust management of our IT infrastructure and management of contracts with key suppliers. This work supports the delivery of the target likelihood target of 2.</p> <p>Through continually reviewing and testing the effectiveness of contingency there is a plan to reduce the impact to a score of 2.</p> <p>Update position and further actions to mitigate risks:</p> <p>Regular and robust contract management with key suppliers of systems is in place to mitigate against supplier failure which may impact on the delivery of systems.</p> <p>There remains ongoing work to ensure effective IT infrastructure and systems, which links to wider work including cyber security (see risk 13).</p>	<p>Regular and robust contract management with key suppliers of systems is in place to mitigate against supplier failure which may impact on the delivery of systems.</p> <p>Lessons learnt are conducted on any down time on core digital and IT systems, and following a recent hardware failure by a third-party further work is in place including internal audit of business continuity plans to ensure any impact of loss of systems is minimal.</p> <p>There is ongoing work to ensure effective IT infrastructure and systems, which links to wider work including assurance such as PSN and Cyber Essentials Plus.</p>



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15.	<p>Climate Change 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: David Pattison Cabinet Member: Cllr C Collingswood</p>	Climate Action	L'hood: 2 Impact: 3 6 Amber	L'hood: 2 Impact: 3 6 Amber		L'hood: 1 Impact: 3 3 Green	<p>Rationale for target risk score:</p> <p>The impact of not meeting our Net Zero target by the end of 2028 is likely to be significant and has an impact of 3 the likelihood of this target not being met is 2, following detailed consideration of the current progress at the relevant scrutiny panel in October 2023.</p> <p>Update position and further actions to mitigate risks:</p> <p>The Council's Climate Change Net zero commitment was made in 2019 and a detailed action plan set by Council in 2020 and amended in 2022. The action plan clearly sets out all activity needed to meet the Council's net zero ambitions for 2028 as well as setting out the framework for the 2041 target for the whole City (in line with Regional Target).</p> <p>As set out in the scoring update a detailed report was taken to scrutiny panel in October 2023 setting out progress against the target.</p> <p>Following the Internal Audit report covering the position in late 2022/early 2023 several urgent steps have been taken to provide additional assurance that the target will be met. These include:</p> <ul style="list-style-type: none"> The Council's Chief Operating Officer appointed as the Senior Responsible Officer (SRO) New Head of Green Cities and Circular Economy and other staffing resources put in place including a Programme Board with approved Terms Of Reference. Board Chaired by Climate Action SRO, and consists of Directors, Heads of Service and others. The Minutes of the Climate Change Advisory Group meetings are now made public. A number of additional steps have been taken to ensure we are on track to meet the commitment including the launch of a HVO (Hydrotreated Vegetable Oil) fuel pilot significantly reducing the climate impact of the Council's fleet whilst we work towards full electrification of the fleet. <p>Funding for external resource identified to support delivering 2041 strategy – strategy is being worked up and subject to Programme will be taken to Scrutiny Panel in early 2024 for pre decision scrutiny.</p> <p>Training for Carbon Literacy course offered in 2022 across organisation, opportunities for further training in 2024/25 being explored.</p> <p>A Climate Action Assessment Tool (CAAT) developed by the Service area being introduced for CWC schemes. This provides early consideration of Carbon emissions impacts and potential mitigations, with focus on maximising renewable energy and use of low carbon materials/ circular economy. Outcome of CAAT also being included in updated version of Governance protocols/ gateway approvals for transparency of Carbon emissions and detailing measures included to reach 2028 and 2041 targets. The CAAT will also highlight those schemes/ projects where opportunities to reduce Carbon emissions not being embraced/ incorporated and reliance on fossil fuels continues.</p> <p>Head of Green Cities and Circular Economy included as member of PAG Board for early visibility of new schemes engagement with Project Managers/ SRO's. Project Teams</p> <p>Green Cities and Circular Economy Service Area challenging and highlighting to Climate Action SRO Council led schemes where significant reduction in carbon emission could be achieved through for example maximising Solar PV installations.</p>	<p>Governance and action plan monitoring arrangements in place.</p> <p>Quarterly update to Member reference panel (Climate Change Advisory Group).</p> <p>Internal audit review undertaken in March 2023 of the 2028 Climate Change Action Plan. Monthly Programme Board has been established – with full supporting team now in place to provide the necessary support to deliver.</p> <p>Regular reporting against action plan taking place brought through to Climate Change Advisory Group and paper reporting on substantial progress taken to Climate Change, Housing and Communities Scrutiny Panel in October 2023.</p>

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16.	<p>Private Hire Vehicle Growth</p> <p>There is a reputational risk where members of the public are injured or harmed as a result of using private hire vehicles licensed by the Council.</p> <p>Risk Owner: John Roseblade Cabinet Member: Cllr C Collingswood</p>	Our Council	L'hood: 3 Impact: 4 12 Amber	L'hood: 3 Impact: 4 12 Amber		L'hood: 3 Impact: 3 9 Amber	<p>Rationale for target risk score:</p> <p>Whilst the service continues to introduce additional safeguarding measures which are discussed below, the relative risk of untoward or criminal behaviour of a driver licensed by CWC continues to increase as the numbers of licensed drivers increases. Despite having robust licensing, monitoring and enforcement operations the likelihood of such an event post licensing is beyond the direct control of CWC and as such likelihood scores remain the same for current and Target. The only way likelihood score will reduce is if the number of licensed drivers reduces which will in all likelihood require a change in legislation.</p> <p>The target impact score is reduced to 3 on the basis that the team are implementing the detailed findings of an internal audit and external review. Whilst the findings demonstrated a well-managed and robust service with many areas of good practice there are several enhancements to the current operations which the team are working to implement urgently.</p> <p>Update position and further actions to mitigate risks:</p> <p>As with any regulatory scheme, there is an inherent risk those being regulated will breach the regulations. Even a perfect applicant on paper can go on to commit serious offences and the Council is limited to what it can require from applicants without being successfully appealed in court or being subject to judicial review. Whilst the likelihood of a serious incident has increased, due to the increase of drivers from 1k to 40k, the risk is further mitigated due to the following:</p> <ul style="list-style-type: none"> • Digitisation of applications, reducing the chances of administration and human error relating to paper/written records. • Increased financial resources allowing the Council to take advantage of further technological solutions, such as APIs to automate checking of information with databases in other organisations. • More experience with investigating licence holders. • Ability to attract investigatory talent from other licensing authorities due to the reputation of the Council as an industry leader. <p>The Council was the first in the country to undertake daily DBS checks of its drivers, with 36,000/40,000 on the Update Service. Work is ongoing to increase this percentage, however three-year licences issued prior to April 2021 have not yet had the chance to renew. This date will pass at the end of the financial year and further work with the DBS on Direct Debits is underway. We have successfully lobbied the LGA to join on us achieving this.</p> <p>The Council is developing its own 'Access to Driver Data' Application Programming Interface (API) with the DVLA, allowing more frequent checks of drivers driving licences.</p> <p>The council is working with the National Anti-Fraud Network (NAFN) to be the first authority with an API with the National Register of Refusals, Revocations and Suspensions (NR3S). This will allow the Council to check every day if a driver has lost their licence elsewhere in the country without telling the Council.</p> <p>The Council is recruiting more compliance officers and a new team for Quality Assurance, who will check the work of the existing officers, identifying training opportunities and improving consistency.</p> <p>A contract has been signed with Euclid, who will begin printing and posting all driver licences from April 2024. These badges will have contactless chips in, which you can tap with your smartphone to check they are currently valid. We will be the first licensing authority to use this technology in driver licences.</p> <p>The vehicle inspectors' team is expected to be doubling in size, with an early and late shift. This has enabled the first increase in licence fees since 2016, up from £98 to £125. Whilst there has been further reassurance provided, the increase of drivers and vehicles since the last report (+4,000 vehicles and +5,000 drivers) means that the likelihood remains the same.</p>	<p>An action plan is in place to implement the recommendations of an internal audit, as well as an audit by Bevan Brittan.</p> <p>Chair the West Midlands Taxi Licensing Authorities Officer Working Group. We booked a City & Guilds Assured Basic Vehicle Inspection course for January and made spaces available for West Midlands authorities. Dudley and Sandwell accepted places on this course.</p> <p>Member of West Mercia Taxi Licensing Authorities Officer Working Group. A joint Partnership Statement across West Mercia has been drafted.</p> <p>Member of National Association of Licensing Enforcement Officers (NALEO)</p> <p>Member of Institute of Licensing</p> <p>Regularly in contact with the Department for Transport, who are interested in the technological solutions we apply, have approved the legitimacy of the licensing regime and have not raised concerns.</p> <p>Medical certification of all driver applicants is undertaken by General Medical Council (GMC) certified medical practitioners.</p> <p>All MOT testing stations are green rated by the Driver and Vehicle Standards Agency (DVSA)</p> <p>Right to work verification uses state of the art document scanners, comparable to what is used at airport border control. An illegal immigrant was caught using this system.</p> <p>Legal advice, often from KC, has been sought throughout the transformation and is acted in accordance with.</p> <p>Our decision-making processes have been highlighted by the Home Office as regional best practice.</p> <p>In 2023, Wolverhampton undertook 440 compliance operations across the country. This resulted in 184 vehicles being suspended.</p> <p>In partnership with local councils, the Council has compliance teams based in a northern office in Cheshire and an eastern office in Leicestershire. This provides a base for them to operator from and undertake checks on drivers across those regions.</p> <p>South Staffordshire Council have entrusted its taxi licensing function to the Council.</p> <p>All training is undertaken by Worcestershire County Council. Every driver has been trained on safeguarding.</p> <p>All licence holders are checked with the Disclosure and Barring Service, at the appropriate level.</p> <p>All operators are now checked with the Office of the Traffic Commissioner, to see if they have ever had any licences to operate bus services refused or revoked. We have contacted every licensing authority in the country to improve relations and arrange information sharing agreements. We are working our way through the police forces now.</p> <p>The Council was the first to consult on changes recommended by the Government's Best Practice Guidance and is hoped to be the first to be compliant with these new changes. We have made effective use of our automatic numberplate recognition (ANPR) cameras, taking decisive action against drivers who are parking and driving inconsiderately in the city, with particular success in reducing the number of drivers driving the wrong way up Railway Drive – preventing any collisions with the new metro system.</p> <p>We have purchased TreadReaders to help measure tyre tread depth at compliance operations. We have also purchased infra-red camers to deter against 4D licence plates with infra-red blockers, that allow drivers to evade speed cameras and congestion charges.</p> <p>All historic suspensions and revocations of drivers since 2012 are recorded on the NR3S database. All driver applications are checked against the database and any new decisions are recorded on there.</p>

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17.	<p>Employee Wellbeing</p> <p>There is a potential impact on the health and wellbeing of the Council's staff due to unprecedented levels of service demand and changes to working practices.</p> <p>Risk Owner: Laura Phillips Cabinet Member: Cllr P Brookfield</p>	Our Council	L'hood: 4 Impact: 3 12 Amber	L'hood: 4 Impact: 3 12 Amber		L'hood: 4 Impact: :2 8 Amber	<p>Rationale for target risk score:</p> <p>Whilst sickness absence locally and nationally is on the rise it is envisaged that with the proactive measures and support being put in place this will support the Council in reducing sickness absence and improving the health and wellbeing our workforce. There are external factors that are outside of our control i.e employees waiting for operations which affect our ability to mitigate this risk but with what is within our control we can aim to have 8 Amber as a realistic future target.</p> <p>Update position and further actions to mitigate risks:</p> <p>Employee well-being continues to be a Council priority, a number of initiatives have been embedded for employees which include (but are not limited to) the Council's Our People Portal, access to mental health first aiders, access to face to face well-being checks and workouts led by WV-Active, the introduction of Council wide wellbeing leads and the creation of wellbeing pledges.</p> <p>Organisational Development (OD) are continuing to work with Human Resources and Health and Safety to monitor, analyse and proactively respond to sickness absence data to ensure appropriate support is provided for employee health and wellbeing.</p> <p>We continue to monitor the health and wellbeing of our employees and the effectiveness of Our People support offer. Targeted work is continuing with our frontline workers and there has been increased engagement initiatives and communications regarding health and wellbeing across the organisation.</p> <p>The Organisational Development team have carried out site visits to provide support information and signpost the current offer around health and wellbeing for our employees. The Wellbeing@work pages on the Our People portal are updated weekly to ensure employees have access to the most up to date wellbeing information.</p> <p>We continue to support employees with the cost-of-living crisis by providing resources and support on financial wellbeing. We promote the support and resources available on a regular basis through a range of communication channels, including City People, toolbox talks, site visits and employee forums to ensure people are signposted to the support available.</p> <p>We have completed an employee Mental Health survey, analysed the results, and delivered on an action plan to respond to our employees needs in terms of support, advice and guidance as mental health sickness absence continues to be on the increase within the Council and nationally.</p> <p>Organisational Development (OD) have developed a Wellbeing Data Dashboard. The dashboard will allow for deeper analysis of the correlation between Learning and Development Opportunities at all levels and the impact on rates of sickness. This will allow a proactive and targeted approach to supporting employees accessing wellbeing training opportunities and support.</p> <p>Mental wellbeing learning & development offer has been enhanced from a personal and professional perspective. Training included Mental Health England Mental Health Awareness accredited training, NHS Suicide Prevention Workshops and a future roll out of Substance Misuse Insight, delivered by key community partners.</p> <p>A brand-new Employee Assistance Programme delivered by ViV up was launched in December that provides additional access and support including 24/7 access to trained counsellors, Your Care wellbeing platform, support with Debt and Domestic abuse, alongside comprehensive self-help guides, audiobooks and podcasts. This will provide additional opportunity for employees to access support. Access and outcomes will be monitored regularly. Communications activity has started to be rolled out through City People, Our People Portal and Operational Managers briefings. Further communications are planned to include employee briefings, equalities forums and the Strategic Health and Wellbeing group.</p>	<p>Operational Health and Wellbeing Group</p> <p>People Transformation Board</p> <p>Strategic Health and Wellbeing Board</p> <p>Joint Consultative Panel</p> <p>Employee Surveys</p> <p>Professional Conversations which include discussions around well-being</p> <p>SafeSpace Reporting Line</p> <p>Mental Health Support App for employees (My Possible Self)</p> <p>Regular employee communications and engagement digitally and physically (OD Wellbeing Roadshows – 17 to date) to ensure all employees have the resources/support available.</p>


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18.	<p>Information Governance</p> <p>If the Council does not put in place appropriate policies, procedures and technologies to ensure the handling and protection of its data is undertaken in a secure manner and consistent with relevant legislation 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 P Brookfield</p>	Our Council	L'hood: 4 Impact:4 16 Red	L'hood: 4 Impact:4 16 Red		L'hood:3 Impact:4 12 Amber	<p>Rationale for target risk score:</p> <p>The risk has increased for IG overall this year due to the increased risk regarding cyber. The likelihood and impact rating have both increased due to the volatile cyber environment and evolving threats within this arena. Over the last few months there has been a noted increase in cyber breaches being reported, in particular those of third-party suppliers. Although Cyber risk falls under Digital and IT arena, there are operational considerations in terms of process, policy, and training to mitigate risks to Council data and by implementing these we aim to have a target score of 12 Amber.</p> <p>Update position and further actions to mitigate risks:</p> <p>To ensure that our due diligence processes through our supply chains remain rigorous and compliant, a review of our current processes and procedures is planned and collaborative work with Procurement and Legal has been scheduled into the IG work programme for the year (Q4/Q1 2024). In addition, ongoing collaborative work continues with Digital and IT in terms of the execution and delivery of their cyber action plan.</p> <p>Mandatory training levels continue to be monitored; a new dashboard has been produced with support from Data & Analytics which will produce up to date statistics both on an adhoc basis and at individual Leadership teams in their scheduled quarterly update meetings. A new Data Breach management dashboard has also been developed which will provide more trend and targeted reporting of breaches; implementation has been delayed but is scheduled for Q4. Our breach management form and procedure document has been updated to cover cyber incidents. A series of short raising awareness communications have been delivered with internal Communications to highlight IG and Cyber themes; these will continue throughout the year. Incidents reported during the period have been contained, investigated with mitigating actions put in place locally with relevant teams.</p> <p>Further actions to mitigate risk include the following:</p> <ul style="list-style-type: none"> Execute the ongoing training and awareness raising plan around IG and Cyber risk – continue to schedule communication through city people, Operational Management network forums and leaderships meetings to raise current risk themes. Overview presentation of data protection and cyber risks has been scheduled at Leadership Forum for 7 March 2024 – this will be in collaboration with Digital & IT. Continued collaboration work with Digital and IT on cyber risk and other IG related matters. Robustly monitor the mandatory training levels via new dashboard to ensure above 95% take up in any given period. Further discussion arranged with OD to finalise and rollout of Level 2 and level 3 training for specialist roles. Continue to provide ad hoc training as requested or where required. Progress the collaboration work with Audit Services to support the DPO reporting function and ongoing corporate compliance assurance; work has particularly focused on collaborative support to schools. Caldicott Guardian meetings have been rescheduled and initial meeting held with new CGs. 	<p>E-learning take up and ongoing training development.</p> <p>Communications and awareness raising of IG and Cyber themes has been scheduled for the year.</p> <p>Privacy by design – DPIA, IG Impact Assessments</p> <p>Quarterly updates and regular touch points with Leadership teams</p> <p>Robust breach management procedures in place with assessment and monitoring at service level (leadership feedback)</p> <p>SEB/IG Board and Caldicott function to continue to monitor, challenge, support and champion IG compliance initiatives.</p> <p>A detailed annual report on Information Governance was taken to the Council's Governance and Ethics Committee in September 2023, and a further update report was presented to the Committee on 11 January 2024.</p>

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19.	<p>Employee recruitment and retention</p> <p>Currently experiencing recruitment and retention difficulties that mirrors national issues. This is impacting a number of specialist roles in Adults and Children's Social Care, Procurement, IT and Digital etc.</p> <p>Risk Owners: Laura Phillips Cabinet Member: Councillor P Brookfield</p>	Our Council	L'hood: 3 Impact: 3 9 Amber	L'hood: 3 Impact: 3 9 Amber		L'hood: 3 Impact: 3 9 Amber	<p>Rationale for target risk score:</p> <p>Recruitment and Retention is a local and national issue that has been exacerbated by the effects of Covid. UK wide issues related to talent demand and availability due to covid. The council is responding by ensuring flexibility, agility and placing more of an emphasis on growing our own. Further initiatives such as succession planning will also support the council to respond to this risk however, due to the number of external factors and our increase in turnover (still below national levels) we are maintaining a target of 9 Amber as we believe the likelihood and impact will remain at 3 for some time until there are changes in the market.</p> <p>Update position and further actions to mitigate risks:</p> <p>Recruitment and Retention is not only a local but national issue that we will continue to monitor and respond to - it is important we have robust recruitment and retention initiatives to enable the council to have resources to deliver our services.</p> <p>Our current turnover rate remains at 10.7% and continues to be monitored via KPI reports and Powerbi dashboards. Recent local government turnover information is not available. However, XPerHR conducted a turnover survey in 2022 that shows total labour turnover for 2021 as 14.4% nationally amongst all organisations surveyed and 12.4% within the Public Sector.</p> <p>As an example of the issues being faced, the average turnover for Children's Services is 11.9% which is lower than the national average of 15.4% but the vacancy rate is 18.1% compared to national 16.7% which highlights the difficulties we face in recruiting to specialist roles.</p> <p>Further actions to mitigate risk include the following:</p> <p>To support us to be an attractive employer 'employer of choice' we have created WV Jobs, this tool is used to promote jobs and careers at CWC including information for applicants and benefits for working for the council.</p> <p>We have reviewed employee benefits to ensure we have an attractive and competitive offer (changed to Vivup with increased promotion) and conducted a deep dive review of benefits in areas where the impact is high – e.g., social worker recruitment. – now offer re-imbursment of costs for the blue card scheme and payment of professional body membership that is a legal requirement to undertake certain roles.</p> <p>As per Our People strategy we continue to have a strong emphasis on employee development, progression and 'growing our own'.</p> <p>Removal of artificial barriers from job descriptions/person specifications. Updated advert template with employee benefits.</p> <p>National/local graduate programme, collaborative recruitment with Wolves at Work 18–24-year-olds for specific posts.</p> <p>Recruited a Recruitment and Retention lead within People Services to lead on our response.</p> <p>We are introducing a new applicant tracking system to increase our candidate pool and recruitment processes to ensure we do not lose successful candidates due to prolonged recruitment processes. Vacancies are now advertised on WMJobs, Linked and indeed as standard – this will assist in widening the candidate pool availability. This will need to be monitored to ensure quality of applications.</p>	<p>Introduction of exit interview to understand why employees leave the employment of the council.</p> <p>Market forces policy</p> <p>Structural changes within HR to improve the offer/ support for our people, candidates and the on-boarding experience for new starters and consider outcome of exit interviews to take targeted action.</p> <p>People Transformation Board</p> <p>Benchmarking against other Local Authorities</p> <p>Recruitment and retention update to Audit & Risk committee on 27/11/2023</p>

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20.	<p>Equal Pay</p> <p>Due to potential unapproved local working practices, and new case law, there is a risk the Council could be exposed to future equal pay claims, thus impacting Council resources.</p> <p>Risk Owner: David Pattison Cabinet Member: Cllr P Brookfield</p>	Fair and Equal	L'hood: 3 Impact:4 12 Amber	L'hood: 3 Impact:4 12 Amber		L'hood: 3 Impact: 4 12 Amber	<p>Rationale for target risk score:</p> <p>Although we have procedural assurance in place for the risk associated with equal pay, based on observations nationally it is appropriate to retain the target risk at the current risk level and for us to continue to monitor and mitigate the risk.</p> <p>Update position and further actions to mitigate risks:</p> <p>The Council has a job evaluation scheme in place for the evaluation of posts on NJC terms and conditions.</p> <p>The Council implemented the Single Status Collective Agreement on 1 April 2013. This agreement provides assurance that employees on NJC terms and conditions are employed under an equality proof pay and grading model.</p> <p>The Collective Agreement was subsequently revised in 2019 in order to accommodate changes to local pay points as a result of the annual pay award.</p> <p>There are clear governance arrangements in place, through the Pay Strategy Board, to oversee and maintain the integrity of the Collective Agreement.</p> <p>There are appropriate policies and guides for managers to ensure they apply the terms of the Collective Agreement.</p> <p>Payroll Services gate keep the integrity of the Collective Agreement as they will only accept payroll related changes based on instructions from the Pay Strategy Board and Human Resource Officers.</p> <p>Periodic audits of the Council's payroll system take place to ensure all payments and allowances have been applied in accordance with the Collective Agreement.</p> <p>The Council therefore concludes that it is structurally sound in relation to the equal pay risk based on the information before it.</p> <p>To provide further assurance on equal pay, external legal advice was commissioned, the outcome of which was that there is no significant or obvious risk of equal pay liability falling on the Council, but it is not possible to provide reassurance that there is none. People Services are reviewing the recommendations of the report to further mitigate the risk.</p>	<p>Councils job evaluation scheme.</p> <p>Internal audit report provides satisfactory assurance.</p> <p>External audit to review job evaluation scheme and process.</p> <p>External legal advice.</p> <p>Pay Strategy Board approvals of job evaluation and ensuring the integrity of job evaluation.</p> <p>Union involvement in job evaluation.</p>
	<p>Health & Safety of Council Employees</p> <p>There is a risk of serious injury, or death, to an employee of the Council where health and safety legislative requirements have not been implemented or followed.</p> <p>Risk Owner: David Pattison Cabinet Member: Cllr P Brookfield</p>	Our Council	L'hood: 3 Impact: 4 12 Amber	L'hood: 3 Impact: 4 12 Amber		L'hood: 3 Impact: 3 9 Amber	<p>Rationale for target risk score:</p> <p>The Council believes it has a sound and detailed set of procedures/policies in place to manage health and safety but recognises that whilst structurally there is a sound system there will at times be the risk that this does not lead into practice in certain instances and the key is ensuring that the practice reflects the policies and structures agreed.</p> <p>Update position and further actions to mitigate risks:</p> <p>City of Wolverhampton Council has its general legal responsibilities outlined in Health and Safety at Work etc. Act 1974.</p> <p>City of Wolverhampton Council has a Corporate Health and Safety Policy which outlines its aim to achieve so far as is reasonably practicable the health, safety and wellbeing of employees (Statement of Intent) The Policy also describes responsibilities for implementing the Councils health and safety arrangements (Organisational Responsibilities). Finally, the Policy describes the arrangements for ensuring communication and implementation of its Policy (Organisational Arrangements). The policy is signed by the Chief Executive and Leader of the Council.</p> <p>City of Wolverhampton Council has a dedicated health and safety team who report to the Chief Operating Officer. The team provide support to all services (including schools) on the implementation of effective health and safety policy and arrangements. The team which has been invested in the previous 3 years and which has expanded in numbers, is made up of qualified health and safety professionals with appropriate skills, knowledge, and experience to deliver to the needs of the organisation.</p> <p>Health and safety arrangements include 6 operational health and safety groups which all services are represented at, and which are chaired by a Head of Service with appropriate decision-making authority. These groups form a key element of health and safety communication, both up and down the organisation.</p> <p>These operational groups all report into the Strategic Health Safety and Wellbeing Board chaired by the Chief Operating Officer on behalf of the Chief Executive.</p>	<p>Director with nominated responsibility for health and safety ensuring visibility of health and safety management at SEB (Chief Operating Officer)</p> <p>Quarterly health and safety reports to Cabinet Member and Chief Executive</p> <p>Annual health and safety report to Cabinet</p> <p>Review of reported health and safety data including incident reports at Strategic Health Safety and Wellbeing Board</p> <p>UPDATE: 17th January 2024 T Munro</p> <p>Latest Annual Report presented to Cabinet – January 2024</p> <p>Latest Strategic Health Safety and Wellbeing Board meeting – January 2024</p> <p>Next quarterly Cabinet member report due February 2024</p>

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22.	<p>Reinforced Autoclaved Aerated Concrete (RAAC)</p> <p>There is risk that Council owned buildings may have to closed where the use of RAAC has been identified, which potentially has an impact on service delivery.</p> <p>Risk Owner: Julia Nock Cabinet Member: Cllr P Brookfield</p>	Our Council	L'hood: 3 Impact: 5 15 Red	L'hood: 3 Impact: 5 15 Red		L'hood: 1 Impact: 4 4 Amber	<p>Rationale for target risk score:</p> <p>City Assets Service are reviewing all Council owned buildings (excluding Schools and Housing) within a short timescale utilising a methodical process. This will ascertain whether any buildings contain RAAC, and if any is identified action will be taken to address. A realistic target score to manage this risk would be a low likelihood score, however if RAAC was identified in any of the Council's assets the impact would be high in terms of disruption in delivering Council services.</p> <p>Update position and further actions to mitigate risks:</p> <p>School position now understood.</p> <p>Non- school buildings – work has begun to identify potential locations using DFE methodology:</p> <ol style="list-style-type: none"> Desk top exercise Initial site visit assessments Where potential RAAC is identified get specialist to review and provide a mitigation solution Implement mitigation and monitoring scheme. <p>Currently at stage 1 – 300 sites to review for desktop work.</p> <p>This work will de-risk significantly as we will understand far better the estate for RAAC and will be able to implement good systems of practice to manage.</p> <p>Update</p> <ul style="list-style-type: none"> 300 sites have been reviewed 260 sites now need contractors out to undertake an assessment. The Projects team will be undertaking a review of specific sites with significant usage (around 10-15 sites) the remaining sites will be undertaken as a procurement exercise as there is not enough capacity to deliver. Additionally, a request for a corporate Project Manager will be requested to run the exercise. A request has been made to legal to provide a steer relating to CWC's role as a landlord as leased out sites are currently not deemed in scope. The first stage of the process was reviewed by audit and received a positive report. <p>Update</p> <p>= Two sites have now been identified with having RAAC – Engineers have confirmed that the two locations do not require emergency work to be undertaken but will require resolution in the next 12 months</p> <p>= 10 sites are leased out – awaiting a legal view on whose responsibility based on leases as to whether it is the tenant or landlord liability</p> <p>= 30 sites have been selected for quick quotes procurement</p> <p>= Remaining sites are shops site and work are being undertaken with Wolverhampton Homes - WH have said first cut of data</p>	Using established DFE process for RAAC identification. <p>Large range of experienced staff who have good knowledge of the estate over a large number of years.</p>
23.	<p>High Unemployment</p> <p>There is a risk that historic levels of high unemployment will remain in the city without a systemic shift by a range of partners, as articulated in the city Education, Skills and Employment Strategy.</p> <p>Risk Owner: Charlotte Johns Cabinet Member: Cllr J Coogan</p>	<p>Thriving Economy in all parts of the city</p> <p>More local people into good jobs and training</p>	L'hood: 4 Impact: 4 16 Red	L'hood: 4 Impact: 4 16 Red		L'hood: 4 Impact: 3 12 Amber	<p>Rationale for target risk score:</p> <p>Claimant count has been historically high within Wolverhampton, and remains so, representing a whole city systemic challenge, which results in a likelihood score of 4.</p> <p>In September 2023 Full Council approved the Education, Skills and Employment Strategy which sets out a whole life approach to learning and work which support children, young people and adults to thrive. This has led to a target impact score of 3.</p> <p>Update position and further actions to mitigate risks:</p> <p>Delivery of the Education, Skills and Employment Strategy (ESES) will require a whole system, whole city approach to support children, young people and adults to thrive. Delivery will be driven through robust partnership mechanisms.</p> <p>Work continues to develop and deliver the ESES by the city council and its partners.</p> <p>For the council, this includes Wolves at Work starting new employment support and careers advice programmes to help both unemployed and economically inactive secure sustainable, local jobs. A new business support offer is also in development to support local employers to increase productivity and link more local people and businesses with opportunities for employment.</p> <p>Regarding the priority of high-quality education that prepares young people for work, over 91% of schools in the city are now good or outstanding.</p>	<p>In September 2023 Full Council approved the Education, Skills and Employment Strategy which sets out a whole life approach to learning and work which support children, young people, and adults to thrive. This is supported by a performance management framework and will be delivered through an action plan and specific change projects governed via the Wolves at Work Programme Board.</p> <p>There is a pipeline of planned activity with a focus on partnership collaboration and actively engaging with those directly impacted. This is all regularly reported to SEB, the Leader, and the Cabinet Member.</p> <p>There are also key partnership groups to oversee progress including the Education Skills and Employment Board, and specific partnerships with key partners such as DWP.</p> <p>The performance framework is supplemented by detailed monthly analysis of the unemployment data in the city and have provided comprehensive analysis of the historical picture and present trends. This includes ward level analysis to enable a hyper local approach to tackling the issue as a system.</p>

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24.	<p>Business Support</p> <p>There is a risk that economic challenges impact negatively on local businesses and they cannot access appropriate support to thrive.</p> <p>Risk Owner: Charlotte Johns Cabinet Member: Cllr S Simkins</p>	Thriving economy in all parts of the city	L'hood: 4 Impact:2 8 Amber	L'hood: 4 Impact:2 8 Amber	↔	L'hood: 3 Impact: 2 6 Amber	<p>Rationale for target risk score:</p> <p>The regional and local business support landscape has changed. There are key issues such as low carbon, shifting government policy and reduced funding envelope. On 1 April 2023 Local Enterprise Partnership (LEP) functions integrated into the West Midlands Combined Authority. The regional Business Growth West Midlands was launched in September 2023. Alongside this the council has been exploring what a Council business support offer looks like in this new context.</p> <p>Establishing a coherent business support offer for the city which reduces fragmentation and delivers Our City: Our Plan is a priority to reduce the risk that local businesses cannot access the appropriate support to survive. This leads to us targeting to reduce the likelihood score to 3.</p> <p>Update position and further actions to mitigate risks:</p> <p>Data at Q3 2023/24 shows an increase in business survival at both 1 and 5 years.</p> <p>The business growth offer, funded via UKSPF, includes advisor support and grants to local businesses including low carbon support. The new business growth offer for the city will be going for pre decision scrutiny on 7 February 2024. The city's Economic Growth Board of business representatives is also due to be relaunched, providing wider partnership oversight and governance of the approach. It is anticipated that the implementation of the new model will reduce the likelihood and impact scores in line with the target.</p> <p>As part of the business support offer, the council continues to work in partnership with the University of Wolverhampton and the Black Country Chamber of Commerce to offer support to new and young businesses at Ignite. This is a free to use business and enterprise hub which offers professional environment and business advice and guidance working with partners and private sector. The council has also recently let the contract for start-up support to the Black Country Chamber of Commerce.</p>	<p>Qualitative and quantitative economic data including business intelligence is used at a regional and local level to ensure that the business support ecosystem is appropriately responding to need.</p> <p>Project governance established with regular reporting to SEB and Cabinet Member.</p> <p>Pre-decision scrutiny of the business growth approach is at the Economy and Growth Scrutiny Panel on 7 February 2024. A link to the papers is here.</p> <p>Partnership governance includes the city's Economic Growth Board that is being relaunched in February 2024.</p>
25.	<p>Reputation / Loss of Public Trust</p> <p>There is a risk that the Council loses public trust and confidence by:</p> <ul style="list-style-type: none"> failing to respond to the needs of local people, especially those most vulnerable. failure to inform the public about delivery of key City priorities. <p>Risk Owner: Ian Fegan Cabinet Member: Cllr S Simkins</p>	Our Council	L'hood: 2 Impact: 5 10 Amber	L'hood: 2 Impact: 5 10 Amber	↔	L'hood: 2 Impact: 5 10 Amber	<p>Rationale for target risk score:</p> <p>Reputational issues have the potential to carry significant risk which is recognised by the high impact level. The council is not currently facing significant issues around key reputational issues (e.g., cost of living / financial position) so the likelihood is low at present.</p> <p>Update position and further actions to mitigate risks:</p> <p>Maintaining public trust and confidence is essential to the effective and efficient operation of public services. The way in which the Council delivers upon local people's priorities and how it deals with old, new and emerging challenges e.g., council finances, the pandemic, cost of living crisis, helps determine levels of trust and confidence which are essential to measuring reputation. The Council is delivering several key city priorities that need to be delivered efficiently and effectively including delivering opportunities for young people, regeneration and investment projects, a high-quality events programme and tackling health inequalities.</p> <p>SEB and Cabinet are aware of the issues and challenges facing local people and developed Our City: Our Plan – the Council plan, which was launched last year and provides a framework on how we will deliver our objectives to ensure Wulfrunians live longer, healthier lives.</p> <p>The plan aims to demonstrate that we are dealing with the things that matter to local residents and businesses. Keeping stakeholders informed through proactive and sustained communication will help to demonstrate that we are dealing with the things that matter, thereby building trust and confidence in, as well as support for the Council's work.</p> <p>The corporate communications team will continue to support service leads to provide timely, relevant, and accurate information on council services in order to build and maintain public trust and confidence in the council.</p> <p>The council has prioritised connecting residents with support to help tackle the cost-of-living crisis. Following the launch of the Council's Financial Wellbeing Strategy last year, a bespoke communications strategy and plan was developed and is being delivered. All other interventions for those in need, including financial support, is included in the plan.</p> <p>A Cost-of-Living public information campaign was launched early this year to ensure residents are aware of what support is available and how to access it.</p> <p>Communications forward plan for Q1 2024 produced to keep residents informed and engaged on council priorities.</p>	<p>Data provided by Insight and Performance team relating to key city challenges.</p> <p>Monitoring of local media.</p> <p>Monitoring of social media channels.</p> <p>Monitoring of external stakeholder environment.</p> <p>Data via the Customer Relationship Management (CRM) system on customer calls and issues logged.</p> <p>Councillor Enquiry Unit data issues logged.</p> <p>Engagement with residents to shape services e.g., Lifestyle Survey and LGBT+ consultation.</p> <p>Reviewing data for those accessing Cost of Living (COL) support</p> <p>The support content is currently under review and will be updated as appropriate.</p> <p>Communications Service Plan signed off December 23.</p> <p>Approach to Communications presentation taken to Scrutiny Panel in November 23 and published on ModernGov</p>

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26.	<p>City Centres – Council Led Development Projects</p> <p>There is a potential impact on the City if the Council does not take effective action to regenerate and repurpose. In addition, there are risks to ongoing Council managed and operated capital projects and programmes in terms of costs, timings and ensuring that original business cases continue to align with the Council's strategic aims.</p> <p>Risk Owner: Richard Lawrence Cabinet Member: Cllr S Simkins</p>	<p>Thriving economy in all parts of the city</p> <p>Good homes in well-connected neighbourhoods</p>	<p>L'hood: 3 Impact:4</p> <p>12 Amber</p>	<p>L'hood: 3 Impact:4</p> <p>12 Amber</p>		<p>L'hood: 2 Impact: 4</p> <p>8 Amber</p>	<p>Rationale for target risk score:</p> <p>It may be difficult to reduce the potential impact of this risk occurring owing to the potential impact on the city of key capital schemes not being delivered and therefore not delivering outputs and outcomes. There is therefore a focus on minimising the likelihood of the risk (to a score of 2) resulting in an overall target score of 8.</p> <p>Update position and further actions to mitigate risks:</p> <p>Ensuring that the City Development team is efficiently resourced, and that governance and processes are improved.</p> <p>Continuing to seek external grant finding (revenue and capital) to enable adequate capacity and delivery of key project milestones.</p> <p>The Levelling Up Board continues to monitor the City-wide regeneration and Levelling Up agenda to Our City Our Plan objectives as part continuous engagement with DLUHC, Homes England and West Midlands Combined Authority.</p> <p>The Regeneration Capital Projects Board ensure that the mandates for projects are fulfilled with cross directorate decision making forum aligning with the corporate assurance decision making processes. This will provide continued assurance and escalation processes for key capital programmes.</p> <p>The Investment & Economy matrix Board offers additional oversight and steer to the development projects and ensures the alignment and interface of other relevant capital programme work streams i.e Future High Streets programme.</p> <p>Further actions to mitigate risk include the following:</p> <ul style="list-style-type: none"> • A resource plan is being developed to review externally funded programmes over the next 18-24 months of programme. • Ensure adequate capacity of delivery team and review City Development service (24/25) to align operational structure with medium and long-term delivery needs. • The Council continues to work with partners and stakeholders to mitigate risk and continue operations in accordance with Government guidelines. • Engagement and the progress of grant funding request to deliver programmes continue with WMCA, Homes England and DLUHC. • Inflationary pressures provide an increase in project risk and viability by both the Public and Private Sector on the delivery of Capital Programmes and the Council ensure sufficient contingency budgets are in place (both inflation and construction related) and a review of output realisation are regularly reviewed considering these pressures. 	<p>The Regeneration Capital Projects Board is supported by the Regeneration Capital Project Board Advisors Group made up of key officers in their areas of specialism to undertake robust assurance and due diligence of recommendations submitted to Board. Decisions will be subject to audit and provide clear visibility and scrutiny.</p> <p>Internal audit review planned for key capital schemes (CLQ) and funding bids (Levelling Up Round 2 bid process).</p> <p>Investment and Economy Matrix Board provides an additional level of assurance in the conception and development of significant, cross service themes, projects, and programmes, and also ensures oversight from senior officers who provide direction and challenge to secure delivery of mandated schemes.</p>

Risk Ref	Risk title and description	Alignment to the Our City, Our Plan	Previous Risk Score (Nov 2023)	Current Risk Score (Mar 2024)	Movement in Risk Score	Target Risk Score	Rationale for target score and update position/further actions to mitigate risks	Sources of Assurance
27.	<p>Financial wellbeing and resilience</p> <p>There is risk that should the council not receive future funding via the Household Support Fund residents will not receive the necessary support to mitigate the impact of the cost-of-living crisis.</p> <p>Risk owner: Alison Hinds Cabinet members: Cllr S Simkins</p>	<p>Strong families where children grow up well and achieve their full potential.</p> <p>Healthy, inclusive communities.</p>	<p>L'hood: 3 Impact: 3</p> <p>9 Amber</p>	<p>L'hood: 3 Impact: 5</p> <p>15 Red</p>	↑	<p>L'hood: 3 Impact: 3</p> <p>9 Amber</p>	<p>Rationale for target risk score:</p> <p>The joint delivery of financial wellbeing support with our y partnership agencies across the city is integral to supporting the financial wellbeing of our residents, particularly during the current cost of living crisis.</p> <p>The current support offered is delivered with the financial support of the Household Support Fund (HSF). It is unclear whether the HSF will continue into the next financial year, and if it does what the amount of grant funding will be. Should the funding reduce or cease the support offered to residents would need to be scaled down or ended.</p> <p>Update position and further actions to mitigate risks:</p> <p>The Council's Financial Wellbeing Strategy was approved by Cabinet in March 2022. The strategy has been delivered with financial support from CWC and from the HSF. With reduced or no HSF there is a risk that residents will not be offered the same level of support and suffer ongoing financial hardship.</p> <p>The strategy details our partnership approach to tackling the cost-of-living crisis in the city though our graduated response offering essential support when required, responding to emerging need and offering an early intervention approach to support resilience in the city.</p> <p>We will continue with our partnership approach to deliver support where this is possible. There are successful examples of joint funding of support with partners and we will continue to seek further opportunities for this We will work with partners in the city to enable them to seek alternative funding arrangements where this is possible.</p> <p>With reduced funding we will continue the focus of support on developing financial resilience in communities by promoting and supporting the development of sustainable models.</p> <p>We will continue to utilise tools and data to support the partnership to understand and proactively respond to the changing environment of support caused by reduced funding.</p> <p>On going governance arrangements will continue with a focus on supporting the sustainability of current services delivered.</p>	<p>Strong governance arrangements, with Health and Wellbeing Board being responsible for the implementation of the strategy, monitoring the progress of the partnership cost of living implementation plan.</p> <p>Robust implementation plan with clear impact measures</p> <p>Ongoing consultation and engagement with residents and the wider partnership to ensure the cost-of-living plan continues to address local and emerging issues.</p> <p>Regular reviews presented to Families Leadership team, SEB, and the Leader of the Council.</p> <p>Risk reviewed by Audit Committee.</p>
28.	<p>City Learning Quarter</p> <p>There is risk that the City Learning Quarter is not delivered as planned resulting in adverse impacts on life chances for young people, and learning for people of all ages, potentially resulting in difficulty for local employers to grow their businesses and for all to contribute to local economic growth.</p> <p>Risk Owner: Richard Lawrence Cabinet Member: Cllr S Simkins</p>	<p>More local people into good jobs and training</p> <p>Strong families where children grow up well and achieve their full potential.</p> <p>Thriving economy in all parts of the city</p>	<p>L'hood: 3 Impact: 4</p> <p>12 Amber</p>	<p>L'hood: 3 Impact: 4</p> <p>12 Amber</p>	↔	<p>L'hood: 2 Impact: 3</p> <p>6 Amber</p>	<p>Rationale for target risk score:</p> <p>Reducing both the likelihood and impact of the City Learning Quarter not being realised is a priority for the Council. A reduction of both scores from 3 and 4 respectively is a core aim of the Programme Board.</p> <p>Update position and further actions to mitigate risks:</p> <p>Phase 1 (Advanced Technology and Automotive Centre)</p> <ul style="list-style-type: none"> Contract let and building being constructed (industry standard building contract; external project managers; reputable principal contractor and designers) Funding secured. Ongoing monitoring and reporting to the Programme Board supported by Council officers. <p>Phase 2 (College)</p> <ul style="list-style-type: none"> Contract award imminent (industry standard building contract; external project managers; reputable principal contractor and designers) Ongoing monitoring and reporting to the Programme Board supported by Council officers. Funding agreed through Cabinet (6 September 2023) with dependencies on Government/ external funding being actively managed by the Programme Team (including legal, finance, procurement) Ongoing monitoring and reporting to the Programme Board supported by Council officers. <p>Phase 2 (External Library Façade and Works to Library to accommodate Adult Education)</p> <ul style="list-style-type: none"> Proposal for single tender covering both elements. Use of accessible construction framework (supported by Procurement) Funding agreed through Cabinet (6 September 2023) being actively managed by the Programme Team (including legal, finance, procurement) Ongoing monitoring and reporting to the Programme Board supported by Council officers. 	<ul style="list-style-type: none"> City Learning Quarter Programme Board meets monthly with Board Members including Director of City Development (SRO), Chief Operating Officer, Director of Finance, and College representatives. Board is supported by the Programme Director and Programme Team (including City Assets, Legal, Procurement, Finance, Audit and Assurance, Communications) Additional presentation/ assurance to SEB/ I&E Matrix Board as required to ensure linkage and alignment with other Council strategies

Risk Ref	Risk title and description	Alignment to the Our City, Our Plan	Previous Risk Score (Nov 2023)	Current Risk Score (Mar 2024)	Movement in Risk Score	Target Risk Score	Rationale for target score and update position/further actions to mitigate risks	Sources of Assurance
29.	<p>Medium Term Financial Strategy</p> <p>There remains significant uncertainty in relation to demand for services, inflation and levels of government funding. This uncertainty creates a risk that we cannot set a robust medium term financial strategy.</p> <p>Risk Owner: J. Howse Cabinet Member: Cllr L Miles</p>	Our Council	L'hood: 4 Impact: 5 20 Red	L'hood: 4 Impact: 5 20 Red	↔	L'hood: 3 Impact:5 15 Red	<p>Rationale for target risk score:</p> <p>The factors leading to this risk are largely outside of the Council's control and therefore at best the likelihood can be categorised as 3. The impact of changes in demand, inflation and funding are always likely to be significant which has led to a score of 5. The target score also reflects the uncertainties around a national policy regarding local government funding.</p> <p>Update position and further actions to mitigate risks:</p> <p>The financial settlement for 2024-2025 has increased what Government refers to as our "core spending power" by 7.2%. The high levels of inflation and uncertainty in the sector regarding funding and other factors result in the level of risk associated with the MTFS remaining as red despite the strong financial management within the council.</p> <p>Despite the cause of this risk being outside of the control of the Council, work can be undertaken to mitigate the impact. Scenario modelling, having appropriate contingencies and a strategic reserves strategy are important mitigations.</p> <p>In October Cabinet received an update on the budget and MTFS. The 2024/25 Budget and MTFS report is at the time of writing being finalised and will be considered by Cabinet and Council in late February. This report will set out important mitigations, including:</p> <ul style="list-style-type: none"> The assumptions underpinning the MTFS including over the medium term where funding is uncertain. Plans to utilise earmarked reserves where appropriate. Recommendations in relation to the Council's general fund balance. Plans to deliver recurring savings going forwards. <p>The external auditors Annual Report was received by Council on 24 January which provided independent assurances with regard to the Council's approach to mitigating this risk.</p>	<p>Regular budget monitoring at all levels.</p> <p>A local more detailed risk register is maintained within Finance.</p> <p>Recent and upcoming meetings:</p> <p>External Audit Annual Report – Full Council 24 January 2024 here</p> <p>Budget and MTFS, Cabinet October 2023 here</p> <p>The budget and MTFS will be considered by Cabinet and by Council in February 2024.</p>
30.	<p>Financial Management</p> <p>If the Council does not have strong financial management there is a risk that the expenditure will exceed the budget, leading to a call on reserves.</p> <p>Risk Owner: J. Howse Cabinet Member: Cllr L Miles</p>	Our Council	L'hood: 2 Impact: 4 8 Amber	L'hood: 2 Impact: 4 8 Amber	↔	L'hood: 2 Impact:4 8 Amber	<p>Rational for Target Risk Score:</p> <p>Robust financial management is essential to protecting the financial position of the council. A weakness in financial management can have a significant impact and results in an impact target of 4.</p> <p>The Council has robust financial management and therefore both the target and current likelihood scores are at 2.</p> <p>Update position and further actions to mitigate risks:</p> <p>The Council continues to have strong financial management and mitigates this risk. The external auditors Annual Report was received by Council on 24 January which provided independent assurances with regard to the Council's financial management.</p> <p>The 24/25 Budget and MTFS Report will set out planned use of reserves and include assurances regarding their adequacy.</p>	<p>Training for all budget managers, contract managers, Agresso users (determined by role and access)</p> <p>Regular budget monitoring at all levels.</p> <p>Regular monitoring of the delivery of MTFS programmes is undertaken and reported to Strategic Executive Board</p> <p>Quarterly joint performance, budget and risk reports to Cabinet and Scrutiny Board.</p> <p>Budget and MTFS, Cabinet October 2023 here</p> <p>Review of the CIPFA Financial Management Code as part of the Annual Governance Statement</p> <p>Internal audit of Key financial controls.</p> <p>External Audit Annual Report – Full Council 24 January 2024</p>

Risk Ref	Risk title and description	Alignment to the Our City, Our Plan	Previous Risk Score (Nov 2023)	Current Risk Score (Mar 2024)	Movement in Risk Score	Target Risk Score	Rationale for target score and update position/further actions to mitigate risks	Sources of Assurance
31.	<p>Related Parties The Council has a number of bodies that it either owns or has a potential liability for. There is a risk that poor performance of these bodies could adversely impact on the Council both financially and reputationally.</p> <p>Risk Owner: J. Howse Cabinet Member: Cllr L Miles</p>	Our Council	L'hood: 3 Impact:4 12 Amber	L'hood: 3 Impact:4 12 Amber		L'hood: 2 Impact: 4 8 Amber	<p>Rationale for target risk score:</p> <p>The impact of poor performance in our related parties is likely to be large and has led to the impact score of 4.</p> <p>The council can influence the probability of this risk occurring through robust governance and monitoring. It is the aim to continue the work that is in place to continually reduce the likelihood and therefore the target score is 2.</p> <p>Update position and further actions to mitigate risks:</p> <p>Each of the Council's companies have filed audited Statement of Accounts with Companies House, each with an unqualified opinion for the year ended 31 March 2023.</p> <p>As part of the prior year Value for Money review, the External Auditor undertook a detailed review of the governance arrangements of group companies and reported that they did not find any significant issues. They also concluded that there are appropriate agreements in place and coinciding monitoring arrangements for all group entities.</p> <p>The Council is currently undertaking a review of Yoo Recruit Ltd which will in turn inform a refreshed business plan being prepared by the Company. The review was considered by the Resources and Equalities Scrutiny Panel in March. Further updates will be presented to the Scrutiny Panel in due course.</p> <p>In April 2023 Cabinet approved a refresh to the WV Living business plan.</p> <p>Wolverhampton Homes is drafting an updated Delivery Plan which was presented to Cabinet and Full Council and approved in March 2023. The Delivery Plan for 2024-25 will be presented to Council in February 2024.</p> <p>The Housing Revenue Account Business Plan, including the management fee for Wolverhampton Homes, was approved by Council in January 2024.</p> <p>The Director of Finance has undertaken a year-end review of the companies, considering the most recent business plan information and draft outturn positions. In each case it has been concluded that the companies can each be considered a going concern and in the case of WV Living there is no impairment to the Council's equity investment. This review feeds into the Council's Statement of Accounts for 2022-2023 which will be presented to the Audit and Risk Committee and subject to external audit.</p> <p>Further actions to mitigate risk include the following:</p> <p>Regular monitoring of the related parties is undertaken, and monthly reports are provided to the Executive Team.</p> <p>Financial implications of our related parties will continue to be considered in budget reports.</p>	<p>The Annual Governance Statement incorporates related parties.</p> <p>External audit of each related party.</p> <p>Scrutiny Review of governance arrangements in place to monitor linked bodies by Resources and Equality Scrutiny Panel: here</p> <p>The External Auditor's Annual Report presented to Full Council in January 2023 can be found here</p> <p>Annual audited accounts:</p> <ul style="list-style-type: none"> Yoo Recruit Ltd here WV Living – City of Wolverhampton Housing Company Ltd here Wolverhampton Homes Ltd <p>Yoo Recruit Review, Resources and Equalities Scrutiny Panel March 2023 here</p> <p>Updated plans:</p> <ul style="list-style-type: none"> Wolverhampton Homes Delivery Plan, Full Council April 2023 here WVL Business Plan, Cabinet April 2023 here
32.	<p>Impact of statutory legislation and guidance on the Council</p> <p>There is a risk of pressures on the Council's resources (including financial) as a result of the urgent requirement to implement new statutory legislation or guidance.</p> <p>Risk Owner: J. Howse Cabinet Member: Cllr L Miles</p>	Our Council	L'hood: 4 Impact: 4 16 Red	L'hood: 4 Impact: 4 16 Red		L'hood: 4 Impact: 4 16 Red	<p>Rationale for target risk score:</p> <p>The factors leading to this risk are largely outside of the Council's control and experience indicates that this is likely to occur, therefore at best the likelihood can be categorised as 4. The impact of changes in legislation can be significant which has led to a score of 4. Also, the impact of emerging case law has an impact. For example, recent cases in terms of equal pay and term time only workers.</p> <p>Update position and further actions to mitigate risks:</p> <p>Measures in place to manage unforeseen events such as contingency budgets and reserves are the best mitigation for the financial impact of this risk.</p> <p>Horizon scanning and sharing of knowledge and information with other authorities, professional bodies and central government helps to inform of potential changes at the earliest opportunity. The Council regularly lobbies through bodies such as the LGA to ensure that the Government follows the new burden principles that additional funding is provided where legislation/guidance changes the costs to authorities.</p> <p>The 2024/25 Budget and MTFS Report will consider the impact of legislation and policy changes on the Council's finances.</p>	<p>Recent and upcoming meetings:</p> <p>External Audit Annual Report – Full Council 24 January 2024</p> <p>Performance and Budget Outturn 2022-2023, Cabinet July 2023 here</p> <p>Reserves and Provisions, Cabinet July 2023 here</p> <p>Budget and MTFS, Cabinet October 2023 here</p> <p>Consideration of the impact of new legislation/guidance in relevant reports including through the financial and legal coding and reference to engagement with other authorities and through bodies such as the LGA</p>

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Audit and Risk Committee

4 March 2024

Report title	Strategic Risk Register – City Housing Risk	
Accountable director	John Roseblade, Resident Services	
Originating service	Audit	
Accountable employee	Jenny Lewington	Deputy Director City Housing
	Tel	01902 554845
	Email	jenny.lewington@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendations for noting:

The Audit and Risk Committee is asked to note:

1. The update on the City Housing strategic risks which was called in by the Audit and Risk Committee on 22 January 2024.

1.0 Purpose

- 1.1 To update members of the Audit and Risk Committee of the key strategic risks faced by the Council and how it can gain assurance that these risks are being mitigated.

2.0 Background

- 1.1 The Council is no different to any organisation and will always face risks in achieving its objectives and priorities. Sound risk management can be seen as the clear identification and management of such risks to an acceptable level.
- 1.2 The Cabinet remain the owners of the strategic risk register, with the Audit and Risk Committee maintaining oversight of, and providing an independent level of assurance on the adequacy of the risk management processes that underpin it. The latest strategic risk register was presented to Cabinet on 15 November 2023 as part of the Performance and Budget Monitoring Report for 2023-2024.
- 1.3 Whilst the strategic risk register does not include all the risks that the Council faces. It represents the most significant risks that could potentially impact on the achievement of the Council's corporate priorities. Other risks are captured within directorate, programme, project or partnership risk registers in line with the Council's corporate risk management framework.
- 1.4 At its January 2024 meeting, the Committee requested further information regarding the City Housing strategic risks. The risk owner has provided the following further information on this and will also be attending the meeting to discuss the risks in more detail.

Risk 09 – Housing Regulator (Damp and Mould)

- 1.5 There is a risk that the Council fails to address damp, mould and condensation (DMC) issues in properties, which could lead to the death of a resident in the city.

Context:

- 1.6 The presence of DMC in our homes can create a hazard to the health of its occupants, as highlighted following the inquest into the death of Awaab Ishak in Rochdale.
- 1.7 Ongoing media reports exposing the prevalence of mould in social housing across the country also creates a reputational risk for the City Council and our housing managing agents (Bushbury Hill EMB, Dovecotes TMO, New Park Village TMC and Wolverhampton Homes), with the number of DMC related service requests increasing significantly since November 2022.
- 1.8 In Council housing, customers are continuing to report instances of DMC. While this is a positive step that our promotion with customers seems to be encouraging reports, this continues to place significant pressure on resources. The accelerated trend we experienced from November 2022 has continued through winter 23/24.
- 1.9 Within the private sector, the Private Sector Housing Team (PSHT) have historically had high numbers of complaints from residents concerned about damp and mould growth, forming approximately 50% of all complaints. As seen in the social housing sector, PSHT have seen an increase in the reporting of damp and mould since November 2022.
- 1.10 Condensation can be caused by structural matters; lack of insulation, ineffective heating, draughts or other moisture producing damp defects. Condensation can also be increased through occupancy factors; overcrowding, inappropriate clothes drying, poor control over ventilation, lack of heating. The mould growth is a very emotive issue for landlords and tenants and PSHT look to delicately investigate the cause and advise either the landlord or tenant depending on the likely cause of the issue. There is a significant lack of understanding of condensation making resolving it very challenging for PSHT.

What are other Local Authorities and Social Landlords doing?

- 1.11 Local Authorities and other social landlords have responded to the increase in reports of damp, mould and condensation and the risks associated with DMC in a number of ways:
- Review policies and procedures relating to DMC.
 - Providing additional training to staff.
 - Increasing staff resources and creating new teams to target and deal with the causes and effects of DMC.
 - Changing stock condition survey programmes; increasing the number of surveys, moving to a rolling programme of surveys and proactively checking the condition of

homes between surveys, through tenancy audits and asking staff to look for signs of DMC when visiting tenants in their homes, carrying out gas safety checks etc.

- Updating IT systems and the data recorded about both the home and the people who live in it.
- Improving the quality of data about tenants, in particular household make up, health issues, disabilities, communication needs or preferences and any vulnerabilities.
- Accessing funding for thermal improvements/decarbonisation work to homes.

Current activity we are taking to mitigate the risk:

Council Housing

- 1.12 Council owned housing stock is managed by four managing agents. Contract management of these organisations provides oversight and assurance of repairs, including DMC and complaints.
- 1.13 Most of the Councils housing stock is managed by Wolverhampton Homes (WH). In response the Housing Ombudsman's 2021 Report 'Spotlight on Damp, Mould', WH developed a working group to drive service and system enhancements. This group has now become the Healthy Homes Committee and meets regularly to review progress with good practice and changes to operational services reported by CWC via the Managing Agents Forum.
- 1.14 Wolverhampton Homes, along with CWC colleagues, has continued to target reports of DMC from customers and has worked with its partners to develop predictive data to proactively identify 'at risk' homes.
- 1.15 Regular reporting of DMC is reported by WH to CWC. DMC is now included as one of the BIG 7 risks. BIG 7 risks KPIs are reported to CWC Landlord Services monthly. Quarterly data analysis is provided the WH Quarterly Delivery Plan Monitoring Group, chaired by the Cabinet Member and Exception Reports provided where performance is outside of target and tolerance. Performance against the Consumer Standards is reported annually to Scrutiny.
- 1.16 DMC risk protocols, now support a robust approach to hazards and risk management and encompass the principles of the Housing Health and Safety Rating System (HHSRS).
- 1.17 Operationally, reporting of DMC has increased significantly. Increasing contractor capacity has been a challenge due to the labour shortage regionally. Performance against the 10-working day inspection and 20 working day 'works' target remains within target or tolerance.

- 1.18 A programme of support is provided, including education and advice on DMC. Healthy Homes Advisors are in place. No access procedures have been strengthened. Knowledge sharing with Adult Social Care and Childrens Services have also been developed to support families with vulnerabilities.
- 1.19 Since November 2022, WH has experienced a significant increase in DMC related service requests from customers; linked to increased awareness and proactively communications. All homes reporting DMC will be visited. The highest proportions of DMC reported are minor and treatable with cleaning and remedial works.
- 1.20 Staffing and financial resources have needed to be reallocated to DMC to meet the increase in demand. Contractors have also been requested to increase labour resources. This has had limited success due to the region wide shortage in suitable labour. The repairs budget overspend is contributed to by DMC requests.
- 1.21 Further actions to mitigate risk include the following:
- Department equality plan to assess impact of language on DMC cases and case handling.
 - Continued analysis of rent arrears and the link to DMC, i.e., the ability to afford appropriate heating and warmth. Link to EPC and property condition.
 - WH has further refined its Predictive Data Analytics tool in collaboration with the Housing Management system provider, NEC. Using algorithms to predict homes that may be at a greater risk of mould forming.

Private Sector Housing

- 1.22 The true extent of damp and mould in the Cities private sector housing remains unknown as this can only be truly ascertained by inspection. A Building Research Establishment Stock Condition Report has been commissioned for other purposes which will also provide a desktop assessment of the extent of damp and mould.
- 1.23 The Private Sector Housing Service receives around 600 complaints each year with 50% involving some level of damp or mould. The Service has / is providing advance support to 13 families effected by severe mould,
- 1.24 The Secretary of State for Levelling Up, Housing and Communities wrote to all local authorities in September 2023. In the letter it was clearly stated that damp and mould should not be dismissed as tenant lifestyle, guidance was published 'Understanding and addressing the health risks of damp and mould in the home'. Local authorities were instructed to publish their plans to prioritise addressing damp and mould in private rented properties.

- 1.25 The Winter 2023-2024 Damp and Mould Action Plan for Private Rented properties is published on the council website. This plan was agreed by both Resident Services Leadership Team and Public Health Leadership Team.
- 1.26 The Private Sector Housing Service robustly enforces:
- Adequate and reasonably economic heating.
 - Insulation.
 - Ventilation such as extractor fans.
 - Professional mould removal required for more extensive issues.
- 1.27 Where there are significant damp and mould issues, the tenants include 'people at increased risk' under the new guidance, and the landlord is not at fault. The Private Sector Housing Service will consider providing:
- Professional removal of the mould.
 - Domestic thermo-hygrometers so the tenant can see the humidity levels.
 - Window vac for removing moisture from bathrooms.
 - Short term load of a dehumidifier, whilst a long-term solution is found.
 - Ventilation upgrades including humidistat extractors, single room mechanical heat recovers ventilation, positive input ventilators.
- 1.28 Effective communication is in place:
- Landlord Forum - damp and mould advisory presentation to landlords.
 - Damp and mould mitigation advice leaflet provided in response to all PRS enquiries regardless of whether they refer to damp and mould.
 - Website updated to provide educational information in relation to damp and mould.
- 1.29 Support provided to all PRS tenants effected by damp and mould:
- Damp and mould removal kits provided to PRS tenants.
 - Domestic thermometer / hygrometer provided to increase awareness of humidity in the home.
- 1.30 The Service also has access to the Household Support Fund to help tenants improve thermal comfort.

1.31 Audit Services: Private Sector Housing Enforcement Audit 2022 – 2023 – Overall conclusion was ‘satisfactory’, specifically noting:

- There is an effective mechanism in place for handling Private Sector Housing referrals. When, received they are triaged and allocated to Environmental Health officers, who action promptly.
- New coding has been introduction to easily identify damp and mould cases.

Other Social Housing Providers

1.32 In the social housing sector, complaints received from residents whose homes are managed by a registered housing provider (not the Council) are sent to Private Sector Housing Enquiries. Registered Providers are regulated by the Regulator of Social Housing and are responsible for management of their stock. City Housing maintains communication through the Social Housing Provider Forum.

Key Outcomes:

Council Housing

1.33 Current DMC related repairs performance and targets

Performance Indicator	Q1	Q2	Q3	Target
% DMC related service requests inspected within target timescale of ‘10 working days.	92.39	89.9	83.37	95
% DMC related works orders completed within target timescale of ‘20 working days.	85.13	68.1	42.53	90
Total number DMC service requests reported	428	439	663	
Total number DMC service requests inspected	460	565	809	
Total number DMC repairs completed	390	279	442	

Private Sector Housing

1.34 The Private Sector Housing Service responds to all priority disrepair cases within one working day, this included sever damp and mould.

1.35 General enquiries are responded to within ten working days.

1.36 The Service is engaging with the local hospital paediatric respiratory Team to ensure that we are aware of children effected by severe damp and mould in their rented home.

A report will be provided to Resident Service Leadership Team about the outcomes of the Winter 2023-2024 Damp and Mould Action Plan.

Future planned activity:

- 1.37 Continued monitoring of DMC reported by Council tenants through the Department Equality Plan, to ensure equality of access to services and identify under-reporting.
- 1.38 Once the Building Research Establishment Stock Condition Report is received it will guide the future work of the service.
- 1.39 The Winter 2023-2024 Damp and Mould Action Plan for Private Rented Properties fills a gap between the landlords' responsibilities and the tenants. The legislative framework is changing with the likely introduction of a decent homes standard for the private rented sector. The service will need to review its response to damp and mould in the sector over the coming months.
- 1.40 DMC and Section 11/82 Claims, a standing item at quarterly Managing Agents Forum.

Risk 10 - Negative assessment against the Consumer Standards – Social Housing (Regulation) Act.

- 1.41 Implementation of the Act has redefined the legislative landscape with the Regulator of Social Housing taking a more robust, proactive approach. A new regulatory regime includes publication of performance data, In-Depth Assessments (IDA) and Inspection (four yearly).

Context

- 1.42 Council owned housing in Wolverhampton is managed on behalf of the council by an arm's length management organisation (ALMO) and three tenant management organisations (TMOs). In this respect, Wolverhampton is unique in its management arrangements, with no other local authority having both an ALMO and TMO's.
- 1.43 WH is the largest MA, managing approximately 19,600 properties on CWC's behalf, with Bushbury EMB managing 950, Dovecotes TMO 754 and New Park Village TMC 290 respectively.
- 1.44 The management functions carried out by the managing agents is governed by the Management Agreements (Modular Management Agreements in the case of the TMOs) that exist between the Council and the managing agents.
- 1.45 The areas of management covered by the management agreements include tenancy management, estate management, repairs, maintenance and concierge services, lettings and voids, leasehold and other charges, housing advice, right to buy, tenant engagement and asset management. Several other services are delivered by WH on behalf of the Council, under separate service level agreements rather than under the management agreement. This includes:
- The city-wide anti-social behaviour service
 - Housing Options (homelessness services)
 - Housing assistance including the delivery of disabled facilities grants.
 - Telecare
 - Out of hours service.
- 1.46 As a part of the Management Agreements between CWC and the MAs key performance indicators (KPIs) are in place and focus on three key areas: (i) Rents Management, (ii) Repairs Management and (iii) Voids and Allocations. This is alongside a wider contract management aspect with a much broader range of KPI's monitored to enable effective oversight.

- 1.47 The KPIs are monitored by Landlord Services and reported to WH Delivery Plan Quarterly Monitoring Group (Chaired by the Cabinet Member), the Executive under the Linked Bodies reporting and annually to Scrutiny.
- 1.48 The Regulator is clear that where management of council owned housing is contracted out to a managing agent the Council remains responsible for Regulatory Compliance.

What are other Local Authorities and Registered Social Landlords doing?

Self-assessment against the consumer standards is a key area of focus for providers. Many Local Authorities are reviewing their strategic oversight and relationship with their Managing Agents and ALMOs. A recurrent discussion at the Councils with ALMOs Group (CWAG) is around Council's achieving sufficient assurance and a clear line of sight regarding its housing services. Some providers have alerted the Regulator of Social Housing to areas of non-compliance and self – referred.

Current activity we are taking to mitigate the risk:

City Housing Improvement Programme (CHIP) commenced with a mandate from Cabinet to:

- Create an overarching Shareholder Board as a focus for housing governance.
- Amend the Management Agreement and Partnership Pledge to reflect the Regulatory landscape and strengthen CWC's ability to lead on improvements where necessary.
- Align WH business planning cycles with those of CWC, including the objectives of the refreshed housing strategy.
- Strengthen the clienting arrangements with defined roles and responsibilities, accountabilities for demonstrating assurance and re-assurance, and clear reporting structures.
- Develop a shared evidence base to demonstrate Regulatory compliance, to support re-assurance testing, a clear line of sight and single view of the truth. CWC lead on creating a Data Process Strategy that ensures data is being recorded consistently across all teams with associated automated Data Quality and reporting.
- Review all SLAs and functions delivered to ensure services are fit for purpose, that adequate monitoring and oversight is in place across CWC which provides assurance to the Council and value for money for residents.

City Housing Landlord Services have commissioned an external provider to conduct surveys for the collection of tenants perception based tenant satisfaction measures (TSMs). The results of which will enable CWC to report the TSMs to the Regulator as required by the Act. This also provides City Housing with recommendations where opportunities for improvements have been identified and will be actioned to improve housing management service delivery.

City Housing has contracted Tpas: Tenant Engagement Experts to carry out the tenant scrutiny and engagement function on behalf of the Council.

A self-assessment against the consumer standards has been undertaken by WH. This has highlighted areas of non or partial compliance with the consumer standards and will provide CWC with an action plan to achieve compliance.

Key Outcomes:

Future planned activity:

Landlord Services to provide a report to Cabinet October 2024 following the implementation of the recommended governance changes to review the effectiveness of the new Management Agreement in strengthening CWC expectations, providing sufficient oversight and whether this has provided the direct line of sight required for Regulatory compliance.

Risk 11 – Housing Supply

- 1.49 There is a risk that the city will not have a suitable housing supply to meet the needs of residents.

Context

- 1.50 Social housing stock in the city is depleting. Right to Buy (RTB) has led to the sale of approximately 168 homes year ending 2023. Over the past three years, this is around 500 council properties sold through RTB. Bidding on council properties also demonstrates high demand. In January 2024, there were 142 properties available to bid on, with 2424 bids being received.
- 1.51 For many decades, Local Authorities were unable to build new homes but programmes to deliver new council affordable homes and address poor performing existing stock through estate regeneration are being developed now with additional funding opportunities provided by Government to assist with viability. The challenge is the available land and ensuring the housing offer meets the needs of all our residents whether general needs or specialist/supported accommodation.
- 1.52 Private developers can contribute to the delivery of new homes and in most cases, offer a mix of tenures and home ownership products. Working closely with developers to ensure they deliver the right property type, the right size and the required affordable housing contribution on each site will contribute to the increase in supply.
- 1.53 Over the past two years since the bounce back from Covid, new home completions increased but are estimated to be around 835 homes per year in future years due to land remediation and viability constraints. This falls short of the Government target of 1080 new homes per year.
- 1.54 There is growing pressure on the private sector and affordability is relatively low in the city. At the end of 2023, the house price to earnings ratio in Wolverhampton was 7.4:1 for a single person in full-time employment compared to the regional house price to earnings 7.7:1. In the private rented sector, the weekly renting cost in the last 12 months for a 3-bedroom property is £219, which represents 35.7% of the average weekly pay.
- 1.55 The demand for a council property has increased, with 6421 households currently on the waiting list. Of these, 717 households are placed in Emergency (Plus) Banding, these households are deemed to have the greatest housing need in the city. The average time to receive a property can vary and attempts to place an average waiting time can be unhelpful as the largest family homes are in scarce supply so it may take several years to be able to meet the housing needs of those households whereas waiting times for instance a one-bedroom flat can be much quicker. Only 1 around 1% of those on the waiting list can be discharged into the private sector, this will be due to lack of availability of private rented properties and as well the affordability of that sector.

- 1.56 The ending of a private rented tenancy accounts for 20.9% of homelessness in the city. Of 2,031 households assessed by the Homelessness Team, 95% were owed a statutory duty. Competing demand and supply of housing in the city exacerbates the demand on temporary accommodation. At the end of 2022, there had been an increase of 30% on total placements in temporary accommodation.
- 1.57 Wolverhampton Homes Lettings team have received in the region of 1900 Lettings enquiries in this financial year, in addition there have been 455 MP and Councillor enquiries in the same period. Whilst necessary, responding to such a high rate of enquiries is resource intensive and adds an additional burden to the work of the Lettings Team.

What are other Local Authorities and Social Landlords doing?

- 1.58 Some Local Authorities use or have introduced Direct Lettings for particular groups including those Homeless and in priority need.
- 1.59 Birmingham City Council are considering closing their waiting list to new applicants and whilst still providing for those cases where this is an exceptional need.
- 1.60 Liverpool has approval to procure properties from the private sector using an agent to do this on their behalf.
- 1.61 Some Local Authorities have developed Social Lettings Agencies, again giving Council's the opportunity to have greater oversight on the standards expected in the PRS and more direct access to PRS stock.
- 1.62 Some Local Authorities seek 'nominations' from PRS Landlords where the Council has had to intervene and provided some degree of financial support/ improvement to a home. (a nomination is where the Council has the ability to allocate persons from their waiting list to a property)

Current activity we are taking to mitigate the risk:

- 1.63 The Council and Wolverhampton Homes (who manage the Council's choice-based lettings scheme Homes in the City) continue to provide information and education on housing availability to residents, officers, and Councillors.
- 1.64 The Council's data analytics team have supported City Housing in developing a Housing dashboard that will be available to all members and to the public. The intention is that by sharing information about Council Housing stock levels, lettings and waiting list data, both members and residents will feel empowered to be able to make informed decisions and choices. This should see a reduction in lettings enquiries.
- 1.65 Increased support to engage with the private rented sector and landlords directly (e.g., Call Us First, Landlord Forum) to provide access to and maintain tenancies.

- 1.66 Homelessness Task and Finish Group monitoring homelessness numbers, TA use and spend. Identifying improvements and better value TA.
- 1.67 Housing support fund funded by the HRA available to support tenants to remain in their homes where increasing rent costs are unaffordable.
- 1.68 Money Smart Service through WH available
- 1.69 Homelessness Service provided from the Civic 5 days a week: seeing increasing footfall.
- 1.70 Housing Development Team restructured and appropriately resourced to establish a housing development pipeline and access Homes England and WMCA funding. The team have also developed a dedicated regeneration team who will ensure that existing stock is refurbished/redeveloped where necessary.
- 1.71 Development of a refreshed Housing and Homelessness Prevention Strategy. This will enable the Council and partners to understand the priorities for Housing in the coming years and identify where change and innovation can best be utilised. Both strategies will be backed up by a comprehensive evidence base and widespread public consultation.

Key Outcomes:

Future planned activity:

Risk 12 – Housing Standards

- 1.72 There is a risk that housing standards in the city are not maintained or are poor, which could cause risk to health.

Context

- 1.73 Ageing housing stock

The Council has over 21,500 council homes and the age of the housing stock presents a significant challenge in maintaining good quality homes. Approximately one-third of our homes were built prior to World War 2, so are at least 85 years old, of which 1,594 are already over 100 years old.

Pre 1919 construction	1%
1919-1944 construction	27%
1945-1964 construction	43%
1965-1980 construction	25%

1981 construction onwards	4%
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More than 70% of council homes are over 60 years old (13,479 homes). Wolverhampton also has a high proportion of stock built during the inter-war period. Post War homes (1945-64) account for over 40% of the stock, these also account for a very high proportion of 'non-traditional' and often defined as 'defective' homes. A further 25% of homes were built between 1964 to 1980, with just 4 per cent of homes being built after 1980.

1.74 Energy efficiency

Due to the council stock profile and design, improving energy efficiency is a challenge. The table below shows the EPC rating for the stock:

Very energy efficient (lower running costs)	Properties	%
(92 plus) rating A	124	0.6
(81-91) rating B	634	3.0
(69-80) rating C	11,127	52.0
(55-68) rating D	8,839	41.0
(39-54) rating E	759	4.0
(21-38) rating F	39	0.2
(1-20) rating G	0	0.0

However, investment programmes are targeted to the most poorly performing stock with programmes detailed below to address this challenge.

What are other Local Authorities and Social Landlords doing?

Many neighbouring Local Authorities have carried out stock condition assessments and identified improvement and regeneration programmes to address poor performing stock or stock that is no longer fit for purpose.

The cost of retrofit programmes and redevelopment of council estates requires funding support from Government including Homes England and Combined Authority to enable the HRA to deliver these programmes.

Current activity we are taking to mitigate the risk:

- 1.75 Non-traditional stock investment planned, and area renewal programmes planned, with initial Cabinet approvals in place for phase 1; redevelopment of New Park Village and the Tarran Bungalows.
- 1.76 Retrofit programme of £27.5m to improve 413 non-trads across the city started May 2023.
- 1.77 Capital programme approved for new build programme, estate remodelling, disabled adaptations, Decent Homes stock condition improvements and other stock improvements (inc. structural works, lifts, fire safety in med and high rise, roofing, door security and remedial works to non-trads).
- 1.78 Wolverhampton Homes Delivery Plan Quarterly Monitoring Group, chaired by the Cabinet Member, provides review of delivery plan objectives, KPIs and financial performance.
- 1.79 The WH/CWC Financial Information Group, chaired by the Director of Finance, provides financial monitoring and scrutiny, including the repairs and capital investment programmes.
- 1.80 Savills review of the Housing Revenue Account.
- 1.81 HRA Business Plan 2024-25 to be considered by full Council 24.01.24.
- 1.82 Demonstratable improvements to Council housing stock, including fire safety (sprinklers, fire doors) and high-rise improvements.
- 1.83 Known stock improvement pressures are considered and further scrutiny and oversight will be provided to Councillors, in particular about investment / disinvestment options.
- 1.84 Excellent performance under the BIG 7 risks; fire, asbestos, gas, electrical, legionella, lifts, DMC.
- 1.85 Part of the TPAS EGAGE project on high rise fire safety.
- 1.86 Housing Assistance Policy to be reviewed to ensure ongoing suitability to support residents.
- 1.87 Success in attracting funding to improve the energy performance of private homes.

Key Outcomes:

Future planned activity:

- 1.88 Continuation of new build programme to deliver new more energy efficient homes across the city.

- 1.89 Ongoing stock assessment to identify poor performing properties to consider for future renewal programmes.
- 1.90 Identify suitable funding opportunities to support retrofit programmes and estate regeneration programmes.
- 1.91 Continue to support private homeowners by obtaining and promoting grants to improve the energy performance of their homes.

3.0 Progress

- 3.1 To continue to monitor and evaluate the Capital Programme and Housing Revenue Account to ensure approved programmes and projects meet the priorities and achieve our strategic objectives to meet the needs of our residents and provide good quality affordable housing.
- 3.2 The strategic risk register will be updated as required and presented at approximately quarterly intervals to the Committee. The strategic risk register does not include all the risks that the Council faces. It represents the most significant risks that could potentially impact on the achievement of the corporate priorities. As stated above, other risks are captured within directorate, programme, project or partnership risk registers in line with the Council's corporate risk management framework.

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 housing related programmes and will be evaluated and reported separately if required.

5.0 Legal implications

- 5.1 Although there may be some legal implications arising from individual housing related programmes which will be considered through project approvals, there are no direct legal implications arising from this report.

6.0 Equalities implications

- 6.1 There will be equalities implications arising from the implementation of housing projects employed to mitigate individual risks. The equalities implications will be addressed and monitored at various stages of activity to manage each risk.

7.0 All other implications

- 7.1 Although there may be implications arising from the implementation of the housing projects employed to mitigate individual risks, there are no direct implications arising from this report.

8.0 Schedule of background papers

Strategic Risk Register Update – Audit & Risk Committee 22 January 2024

CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 4 March 2024
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Report title Internal Audit Update

Accountable director James Howse, Finance

Accountable employee Ian Cotterill Head of Internal Audit
Tel 01902 554460
Email ian.cotterill@wolverhampton.gov.uk

Report to be/has been considered by Not applicable

Recommendations for noting:

The Audit and Risk 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 2023-2024 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, options, discussion, etc.

- 3.1 Quarterly 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/19022024/K]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report. [TC/21022024/A]

6.0 Equalities implications

- 6.1 Where appropriate, any relevant equality issues will be considered as part of individual reviews, and a review of the corporate approach to equalities forms part of the Audit Universe and will be subject to a separate review within a three-year cycle.

7.0 All other implications

- 7.1 There are no other implications arising from the recommendations in this report.

8.0 Schedule of background papers

- 8.1 There is no schedule of background papers.

Appendix 1 - Internal Audit Update Report 2023-2024

[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 2023-2024 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:

No Assurance	Limited	Satisfactory	Substantial
Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Analysis of audit opinions issued to date:

Report Assurance Rating	Number of Reports
Substantial Assurance	12
Satisfactory Assurance	20
Limited Assurance	4
No Assurance	-
Not Applicable (no opinion given)	2
Total number of reports:	38

2 Summary of audit reviews completed

The following audit reviews were completed by the end of the third quarter of the current year.

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
Audits completed at the end of quarter 2							
House of Multiple Occupations - Licensing	High	-	3	1	4	4	Satisfactory
Amazon Corporate Account	Medium	-	5	3	8	8	Satisfactory
Election Photo ID	Medium	-	-	4	4	4	Substantial
Wolves @ Work Programme	Medium	-	-	2	2	2	Substantial
Family Hubs Grant Certification	Medium	-	-	-	-	-	Not Applicable
Senior Officer Emoluments	Medium	-	-	-	-	-	Not Applicable
WMPF Contribution Statements	Medium	-	-	-	-	-	Substantial
Alternative & Out of City Provision	Medium	3	6	2	11	11	Limited
Asylum and Migration Review	Medium	-	1	3	4	4	Satisfactory
Information Governance - Records Management (Microsoft Teams Sites)	Medium	3	1	-	4	4	Limited
Management of Equal Pay Risks	High	-	3	6	9	9	Satisfactory
Art Gallery Catering Arrangements	Medium	-	-	-	-	-	Substantial
Health & Safety – Building Inspections	Medium	-	1	5	6	6	Satisfactory
Fixed Assets (2022-2023)	High	-	-	-	-	-	Substantial
Digital & IT – Return of Leaver’s Equipment	Medium	1	2	3	6	6	Limited
Blue Network – Programme Governance	High	-	1	5	6	6	Satisfactory
Future High Street Fund – Programme Governance	High	-	6	5	11	11	Satisfactory

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
City Learning Quarter – Programme Governance	High	-	-	7	7	7	Satisfactory
Reported this quarter for the first time:							
Health & Safety – Tree Inspections for Schools	Medium	-	1	1	2	2	Satisfactory
Childrens Foster Carer Training	Medium	-	4	1	5	5	Satisfactory
Wolverhampton Towns Fund	Medium	-	-	2	2	2	Substantial
IGNITE Programme	High	-	6	2	8	8	Satisfactory
Overspends on Purchase Orders	Medium	-	1	-	1	1	Satisfactory
Equalities Impact Assessments	Medium	-	2	6	8	8	Satisfactory
CIPFA Financial Management Code	Medium	-	1	3	4	4	Satisfactory
Register of Councillor Interests	Medium	-	1	2	3	3	Satisfactory
RAAC Assurance Programme	High	-	1	2	3	3	Satisfactory
Income Management KFS Review	High	-	1	-	1	1	Substantial
Housing Benefits KFS Review	High	-	-	5	5	5	Substantial

Key: AAN Assessment of assurance need.

School Establishment Visits

Auditable area	AAN Rating	Recommendations					Level of assurance
		Red	Amber	Green	Total	Number accepted	
Bushbury Hill Primary School	Medium	-	-	7	7	7	Satisfactory
Eastfield Primary School	Medium	-	1	1	2	2	Substantial
St. Luke's Primary School	Medium	-	-	4	4	4	Substantial
Lanesfield Primary School	Medium	-	-	2	2	2	Substantial
Stow Heath Primary School	Medium	-	9	12	21	21	Limited
Loxdale Primary School	Medium	-	-	2	2	2	Substantial
Reported this quarter for the first time:							
Uplands Junior School	Medium	-	4	10	14	14	Satisfactory
Whitgreave Primary School	Medium	-	3	1	4	4	Satisfactory
Fallings Park Primary School	Medium	-	2	6	8	8	Satisfactory

3 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 where appropriate.

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Project/Programme	Audit Service's Role
Pay Strategy	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	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.
City Learning Quarter Programme	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.
Agresso Board	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	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	A member of the team attends the Board to provide support and assurance on project management arrangements and specific audit issues.
Strategic Transport Asset Group	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.

Project/Programme	Audit Service's Role
Depot Relocation	A member of the team attends the Board to provide support and assurance on project management arrangements and specific audit issues.
Civic Halls Operational Board	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.
Adult Eclipse Project Board	A member of the team will attend the Board to provide support and assurance on project management arrangements for the new Eclipse management information system and any specific audit issues.
Business Improvement Programme Boards	The purpose of these boards is to drive through service improvements in selected areas of the Council. Audit's role on these boards is provide assurance around governance and risk, as well as addressing any particular audit issues.
Regularity Services Debt Recovery Project	A member of the team is engaged to provide advice and consultancy as the Project develops new arrangements for the recovery of outstanding debts.
Wolves At Work 18-24 Programme Board	The purpose of this board is to oversee and provide direction for the development and delivery of various Council initiatives, programmes and projects (in liaison with external partners) with the collective aim to improve employment opportunities in this age range. A member of the team is present on this board to provide support and assurance.
School Compliance Board	The Schools Compliance Board is responsible for providing assurance that all maintained schools in the city are meeting statutory requirements, and that the council is correctly discharging its responsibilities. Audit's role is to overview and challenge quality assurance aspects of the Board generally and to report issues to the Board arising from on-going audit assurance work which will be scheduled throughout the year.
Term Time Only Payments Working Group	A member of the team is engaged to provide advice and consultancy in terms of the calculation of over / under payments, as well as advising on the governance of the project.
Financial Well-Being Strategy Board	A member of the team is engaged to provide advice and consultancy in terms of the payment of support packages.
Fleet Management System Working Group	There is a member of the team on the working group to provide advice and support on the governance of the group and identify any procurement concerns around the acquiring of new fleet items.

4 *Counter Fraud Activities*

The Audit Service's team investigate all allegations of suspected fraudulent activity, during the year. Details of these will, where appropriate, 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.

5 *Audit reviews underway*

There are also a number of other audit reviews currently underway and these will be reported upon in future update reports.

6 *Summary of issues from our latest reviews*

Of the 15 audits reported during this quarter there were no limited assurance reports issued. However, the following report may be of interest to members of the committee:

Reinforced Autoclaved Aerated Concrete (RAAC) Assurance Programme

RAAC is included in the Council's Strategic Risk Register and this audit review aimed to provide assurance that the appropriate controls had been established in respect of assessing whether Council buildings contain RAAC material in their construction. The review included consideration of the management, monitoring and reporting arrangements.

The Council's assurance process started with an initial desktop assessment to determine if there was a possibility of RAAC being present in buildings. Where RAAC was suspected, the buildings are physically inspected and if confirmed to be present, its condition was assessed and any necessary remedial action was included in a plan of works.

This review concluded that that there were appropriate systems and controls in place to identify Council buildings that could be at risk of containing RAAC. One recommendation was made around the process to be followed for assessing Council owned buildings that are currently leased to third party organisations.

7 *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, details of which will continued to be reported back to the Audit and Risk Committee.

In the annual Internal report presented to the committee at the 24 July 2023 meeting it was reported that a total of four limited assurance reports were issued during year. As part of the quarter two update report the committee were provided with details of the progress made in implementing the recommendations for the SEND and Post 16 Provision in Schools limited assurance report. During this quarter the follow-up review had been completed for the three remaining limited assurance reports:

Adults Continuing Health Care

We carried out a follow-up to the report issued on 31 March 2023. The audit reviewed Continuing Healthcare (CHC), to seek assurance that there are adequate governance, management, and internal control arrangements in operation for the Council's Continuing Healthcare obligations. The original audit report was given a limited assurance rating.

The majority of recommendations made in the original audit report were implemented. However, it was identified that there were three recommendations that had not been implemented at the time of this review. These related to the following areas:

- The testing undertaken in the original audit was reperformed to confirm missing documentation, to evidence compliance with the Service Level Agreement or the national framework for NHS continued healthcare, was located. This review identified this documentation could still not be evidenced.
- The Home Care Framework had not been fully updated to include all providers.
- At the time of this review discussions were still taking place with the Council's Information Governance Team to ensure current data sharing agreements adequately protected the service.

IT Asset Management Arrangements (including the Digital & IT – Return of Leaver's Equipment review complete in quarter two of this year)

As part of the 2022-2023 Internal Audit plan the Council's IT Asset Management arrangements was issued 8 February 2023. Due to the findings of this report, a limited assurance opinion was given. In response to this review, a further internal audit review was requested as part of the 2023-2024 internal audit plan, which focussed on the recovery of IT assets and the process for revoking access as part of the leavers process. This report was issued on 19 October 2023 and a summary of the report's findings were presented to the committee in November 2023 as part of the internal audit update report. Based on the findings of this review a further limited assurance opinion was given. It should be further noted that recommendations from the previous IT Asset Management review, relating to these processes, had not been implemented on the agreed implementation dates.

Based on the follow-up review of these two audits we are pleased to report the majority of the recommendations in these two reports had been implemented at the time of this review. For three recommendations, not implemented, the original implementation date agreed for these recommendations was 31 March 2024, however evidence was seen that these recommendations were being progressed in order to meet this date.

At the Audit and Risk Committee meeting in November 2023 the committee were informed that 58 devices, at an estimated replacement cost of £45,000, had not been recovered from leavers. Significant progress has been made in recovering these items and there are currently only eight devices that had not been returned which amounted to an estimated total replacement cost of £5,447. At the time of this review recovery action was being taken to recover the cost of these devices.

Climate Change: 2028 Net Zero Action Plan

We carried out a follow-up to the report issued on 28 April 2023. The audit reviewed the management, monitoring, and reporting arrangements for the Climate Change 2028 Action Plan (the plan). The review was based on the actions detailed within the 28 July 2021 Cabinet report to meet the Council's net zero carbon ambitions by 2028. The original audit report was given a limited assurance rating.

We are pleased to report that the majority of recommendations have been successfully implemented or are currently in progress. The two recommendations currently in progress related to the following areas:

- Whilst a reporting schedule had been established, the first annual report was due to be presented to Cabinet in September 2024.
- The establishment of a localised risk register for capturing climate related risk.

The appointment of the Head of Green Cities and Circular Economy, and the establishment of a support team, has been instrumental in overseeing the climate change agenda. It is also recognised that Climate Action is now highlighted as one of the Core Principles of the Our City, Our City Plan.

8 *Changes to the Audit Plan during the year*

There have been some changes to the 2023 – 2024 audit plan during the year. The following additional audit reviews were carried out during the year:

- Equal Pay Assurance
- Part Year Working Project Assurance
- West Midland Pension Fund (WMPF) Job Evaluation Comparators
- Children’s Commissioning and Procurement
- Waste Services – Working Arrangements
- Section 19 Flood Notices
- Bob Jones Community Centre Usage
- Reinforced Autoclaved Aerated Concrete (RAAC) Assurance
- Asset Management System

As a result of the additional work the following audits will be deferred to the 2024 – 2025 audit plan:

- Children’s Social Worker Recruitment
- Local Employer Support
- Council Linked Bodies (YOO Recruit)
- Levelling Up - Bilston Health Hub

The following audits were removed from plan due to either no longer being required or the necessity to be replaced by more high-risk areas:

- Education High Need Block Matrix Top Up Funding
- Project and Works – Information and Project Reporting
- Post Project Completion
- Re-procurement of Building Term Contractor
- Wolverhampton Council Housing Company Limited
- Housing – Succession and Lodgers in Possession
- Housing – Assurance from Complaints Process

In terms of the three Housing related reviews these were either no longer required or have been superseded by specific reviews in the auditing of Wolverhampton Homes or reviews now captured in the 2024-2025 audit plan.

9 *Payment Transparency*

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 each financial year.
- Since last reported to the Audit and Risk Committee, there have been no requests for information from the public (as an ‘armchair auditor’).

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

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Report title	Internal Audit Plan 2024-2025	
Accountable director	James Howse, Finance	
Originating service	Audit	
Accountable employee	Ian Cotterill	Head of Internal Audit
	Tel	01902 554460
	Email	ian.cotterill@wolverhampton.gov.uk
Report to be/has been considered by	SEB	5 February 2024

Recommendation for decision:

The Audit and Risk Committee is recommended to:

1. Review and approve the risk based internal audit plan for 2024-2025.

1.0 Purpose

- 1.1 The purpose of internal audit is to provide the Council with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the Council's agreed objectives.
- 1.2 The purpose of this document is to provide the Council with a risk-based internal audit plan, incorporating a strategic statement for internal audit, and based upon an assessment of assurance needs. The assessment of assurance needs exercise is undertaken to identify the systems of control and determine the frequency of audit coverage. The assessment will be used to direct internal audit resources to those aspects of the Council which are assessed as generating the greatest risk to the achievement of its objectives.

2.0 Background

- 2.1 Internal audit is a statutory requirement for all Local Authorities. The audit service provided to the Council is in accordance with the Local Government Act (1972), the Accounts and Audit Regulations Act and the Public Sector Internal Audit Standards.

3.0 Progress, options, discussion, etc.

- 3.1 Progress against the delivery of the internal audit plan will be reported back to the Audit and Risk Committee on a quarterly basis.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendations in this report. The audit plan detailed will be implemented using current budgeted internal audit resources.
[GE/12022024/B]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendations in this report.
[SZ/15022024/P]

6.0 Equalities implications

- 6.1 Equalities form part of the wider Audit Universe that is considered as part of the formulation of the internal audit plan. Equalities issues may also form part of individual audit reviews where appropriate.

7.0 All other implications

- 7.1 There are no other implications arising from the recommendations in this report.

8.0 Schedule of background papers

8.1 None. Please see appendices to this report.

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2024 – 2025 Draft Internal Audit Plan



Approved by Strategic Executive Board on: 6 February 2024

Approved by Audit and Risk Committee on:

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Considerations required of the Audit and Risk Committee and Council’s Senior Management Team
How the internal audit service will be delivered
The internal audit plan

1. A quick guide to the audit and assurance planning process

Step 1- Audit universe/auditable areas

Identify the audit universe (i.e. a list of themes and areas within them that may require assurance) using a variety of methods:

- Areas of potential risk identified through a variety of sources (including the strategic risk register) as having the potential to impact upon the Council's ability to deliver its objectives. Then, identify if we can gain assurance that any of these risks are being managed adequately from other sources of assurance.
- Key Financial Systems - work undertaken in close liaison with the external auditors, in order to help inform and support the work they are required to undertake.
- Areas where we use auditor's knowledge, discussions with directors, management requests and past experience etc.



Step 2 – Ranking

Where appropriate score each auditable area as a high, medium or low assurance need using the CIPFA scoring methodology of materiality/business impact/audit experience/risk/ potential for fraud.



Step 3 – Three year cycle

List the likely medium and high assurance need themes and/or areas for the next three years. High need themed areas will be reviewed annually, medium need usually once in a three-year cycle, while a watching brief will remain on the low needs.



Step 4 - Next Years Plan

List the themes and where appropriate the types of work that will be undertaken in 2024-2025 in the internal audit plan.

2. A glossary of terms

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.

Governance

The arrangements in place to ensure that the Council fulfils its overall purpose, achieves its intended outcomes for citizens and service users and operates in an economical, effective, efficient and ethical manner.

Control environment

Comprises the systems of governance, risk management and internal control. The key elements include:

- establishing and monitoring the achievement of the Council's objectives
- the facilitation of policy and decision-making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded
- ensuring the economical, effective and efficient use of resources and for securing continuous improvement
- the financial management of the Council and the reporting of financial management
- the performance management of the Council and the reporting of performance management.

System of internal control

The totality of the way an organisation designs, implements, tests and modifies controls in specific systems, to provide assurance at the corporate level that the organisation is operating efficiently and effectively.

Risk Management

A logical and systematic method of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating the risks associated with any activity, function or process in a way that will enable the organisation to minimise losses and maximise opportunities.

Risk based audit and assurance reviews

A review that:

- identifies and records the objectives, risks and controls
- establishes the extent to which the objectives of the system are consistent with higher-level corporate objectives
- evaluates the controls in principle to decide whether or not they are appropriate and can be reasonably relied upon to achieve their purpose, addressing the organisation's risks identifies any instances of over and under control and provides management with a clear articulation of residual risks where existing controls are inadequate
- tests the effectiveness of controls i.e. through compliance and/or substantive testing
- arrives at conclusions and produces a report, leading to management actions as necessary and providing an opinion on the effectiveness of the control environment.

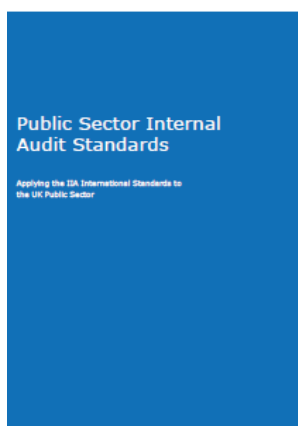
Audit and Risk Committee

The governance group charged with independent assurance of the adequacy of the internal control environment and the integrity of financial reporting.

Assurance

A confident assertion, based on sufficient, relevant and reliable evidence, that something is satisfactory, with the aim of giving comfort to the recipient. The basis of the assurance will be set out and it may be qualified if full comfort cannot be given. The Head of Audit may be unable to give an assurance if arrangements are unsatisfactory. Assurance can come from a variety of sources and internal audit can be seen as the 'third line of defence' with the first line being the Council's policies, processes and controls and the second being managers' own checks of this first line.

Internal Audit standards



The internal audit team have adopted and comply with the standards as laid out in the Public Sector Internal Audit Standards.

3. Introduction

The purpose of internal audit is to provide the Chief Executive, Section 151 Officer and Audit and Risk Committee with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the Council's agreed objectives. In order to provide this opinion, we are required to consider annually the risk management and governance processes within the Council.

We also need to review on a cyclical basis, the operation of the internal control systems. It should be pointed out that internal audit is not a substitute for effective internal control. The true role of internal audit is to contribute to internal control by examining, evaluating and reporting to management on its adequacy and effectiveness.

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'. The Council has an Internal Audit Charter which is reviewed and approved annually by the Audit and Risk Committee and defines the activity, purpose, authority and responsibility of internal audit, and establishes its position within the Council. This document sits alongside the charter and helps determine how the internal audit service will be developed.

The purpose of this document is to provide the Council with an internal audit plan, based upon an assessment of its assurance needs. The assessment of assurance needs exercise is undertaken to identify the systems of control and determine the frequency of audit coverage. The assessment will be used to direct internal audit resources to those aspects of the Council which are assessed as generating the greatest risk to the achievement of its objectives.

4. Assessing the effectiveness of risk management and governance

The effectiveness of risk management and governance will be reviewed annually, to gather evidence to support our opinion to the Chief Executive, Section 151 Officer and the Audit and Risk Committee. This opinion is reflected in the general level of assurance given in our annual report and where appropriate within separate reports in areas that will touch upon risk management and governance.

5. Assessing the effectiveness of the system of control

In order to be adequate and effective, management should:

- Establish and monitor the achievement of the Council's objectives and facilitate policy and decision making.
- Identify, assess and manage the risks to achieving the Council's objectives.
- Ensure the economical, effective and efficient use of resources.
- Ensure compliance with established policies, procedures, laws and regulations.
- Safeguard the council's assets and interests from losses of all kinds, including those arising from fraud, irregularity or corruption.
- Ensure the integrity and reliability of information, accounts and data.

These objectives are achieved by the implementation of effective management processes and through the operation of a sound system of internal control. The consideration of risk management and governance will cover the control environment and risk assessment elements, at a high level. The programme of work developed as the outcome of the assessment of assurance need exercise will cover the system level control activities.

The plan contained within this report is our assessment of the audit work required in order to measure, evaluate and report on the effectiveness of risk management, governance and internal control.

6. Assessment of assurance needs methodology

Internal audit should encompass the whole internal control system and not be limited only to financial control systems. The scope of internal audit work should reflect the core objectives of the Council and the key risks that it faces. As such, each audit cycle starts with a comprehensive analysis of the whole system of internal control that ensures the achievements of the Council's objectives.

Activities that contribute significantly to the Council's internal control system, and also to the risks it faces, may not have an intrinsic financial value necessarily. Therefore, our approach seeks to assign a relative assurance need value. The purpose of this approach is to enable the delivery of assurance to the Council over the reliability of its system of control in an effective and efficient manner.

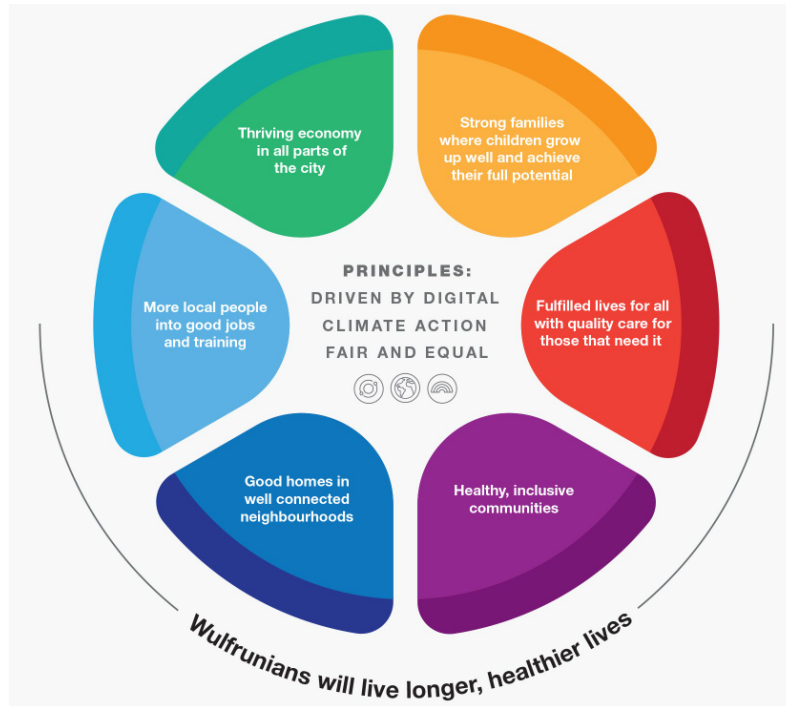
We have undertaken our assessment using the following process:

- We identified the core objectives of the Council and, where available, the specific key risks associated with the achievement of those objectives
- We then identified auditable themes and areas that impact significantly on the achievement of the control objectives.
- We assigned assurance need values to the auditable themes and areas, based on the evidence we obtained.

The audit plan is drawn out of the assessment of assurance need. The proposed plan covers the 2024-2025 financial year and is detailed at the end of this document.

7. The assessment of assurance needs - identifying the Council’s priorities and the associated risks

At the time this audit plan was prepared, the Council Plan was structured around six priorities:



Also, at the time this plan was produced, the Council had identified the following strategic risks as potentially impacting upon its ability to achieve its priorities:

Red Risks	Amber Risks
Safeguarding adults	Adults social care providers
Adults – Adverse CQC rating	Asylum and refugees
Negative assessment of housing standards	Terrorism threats – Locations
Housing supply	Terrorism threats – People
Housing standards	Impact of future pandemics
Information governance	Safeguarding children
RAAC	Housing regulator (damp & mould)
High unemployment	Cyber security
Medium Term Financial Strategy	Major core system failures
Impact of statutory legislation on budgets	Climate change
	Private hire vehicle growth
	Employee well-being
	Employee recruitment and retention
	Equal Pay
	Health & safety of employees
	Business support
	Reputation/Loss of public trust
	City Council led development projects
	Financial well-being and resilience
	City Learning Quarter
	Financial management
	Related parties

7.1 Identifying the “audit universe”

In order to undertake the assessment of assurance need, it is first necessary to define the audit universe for the Council. The audit universe describes all the systems, functions, operations and activities undertaken by the Council. Given that the key risk to the Council is that it fails to achieve its objectives, we have identified the audit universe by determining which systems and operations impact upon the achievement of the core objectives of the Council, as identified above, and the management objectives. These auditable areas include the control processes put in place to address the key risks.

In addition to this, there are also common systems and functions which are generic to all areas, along with a number of mandatory reviews. Where deemed appropriate they may also be included in the audit universe set out in detail at the end of this document.

7.2 Assessing the risk of auditable areas within the assurance framework

Risk is defined as “The threat that an event or action will adversely affect an organisation's ability to achieve its business objectives and execute its strategies.”

Source: Economist Intelligence Unit - Executive Briefing.

There are a number of key factors for assessing the degree of assurance need within the auditable area. These have been used in our calculation for each auditable area and are based on the following factors:

- Materiality
- Business impact
- Audit experience
- Risk
- Potential for fraud

In this model, the assignment of the relative values are translated into an assessment of assurance need. These ratings used are high, medium or low to establish the frequency of coverage of internal audit.

8. Developing an internal audit plan

The internal audit plan is based, wherever possible, on management's risk priorities, as set out in the Council's own risk analysis/assessment. The plan has been designed so as to, wherever possible, cover the key risks identified by such risk analysis.

In establishing the plan, the relationship between risk and frequency of audit remains absolute. The level of risk will always determine the frequency by which auditable themes and areas will be subject to audit. This ensures that key risk themes and areas are looked at on a frequent basis. The aim of this approach is to ensure the maximum level of assurance can be provided with the minimum level of audit coverage.

It is recognised that a good internal audit plan should achieve a balance between setting out the planned audit work and retaining flexibility to respond to changing risks and priorities during the year. Traditionally Audit Services produced quite detailed internal audit annual plans identifying all the individual audits planned for the year, and this approach does have the advantage of providing a clear route map to the end of year opinion. However, as the year progresses it is likely that the risks and organisational

priorities will change, resulting in changes to the plan. This is a particular issue within the local authority environment at this moment in time, due to the pace of change and high level of uncertainty affecting the risk environment. Therefore, for this year we are again keeping the audit plan and the likelihood that it may change in year, more open than previously. This approach should hopefully result in a more realistic and flexible plan.

Auditor's judgement will be applied in assessing the number of days required for each audit identified in the plan.

The assessment of assurance need's purpose is to:

- determine priorities and establish the most cost-effective means of achieving audit objectives;
- assist in the direction and control of all audit work.

This exercise builds on and supersedes previous internal audit plans.

Included within the plan, in addition to audit days for field assignments are:

- a contingency allocation, which will be utilised when the need arises, for example, special projects, investigations, advice and assistance, unplanned and ad-hoc work as and when requested.
- a follow-up allocation, which will be utilised to assess the degree of implementation achieved in relation to key recommendations agreed by management during the prior year.
- an audit management allocation, which is used for management, quality control, client and external audit liaison and for preparation for, and attendance at various member meetings and Audit Committee etc.

9. Considerations required of the Audit and Risk Committee and the Council's Senior Management Team

- Are the objectives and key risks identified consistent with those recognised by the Council?
- Does the plan include all the themes which would be expected to be subject to internal audit?
- Are the risk scores applied to the plan reasonable and reflect the Council?
- Is the allocation of audit resource accepted, and agreed as appropriate, given the level of risk identified?
- Does the plan cover the key risks as they are recognised?

10. How the internal audit service will be delivered

10.1 Staffing

The audit team follow the Council’s core behaviours. They are recruited, trained and provided with opportunities for continuing professional development. Employees are also sponsored to undertake relevant professional qualifications. All employees are subject to the Council’s appraisal scheme, which leads to an identification of training needs. In this way, we ensure that employees are suitably skilled to deliver the internal audit service. This includes the delivery of specialist skills which are provided by staff within the service with the relevant knowledge, skills and experience.




10.2 Quality assurance

All audit work undertaken is subject to robust quality assurance procedures as required by relevant professional standards. These arrangements are set out in the division’s standards manual and require that all working papers and reports are subject to thorough review by professionally qualified accountancy staff.

10.3 Resources required

It is estimated that approximately 1,300 internal audit days (including fraud, assurance and contingency work) will be required to deliver the audit plan.

11. Audit Service’s External Clients

	<p>The City of Wolverhampton Council’s Audit Services also currently provides the internal audit service to a number of other associated public-sector based organisations in the West Midlands. Separate internal audit plans are produced for each of these and Audit Services reports back to each of their respective Audit Committees or equivalent.</p>
	
	

How proposed reviews within the 2024/25 Audit Plan link to the Council Plan and its six priorities

Strong Families where children grow up well and achieve full potential	Fulfilled lives with quality care for those that need it	Healthy, inclusive communities	Good homes in well-connected neighbourhoods	More local people into good jobs and training	Thriving economy in all parts of the city
Post 16 – Out of City Placements	Adult Social Care Working Practices	WV Active – Income Collection and Monitoring Arrangements	Planning Application Refunds	Local Employer Support	City Events – Mitigation of risks for Outdoor Events
School Attendance Reviews	Payment to Adult Social Care Providers	Public Health Grant Funding	Wolverhampton Incinerator – Energy from Waste	City Learning Quarter	Management of the City’s art and cultural assets
School Establishment Audits	Adult Social Care Debt Recovery Arrangements	Public Health Contracting Arrangements	Waste Services – Working Arrangements		Regeneration – Resource Planning and Procurement and Contracting Arrangements
Passenger Transport Arrangements	Social Worker Recruitment review		Private Hire Vehicles		Levelling up – Bilston Health Hub and Regeneration
Families First Pathfinder Programme			Bereavement Services		
Supporting Families Grant review			Housing Disabled Facility Grants		
			Housing Regulator Inspection		
			Focussed Housing Reviews		
Cross Council Reviews (Driven By Digital – Climate Action – Fair and Equal)					
<ul style="list-style-type: none"> • Key Financial System Reviews • Annual Certifications • Procurement Non-Compliance • Equal Pay Assurance • Upgrade to Agresso Business World • Budget Monitoring of Fleet Capital Spend • Contract Monitoring • Mayor’s Charity Trust 		<ul style="list-style-type: none"> • Part Year Working • Project Management System (Verto) • Sickness Absence Recording and Monitoring • Information Governance: Data Breaches • Health and Safety Review • Council Linked Bodies • Regulation of Investigatory Powers Act (RIPA) Compliance • Ethics Review 		<ul style="list-style-type: none"> • Approval Process for Legal Prosecutions • Implementation of Omni Channel System • Recovery Arrangements for Core System Failures • Data and Analytics – Data Quality 	

Details in respect of each of the audits above are provided in the tables below.

The Internal Audit Plan 2024-2025

The following reviews and associated services will be delivered across the Council:

Auditable Area	Purpose
National fraud initiative (NFI)	In accordance with Cabinet Office requirements, we will lead on the Council's NFI data matching exercise.
Fraud investigations	The carrying out of investigations into areas of suspected or reported fraudulent activity across the Council.
Counter fraud activities	A series of Council wide pro-active fraud activities, including the targeted testing of areas open to the potential of fraudulent activity including where appropriate maintenance of the Council's fraud risk register, hosting raising fraud awareness seminars and running fraud surgeries and e-learning.
Value for money reviews (if applicable)	During the year discussions will be held with senior management regarding the identification of potential value for money areas, where Audit Services could be of assistance in performing value for money advice and or/reviews.
Recommendation follow up	A regular and ongoing follow up of key internal audit recommendations made across the Council in 2023 - 2024.
Development and advice	Reviewing system developments on key controls and providing advice relating to systems which are not necessarily covered by audits originally scheduled for 2024-2025.
Contingency	Special projects, advice and assistance, unplanned and ad-hoc work as and when requested.
Management	Day to day management of the internal audit service, quality control, client and external audit liaison and preparation for, and attendance at various meetings.
Audit and Risk Committee	Preparation and presentation of papers for the Audit and Risk Committee. This also includes providing advice and training to support committee members.

Audit	Purpose of Audit	Assurance Need
Accounts Payable (Creditors)	<p>These relate to the annual key financial systems. They are high-level reviews which provide assurance of the core controls within each of the financial systems.</p> <p>This work will be co-ordinated, where appropriate, in line with any work undertaken by the Council's External Auditors in order to avoid duplication.</p>	High
Accounts Receivable (Debtors)		
Budgetary Control		
Fixed Assets		
General Ledger		
Housing Benefits		
Housing Rents		
Income Management		
Local Taxes (Council Tax and NNDR)		
Treasury Management		
Annual Certifications	These will include verification of the calculations provided on Senior Officer Remuneration and WMPF Payroll Contribution Statements.	Medium
Procurement Non-Compliance Monitoring (including the award of major contracts)	A high-level review of contracts to ensure they have been procured in accordance with the Council's Contract Procedure Rules and procurement regulations.	Medium
Equal Pay Assurance	A review of payments and allowances processed through the Council's payroll system to ensure they have been made in accordance with the collective agreement. Also, a horizon scanning exercise of emerging equal pay risks to ensure they are being managed by the Council effectively.	High
Upgrade to Agresso Business World	To provide assurance through migration testing that data and access controls are not compromised as a result of the upgrade.	High
Budget Monitoring of Fleet Capital Spend	To provide assurance on the approval process for capital spend on the Council's fleet, and associated budget monitoring arrangements.	Medium

Audit	Purpose of Audit	Assurance Need
Contract Monitoring	To provide assurance on the implementation of the Council's new contract management system by the Council's Commercial Services Team.	Medium
Mayor's Charity Trust	The annual independent examination of the accounts in order to meet the requirements set out under section 145 of the Charities Act 2011.	Medium
Part Year Working	To provide assurance on phase two of the Council's part year working project.	Medium
Project Management System (Verto)	To provide assurance on the effectiveness of controls and data held on the Council's project management system.	Medium
Sickness Absence Recording and Monitoring	To provide assurance that managers are recording and monitoring sickness in accordance with the Council's management of attendance policy.	Medium
Information Governance: Data Breaches	To provide assurance that actions put in place as a response to identified data breaches have been implemented.	Medium
Health and Safety Review	An annual focussed review of an area of health and safety.	Medium
Council Linked Bodies	An annual review of one of the Council linked bodies to ensure appropriate agreements and monitoring arrangements are in place.	Medium
Regulation of Investigatory Powers Act (RIPA) Compliance	A compliance review to ensure that new RIPA processes and procedures have been embedded within the Council.	Medium
Ethics Review	To provide assurance that ethical arrangements are embedded within the organisation.	Medium
Approval Process for Legal Prosecutions	To provide assurance that the Council has clear processes and procedures in place for approving prosecution cases.	Medium

Audit	Purpose of Audit	Assurance Need
City Events – Mitigation of risks for Outdoor Events	A review of the arrangements in place to mitigate Council losses in terms of the late cancellation of events and artist performances.	Medium
Management of the City’s art and cultural assets	To provide assurance that there are adequate arrangements in place for the cataloguing, storage, and evaluation of the city’s art and cultural assets.	Medium
Civic Halls – Operator Contract Monitoring Arrangements	To provide assurance that there are appropriate contract monitoring arrangements in place for the Civic Halls’ operator.	Medium
Implementation of Omni Channel System	To provide project assurance and support on the implementation of the Council's Omni Channel System.	Medium
Recovery Arrangements for Core System Failures	To provide assurance around the robustness of business continuity plans in the event of core IT system failures.	High
Local Employer Support	To provide assurance of the processing, administration and award to businesses of grants received for business support.	Medium
Data and Analytics – Data Quality	To provide assurance around the general quality of data in systems and also a specific review of quality assurance arrangements for data included in statutory returns which are not performed by the Council’s Data and Analytics team.	Medium
Post 16 – Out of City Placements	To provide assurance that new processes implemented in respect of a procurement framework for Specialist Independent Provision and spot purchase exemptions.	Medium
School Attendance Review	To provide assurance on attendance policies and monitoring arrangements, for Council schools, in light of government concerns and recent publicity about high absence levels.	Medium

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Audit	Purpose of Audit	Assurance Need
School Audits	A review of the governance and financial procedures in place at a sample of nursery, primary, secondary, special schools and pupil referral units to ensure coverage of all local-authority maintained schools on a cyclical basis.	Medium
Childrens Social Worker Recruitment	To provide assurance that the revised social worker recruitment procedures have been embedded and are operating effectively.	Medium
Childrens Families First Pathfinder Programme	To review the application and use of 'Family network support packages'. Assurance will be provided in respect of the new processes being developed.	Medium
Childrens Supporting Families Grant Claim 2024/25	Ongoing assistance with claims process and verification of claims prior to formal submission to Department of Levelling Up, Communities and Housing (DLUCH).	Medium
Adult Social Care Working Practices	To provide assurance that working practices and supervision arrangements across social care teams are efficient, effective and consistent, and that adequate safeguarding arrangements are in place.	Medium
Payments to Adult Social Care Providers	To provide assurance that payments to adult social care providers are processed correctly and quality assurance checks are undertaken on providers.	Medium
Adult Social Care Debt Recovery Arrangements	To provide assurance that appropriate debt recovery arrangements are in place for the provision of adult social care to ensure income is maximised.	Medium
WV Active - Income Collection and Monitoring Arrangements	To provide assurance that income is collected and monitored. Particular focus will be placed on debt recovery arrangements.	Medium
Public Health Grant Funding	To provide targeted review on specified grants to ensure funding is appropriately used and output delivery is effectively monitored.	Medium
Public Health Contracting Arrangements	To provide a targeted review of the contracting arrangements with a specified Public Health provider.	Medium

Audit	Purpose of Audit	Assurance Need
Bereavement Services	To provide assurance on compensation payments for stolen plaques and the stock management arrangements for chargeable items.	Medium
Energy from Waste Contract	To provide assurance that there are appropriate contract management arrangements in place for the short term operation of the site.	Medium
Passenger Transport Arrangements	To provide assurance regarding passenger transport arrangements taking into account demographic increases, increased pressures and safeguarding concerns.	Medium
Waste Services – Working Arrangements	To provide assurance that appropriate arrangements are in place for monitoring working hours for waste services operatives.	Medium
Private Hire Vehicles	To undertake a focussed review on the city’s private hire vehicle arrangements.	High
Regeneration – Resource Planning and Procurement and Contracting Arrangements	To provide assurance that regeneration resource plan to ensure there is robust evidence, regular monitoring and reporting around procurement and contracting activity. Specifically in respect of development projects, to ensure the Council’s Contract Procedure Rules and procurement regulations are complied with.	High
City Learning Quarter	To provide ongoing advice and support in the delivering of the City Learning Quarter programme. This may include a focussed review.	High
Levelling Up – Bilston Health Hub and Regeneration	To provide assurance regarding the project management arrangements for the Bilston Health Hub.	Medium
Planning Application Refunds	To provide assurance that there are appropriate monitoring mechanisms in place to ensure planning application refunds are processed where statutory timescales are not met.	Medium

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Audit	Purpose of Audit	Assurance Need
Reinforced Autoclaved Aerated Concrete (RAAC) Assurance	To provide assurance that the Council has appropriate arrangements in place for the identification of high risk assets which could contain RAAC and the remedial action that should be taken.	High
City Assets – Contract Review	To undertake a focussed contract review for a City Assets project in order to ascertain the level of compliance with procurement and contract procedure rules.	Medium
City Assets – Statutory Compliance Audit	To undertake a review a sample of statutory requirements and provide assurance regarding the level of compliance.	Medium
Housing Disabled Facility Grants	To provide assurance of the contract monitoring arrangements to the delivery of the Service Level agreement of disabled facility grants.	Medium
Housing Regulator Inspection	To provide on-going support and advice on the Council’s readiness for the inspection to be carried out by the Housing regulator.	Medium
Housing focussed Audit Reviews	To undertake focussed Housing audits in order to provide assurance as and when required during the year.	Medium

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Programme and Project Assurance

In addition to the traditional internal audit plan, Audit Services also provide an ongoing assurance role by having an independent role on a number of programmes, projects boards and working groups, including:

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Programme and Project related assurance work	
• Business World (Agresso) Board	• Transforming Adult Social Care Programme
• Pay Strategy Board	• Children’s Transformation Programme
• Project Assurance Group	• Culwell Depot Relocation and Modernisation Programme
• Our People Board	• Wolves at Work 18-24 Programme Board
• School Compliance Board	• Energy from Waste Future Operating Model Board
• Terms Time Only (Holiday Pay) Programme	• Strategic Transport Asset Group
• City Learning Quarter Programme	• Adult Eclipse Project Board
• Strategic Health, Safety & Well-being Board	• Resilience Board
• Part Year Working Board	• Omni Channel Programme
• Strengthening Families Together Board	• Families Pathfinder Programme
• RAAC Assurance Group	• City Assets - Asset Management System

CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 4 March 2024	Agenda Item No: 8
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Report title Internal Audit Charter – Annual Review

Accountable director James Howse, Finance

Accountable employee Ian Cotterill Head of Internal Audit
Tel 01902 554460
Email ian.cotterill@wolverhampton.gov.uk

Report to be/has been considered by Not applicable

Recommendations for noting:

The Audit and Risk Committee is recommended to:

1. To review and approve the latest version of 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 November 2022 and there have been no changes since this 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, options, discussion, etc.

- 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 recommendations in this report. [GE/16022024/D]

5.0 Legal implications

- 5.1 There are no legal implications arising from the recommendation in this report. [SZ15022024/P]

6.0 Equalities implications

- 6.1 Equalities issues form part of the Audit Universe which is used to help inform the Annual Internal Audit Plan. Equalities issues are also implicit in a number of audit related activities undertaken during each year. This has also been included in this latest version of the Internal Audit Charter.

7.0 All other implications

- 7.1 There are no other implications arising from the recommendations in this report.

8.0 Schedule of background papers

- 8.1 There is no schedule of background papers.

Internal Audit Charter

Version approved by the Audit & Risk Committee on:

4 March 2024

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 please note the following:

- *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.*

1. 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.

2. Mission of internal audit

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

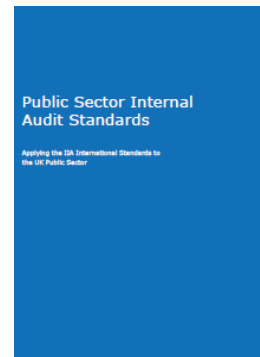
3. Core Principles for the Professional Practice of Internal Auditing

- 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

4. *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.

5. *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.

6. *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.

7. *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.

8. *Internal Audit's Objectivity*

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.

9. *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 Chief Executive 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".

10. *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.

11. *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.

12. *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.

13. *Equalities*

Equalities issues form part of the Audit Universe which is used to help inform the Annual Internal Audit Plan. Equalities issues are also implicit in a number of audit related activities undertaken during each year.

14. *Review of the internal audit charter*

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

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Audit and Risk Committee

4 March 2024

Report title	Accounting Policies 2023-2024	
Accountable director	James Howse, Interim Director of Finance	
Originating service	Strategic Finance	
Accountable employee	Alison Shannon	Deputy Director of Finance
	Tel	01902 554561
	Email	Alison.shannon@wolverhampton.gov.uk
Report to be/has been considered by	N/A	

Recommendations for noting:

The Audit and Risk Committee is asked to note:

1. The Accounting policies that will be used to prepare the 2023-2024 financial statement.

1.0 Purpose

- 1.1 To note the accounting policies that will be used by the Council in the used in the preparation and presentation of the 2023-2024 financial statements.

2.0 Background

- 2.1 The Council is required to set out the significant accounting policies that are being used in the preparation of the annual financial statements.
- 2.2 Local Authorities are required to keep their statement of accounts in accordance with 'proper (accounting) practices'. Public Sector organisations responsible for locally delivered services are required by legislation to comply with the terms of the Code of Practice on Local Authority Accounting in the United Kingdom 2023-2024 (hereafter referred to as the Code). The code is prepared under the International Financial Reporting Standards (IFRS).
- 2.3 Accounting policies are a way of which the council ensures that it is following these 'proper accounting practices'. If the Council fails to apply the accounting policies correctly and fully as defined within the Code and IFRS, this could result in external audit requesting amendments to the annual statement of accounts and even the qualification of the accounts.
- 2.4 The accounting policies are reviewed annual. The full list of accounting policies for 2023-2024 are shown at Appendix 1.

3.0 Financial Implications

- 3.1 There are no direct financial implications arising from the recommendations in this report.

[AS/22022024/D]

4.0 Legal implications

- 4.1 The accounting policies have been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-2024.

[TC/22022024/B]

5.0 Equalities implications

- 5.1 There are no direct equality implications arising from this report.

6.0 All other implications

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

7.0 Appendices

- 7.1 Appendix 1: Accounting Policies

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[NOT PROTECTIVELY MARKED/]

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Accounting Policies

1. General principles

The Statement of Accounts summarises the Council's transactions for the 2023-2024 financial year and its position at 31 March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023-2024 and the Service Reporting Code of Practice 2023-2024, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2. Group accounts

The group accounts combine the accounts of the Council, Wolverhampton Homes Limited and WV Living (City of Wolverhampton Housing Company Limited) and shows them as if they were one. Throughout the financial statements (Section 4) the numbers in italics relate to the group. Non-italic numbers relate to the Council only. These figures are usually combined in the same table, but occasionally owing to space, they are shown in separate tables. Where there is only one figure given, this means that the figure is the same for the group and the Council.

3. Recognition of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the contracts with service recipients whether for the provision of goods or services is recognised when the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is

written down and a charge made to revenue in financing and investment income and expenditure for the income that might not be collected.

- Manual accruals are only processed for amounts of £10,000 or more except where the expenditure is by schools or funded directly from external grants.

The above is in accordance with IFRS 15 'Revenue from Contracts with Customers' which became effective in 2018-2019. IFRS 15 applies to all contracts with customers (apart from some exceptions which fall under the scope of other accounting standards e.g., leases, financial instruments, insurance contracts). The core principle of IFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 focuses on the satisfaction of performance obligations; IFRS 15 provides a standardised five-step model to recognise all types of revenue earned from customer contracts. The Council has considered all of its revenue streams (including any potential staged receipts and receipts spanning financial years) across the group.

4. Accounting for council tax

- While the council tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the authority's General Fund or paid out from the Collection Fund to the major preceptors. The amount credited to the General Fund under statute is an authority's precept or demand for the year, plus or minus the authority's share of the surplus/deficit on the Collection Fund for the previous year.
- The council tax income included in the Comprehensive Income and Expenditure Statement is the council's share of the Collection Fund's accrued income for the year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to council tax shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.
- The cash collected by the authority from council taxpayers belongs proportionately to all the major preceptors. The difference between the amounts collected on behalf of the other major preceptors and the payments made to them is reflected as a debtor or creditor balance as appropriate.

5. Accounting for business rates (national non-domestic rates – NNDR)

- The business rates income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and paid out to major preceptors (excluding police bodies) and the Government. The amount credited to the General Fund under statute is the authority's estimated share of business rates for the year from the national non-domestic rates (NNDR) 1 return.

- The business rates income included in the Comprehensive Income and Expenditure Statement is the authority's share of the Collection Fund's accrued income for the year from the NNDR 3 return. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account via the Movement in Reserves Statement. Revenue relating to business rates shall be measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.
- The cash collected by the authority from business rates payers belongs proportionately to all the major preceptors (excluding police bodies) and Government. The difference between the amounts collected on behalf of the other major preceptors, government and the payments made to them is reflected as a debtor or creditor balance as appropriate.

6. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions, repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

7. Exceptional items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

8. Prior period adjustments, changes in accounting policies and estimates and errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e., in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events, and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

9. Charges to revenue for non-current assets

Services, support services and trading accounts are charged with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation reserve against which the losses can be written off.
- Amortisation of Intangible assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations, however, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund balance, known as Minimum Revenue Provision, by way of an adjusting transaction with the Capital adjustment account in the Movement in Reserves Statement.

10. Employee benefits

Benefits payable during employment - Short-term employee benefits are those due to be settled in their entirety within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (and any other form of leave) earned by employees but not taken before the year end, and which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination benefits - Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits, and are charged on an accruals basis in the Comprehensive Income and Expenditure Statement at the earlier of the point at which the authority can no longer withdraw the offer of those benefits or when the authority recognises the costs of the restructure.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the pensions reserve to remove

the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-employment benefits - Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education.
- The NHS Pension Scheme administered by EA Finance NHS Pensions; and
- The Local Government Pensions Scheme administered by West Midlands Pension Fund.

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council. The arrangements, however, for the teachers' scheme and NHS schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pension Scheme and NHS Pension Scheme in the year respectively.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme. The liabilities of the West Midlands Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method i.e., an assessment of the future payments that will be made in relation to the retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc and projections of earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate based on the redemption yields on AA-rated corporate bonds with a term corresponding to the term of the liabilities. The assets of West Midlands Pension Fund attributable to the Council are included in the Balance Sheet at their fair value, which varies depending on the type of asset:

- Quoted securities – current bid price.
- Unquoted securities – professional estimate.
- Unitised securities – current bid price.
- Property – market value.

The change in the net pensions' liability is analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the

surplus or deficit on the provisions of services in the Comprehensive Income and Expenditure Statement.

- Net interest on the net defined benefit liability/asset, i.e. net interest expense for the council – the change during the period in the net defined benefit liability / asset that arises from the passage of time charged to the financing and investment income and expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset at the beginning of the period – taking into account any changes in the net defined benefit liability/asset during the period as a result of contribution and benefit payments.
- Changes in valuations comprising:
 - The return on plan assets – excluding amounts included in net interest on the net defined benefit liability/asset – charged to the pensions reserve as other comprehensive income and expenditure.
 - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the pensions reserve and recognised as other comprehensive income and expenditure in the Comprehensive Income and Expenditure Statement.
- Contributions paid to the West Midlands Pension Fund – cash paid as the employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners, and any such amounts payable but unpaid at the year end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary benefits - The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

11. Events after the reporting period

Events after the Balance Sheet reporting period are those events, both favourable and unfavourable, that occur between the Balance Sheet date, 31 March 2021, and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events.

- Those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

12. Financial instruments

Financial liabilities - Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowing that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest), and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement. Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the financial instrument's adjustment account in the Movement in Reserves Statement.

Financial assets - Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are two main classes of financial assets measured at:

- Amortised costs.
- Fair value through other comprehensive income (FVOCI).

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e., where the cash flows do not take the form of a basic debt instrument).

Financial assets measured at amortised cost.

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For loans the Council has made, the amount presented in the Balance Sheet is most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement. Any gains and losses that arise on the derecognition of an asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

Expected credit loss model.

The Council recognises expected credit losses on all of its financial assets (except where the counterparty is Central Government or a local authority) held at amortised cost or FVOCI, either on a 12-month or lifetime basis. A simplified approach has been applied to trade receivables, finance lease receivables and operating lease receivables, whereby impairment losses are automatically based on lifetime expected credit losses. Impairment losses on loans and financial guarantees are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial assets measured at fair value through other comprehensive income.

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in other comprehensive income and expenditure (and taken to the financial instruments revaluation

reserve), except for impairment gains or losses, until the financial asset is derecognised. The fair value measurements of the financial assets are based on the following techniques:

- Instruments with quoted market prices – the market price
- Other instruments with fixed and determinable payments – discounted cash flow analysis
- Equity shares with no quoted market prices – independent appraisal of company valuations.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from reserves to surplus or deficit on the provision of services as a reclassification adjustment.

Under accounting standard IFRS 9 'Financial Instruments', all assets previously held within the Available for Sale Financial Instruments reserve have been elected as fair value through other comprehensive income. As a result of this all balances held within the reserve have been transferred into the newly created financial instruments revaluation reserve.

13. Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that the Council will comply with the conditions attached to the payments, and the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset received in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the grant issuing body.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line, attributable Revenue Grants and Contributions, or Taxation and non-specific grant income and expenditure (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Where it has been applied, it is posted to the capital adjustment account. Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account once they have been applied to fund capital expenditure.

14. Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g., software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. Expenditure on the development of websites is not capitalised if the websites are solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on Intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reverses Statement and posted to the capital adjustment account and, for any sale proceeds greater than £10,000, the capital receipts reserve.

15. Interests in companies and other entities

The Council has three subsidiary entities: Wolverhampton Homes Limited, Yoo Recruit Ltd and WV Living (City of Wolverhampton Housing Company Limited). Due to materiality only, Wolverhampton Homes Limited and WV Living are required to be consolidated in the group accounts statements. The Council has no other material interests in companies or other entities that have the nature of a subsidiary, associate, or jointly controlled entity.

Investments in limited by guarantee companies - The Council has investments in companies limited by guarantee, for example ConnectEd Partnership, Black Country Consortium, Wolverhampton Grand Theatre, Wolverhampton Homes. These investments are valued at cost in the Council's accounts. Income and expenditure transactions are recognised in the Council's financial statements.

Schools - The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority-maintained schools (i.e., those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the Council. The Code also stipulates that those schools' assets, liabilities, reserves, and cash flows are recognised in the Council financial statements (and not the group accounts).

Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council.

16. Inventories

Inventories held by the Council relate to consumables and are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is determined using the weighted average costing formula. Long-term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

The inventories held by the group predominantly relate to properties in development stage and are stated at the lower of cost and estimated selling price less costs to complete and sell which is equivalent to the net realisable value. Cost comprises direct materials and, where applicable, directly attributable expenditure in relation to the acquisition and development of the properties. At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

17. Investment property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the financing and investment income and expenditure line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are, therefore, reversed out of the General Fund balance in the Movement in Reserves Statement and transferred to the capital adjustment account and, for any sale proceeds greater than £10,000, the capital receipts reserve.

18. Jointly controlled arrangements

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation the Council, as a joint operator, recognises:

- its assets, including its share of any assets held jointly.

- its liabilities, including its share of any liabilities incurred jointly.
- its revenue from the sale of its share of the output arising from the joint operation.
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly.

19. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant, or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as lessee: finance leases - Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception or the present value of the minimum lease payments, if lower. The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between a charge for the acquisition of the interest in the property, plant, or equipment, applied to write down the lease liability, and a finance charge which is charged to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

Property, plant, and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life where ownership of the asset does not transfer to the council at the end of the lease period.

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund balance, by way of an adjusting transaction with the capital adjustment account in the Movement in Reserves Statement for the difference between the two.

The Council as lessee: operating leases - Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant, or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments e.g., there is a rent-free period at the commencement of the lease.

The Council as lessor: finance leases - Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment, or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain representing the Council's net investment in the lease is credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between a charge for the acquisition of the interest in the property - applied to write down the lease debtor (together with any premiums received) – and finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is transferred out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is transferred out of the General Fund balance to the deferred capital receipts reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

The write-off value of disposals is not a charge against council tax, as the cost of non-current asset is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The Council as lessor: operating leases - Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease).

20. Overheads and support services

The costs of overheads and support services are charged to those that benefit from the supply or service. The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received.

21. Property, plant, and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and that are expected to be used during more than one financial year are classified as property, plant, and equipment.

Recognition - Expenditure on the acquisition, creation, or enhancement of property, plant and equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e., repairs and maintenance) is charged as an expense when it is incurred.

Measurement - Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, subject to a de-minimis value of £100,000 for land and property and heritage assets and £10,000 for new vehicles, plant, and equipment. The Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of an asset acquired other than by purchase is deemed to be its fair value unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income line of the Comprehensive Income and Expenditure Statement unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the capital adjustment account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Infrastructure, community assets and assets under construction - depreciated historical cost.
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except for a few offices that are situated close to the Council's housing properties, where there is no market for office accommodation, and that are measured at depreciated replacement cost (instant build) as an estimate of current value.
- School buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value.

- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective.
- All other assets - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. Where non-property assets have short useful lives or low values (or both), the depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end. Assets with a net book value over £1 million are valued annually and other assets at least every five years. Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains. Gains are credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The revaluation reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the capital adjustment account.

Impairment - Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist, and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation - Depreciation is provided for, on all property, plant, and equipment assets, by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land and certain community assets) and assets that are not yet available for use (i.e., assets under construction). Depreciation is charged on surplus assets.

Depreciation is calculated on the following bases:

- Dwellings and other buildings - straight-line allocation over the useful life of the property or component as estimated by the valuer.
- Vehicles, plant, furniture, and equipment - straight-line allocation over the useful life of the asset.
- Infrastructure - straight-line allocation over 50 years.

Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the revaluation reserve to the capital adjustment account.

Disposals and non-current assets held for sale.

When an asset is disposed of or decommissioned the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement, as part of the gain or loss on disposal. Receipts from disposals, if any, are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e., netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals is payable to the government. The balance of receipts is required to be credited to the capital receipts reserve and can then only be used for new capital investment (or set aside to reduce the Council's underlying need to borrow (the capital financing requirement)). Receipts are appropriated to the capital receipts reserve from the General Fund balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of property, plant and equipment is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and current value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the

loss is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in current value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on provision of services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

22. Private finance initiatives (PFI) and similar contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of property, plant and equipment.

The original recognition of these assets at fair value, based on the cost to purchase the property, plant, and equipment, was balanced by the recognition of a liability for amounts due to the scheme operator, from the Council and third parties where relevant, to pay for the capital investment. Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- **Fair value of the services received during the year** - charged to the relevant service in the Comprehensive Income and Expenditure Statement.
- **Finance cost** - an interest charge on the outstanding Balance Sheet liability, charged to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.
- **Contingent rent** - increases in the amount to be paid for the property arising during the contract, charged to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.
- **Payment towards liability** - applied to write down the Balance Sheet liability to the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- **Lifecycle replacement costs** - a proportion of the amount's payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant, and equipment when the relevant works are eventually carried out.

Third party income is recognised in the Comprehensive Income and Expenditure Statement, reflecting the extent to which the asset and the service are financed by third party income.

23. Provisions, contingent liabilities and contingent assets

Provisions - Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year - where it becomes less than probable that a transfer of economic benefits will now be required, or a lower settlement than anticipated is made, the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party e.g., from an insurance claim, this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent liabilities - A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent assets - A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

24. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure, to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement, and employee benefits, and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

25. Revenue expenditure funded from capital under statute

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation or enhancement of a non-current asset is charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council determines to meet the cost of this expenditure from capital resources, a transfer in the Movement in Reserves Statement from the General Fund balance to the capital adjustment account then reverses out the amounts charged so that there is no impact on the level of council tax.

26. Value added tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

27. Pension fund accounts

As a result of Local Government Reorganisation on 1 April 1986, the Council assumed responsibility for administering the West Midlands Pension Fund. The fund's accounts are separately prepared and are included within these accounts. The accounting policies for the pension fund can be found at note P3 in the accounts.

Copies of the fund's accounts and annual report are available on request from the Director of Finance, Civic Centre, Wolverhampton, WV1 1RL.

28. Heritage assets

Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant, and equipment, with the following exceptions:

- Where there is no market-based evidence of fair value, insurance valuation is used as an estimate of current value.
- There is no cyclical revaluation of heritage assets, which instead are kept under review for impairment on an annual basis.

- The groupings used to classify property, plant and equipment assets are not used for heritage assets.

29. Pension guarantees

The Council has provided guarantees to a number of organisations at the point they were admitted to West Midlands Pension Fund, to fund any potential pension liability. These guarantees are treated as Insurance Contracts in accordance with IFRS 4, rather than financial guarantees under IFRS 9, as the Council considers that the non-financial risks covered by the guarantees (for example regarding mortality rates and demographics) are more significant than the financial risks. Each year, the Council assesses the probability of the guarantees being called using various factors: the pension liability is derived from the triennial valuation or the IAS19 statement (if available) and risk of failure of the business is derived from Creditsafe Business Failure Scores. If, by multiplying the pension liability by the risk of failure, a significant potential liability arises, it is recognised in the Comprehensive Income and Expenditure Statement.

30. Pooled budgets

The Council takes part in two pooled budget schemes with Black Country Integrated Care Board (ICB). The first scheme relates to the integrated service for child placements with external agencies for children with social care, education, and health needs. The Council incurs the expenditure and receives a contribution from ICB towards the costs. The second scheme relates to the commissioning of health and social care services under the Better Care Fund (BCF). Again, the Council incurs the expenditure and receives funding through a contribution from ICB and local government grants. All income and expenditure are recorded in the Comprehensive Income and Expenditure Statement.

31. Trust funds

The Council acts as trustee for a number of historic trust funds. These funds are not recorded on the balance sheet as they are not owned by the Council. At the end of each financial year, the trust funds on the ledger are reviewed and appropriate accounting entries are made. A separate note (Note 12) is included within the financial statements showing the income, expenditure, and balances of the trust funds for this financial year and the prior financial year.

A number of the funds are held in the Council's bank account and each year the interest is calculated and applied to the account. Any external interest received by the Council is added to the individual funds on the ledger.

Note 15A Changes in accounting policies and accounting estimates from previous year.

None

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CITY OF WOLVERHAMPTON COUNCIL	Audit and Risk Committee 4 March 2024
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Report Title	Audit Services – Counter Fraud Update	
Accountable Director	James Howse, Director of Finance	
Originating service	Audit	
Accountable employee	Ian Cotterill	Head of Internal Audit
	Tel	01902 554475
	Email	ian.cotterill@wolverhampton.gov.uk
Report to be/has been considered by	Not applicable	

Recommendation for noting:

The Audit and Risk Committee is asked to note:

1. The contents of the latest Audit Services Counter Fraud Update.

1.0 Purpose

- 1.1 The purpose of this report is to provide Members with an update on current counter fraud activities undertaken by Audit Services.

2.0 Background

- 2.1 The Counter Fraud Unit was set up within Audit Services, in response to the increased emphasis being placed upon both fraud prevention and detection by Central Government.

3.0 Progress, options, discussion, etc.

- 3.1 At the meeting of the Audit and Risk Committee in November 2023, it was agreed that regular updates on the progress the Council was making in tackling fraud would continue to be brought before the Committee.

4.0 Financial implications

- 4.1 There are no financial implications arising from the recommendation in this report.
[GE/12022024/W]

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.
[SZ/15022024/P]

7.0 All other implications

- 7.1 There are no other implications arising from the recommendations in this report.

8.0 Schedule of background papers

- 8.1 There are no background papers.

Audit Services Counter Fraud Report @ March 2024



1 *Introduction*

The counter fraud agenda is one that continues to hold significant prominence from Central Government who are promoting a wide range of counter fraud activities. The purpose of this report is to bring the Audit and Risk Committee up to date on the counter-fraud activities undertaken by the Counter Fraud Unit within Audit Services.

The Council is committed to creating and maintaining an environment where fraud, corruption and bribery will not be tolerated. This message is made clear within the Authority's Anti-Fraud and Corruption Policy, which states: "The Council operates a zero tolerance on fraud, corruption and bribery whereby all instances will be investigated, and the perpetrator(s) will be dealt with in accordance with established policies. Action will be taken to recover all monies stolen from the Council."

2 *The Counter Fraud Team*

The Counter Fraud Team, which sits within Audit Services, is continuing to develop and lead in raising fraud awareness across the Council and in promoting an anti-fraud culture. The team carries out investigations into areas of suspected or reported fraudulent activity and organises a series of Council wide pro-active fraud activities, including the targeted testing of areas open to the potential of fraudulent activity. The team maintains the Council's fraud risk register, implements the counter fraud plan and leads on the Cabinet Office's National Fraud Initiative (NFI) exercise.

The team also provide a tenancy fraud investigation service to Wolverhampton Homes under a service level agreement.

3 *Counter Fraud Update*

Counter Fraud Plan

The latest status of progress against the counter fraud plan is shown at Appendix 1

Fraud Risk Register

The Counter Fraud Team maintains the Council's fraud risk register. The register is used to help identify areas for testing and to inform future audit assurance plans by focusing on the areas with the 'highest' risk of fraud. The latest fraud risk register is included at Appendix 2.

National Fraud Initiative Exercise 2022/23

The Counter Fraud Unit co-ordinates the investigation of matches identified by the Cabinet Office's National Fraud Initiative (NFI) data matching exercises. Where matches are identified, the ensuing investigations may detect instances of fraud, over or underpayments, and other errors. A match does not automatically mean there is a fraud. Often there is another explanation for a data match that prompts bodies to update their records and to improve their systems. The NFI exercise also provides assurance to management those systems are working effectively where fraud and error is not present.

The latest NFI exercise commenced in January 2023 and a total of 9,945 matches have been released. The matches are graded with the highest quality matches prioritised for investigation. Work is progressing to investigate the various types of matches with the outcomes included in the table below. As further matches are processed details of the progress made will be brought before the Committee.

In November 2023 the NFI released a series of new matches involving Council Tax Reduction Scheme data being matched to data provided by HMRC, which included property ownership, earnings and capital and household composition. Details of the results from these matches are included in the table below.

Description	*Current value (£)
Pensions and Pension Gratuities to DWP Deceased	18,677
Blue Badge Parking Permit to Blue Badge Parking Permit	1,300
Blue Badge Parking Permit to DWP Deceased	198,900
Council Tax Reduction Scheme to HMRC Property Ownership	1,895
Council Tax Reduction Scheme to HMRC Earnings and Capital	5,251
Total	226,023

*The savings figures are based on methodology and calculations produced by the Cabinet Office in support of the National Fraud Initiative. The figures include:

Blue Badge – Notional £650 per badge cancelled.

Pensions – action is being taken to recover the overpayments.

Council Tax Reduction Scheme – action is being taken to recover the excess reductions.

Counter Fraud Team - Tenancy Fraud

The Counter Fraud Teams Tenancy Fraud results from 01 April 2023 to 31 January 2024 are shown in the following table:

Recoveries	1 April 2023 to 31 January 2024	Value*
Investigation type	Number	£
Subletting	1	93,000
Non-occupation	1	93,000
False Applications	7	22,680
Total nominal savings*	9	208,680

*The savings figures for tenancy fraud are based on methodology and calculations produced by the Cabinet Office in support of the National Fraud Initiative and include:

Social housing tenancy fraud - Notional £93,000 saving recognises the future losses prevented from recovering the property.

Social housing application fraud – Notional £3,240 (per case) saving recognises the future losses prevented by not letting the property to an ineligible individual and with the potential of having to place a genuine prospective tenant from the waiting list in expensive temporary accommodation. There is no allowance in this calculation for post-void fraud and therefore the notional loss is less than that of social housing tenancy fraud.

National Anti-Fraud Network Intelligence Notifications

The National Anti-Fraud Network (NAFN) issues regular alerts which provide information on fraud attempts, trends and emerging threats. The information provided in the alerts has been notified to NAFN by other local authorities from across the country. These alerts are checked to the Council's systems to verify whether there have been any instances at Wolverhampton.

Alerts which either involve suppliers used by the Council or are applicable to all Councils, are notified to appropriate sections of the Council. The most common alerts relate to Bank Mandate fraud, Council Tax Refund fraud, cyber fraud including ransomware and email interception.

Midland Fraud Group

This group consists of fraud officers from across the Midland's local authorities. The purpose of the group is to identify and discuss the outcome of initiatives being used to tackle fraud. At the last meeting discussions were held on:

- Blue Badges.
- Money Laundering.
- Sanctions

Counter Fraud Plan Update

Issue	Action	Timescale
Raising counter fraud awareness across the Council	Develop and deliver Fraud Awareness seminars	Fraud based training to be planned
	Develop on-line fraud training for staff.	To be refreshed Spring 2024
	Work with Workforce Development to develop and promote fraud training.	New training package to be introduced Spring 2024
	Establish measures for assessing the level of employee fraud awareness.	Spring 2024
	Hold fraud surgeries to enable staff to report areas of suspected fraud.	Fraud surgeries planned for Spring 2024
	Use various forms of media to promote fraud awareness across the Council including City People, the intranet and the internet.	Fraud seminars and surgeries will be promoted through City People
	Work closely with Wolverhampton Homes and seek opportunities to promote joint fraud awareness.	On-going
Work with national, regional and local networks to identify current fraud risks and initiatives.	Maintain membership of the National Anti-Fraud Network (NAFN).	On-going
	Participate in the Cabinet Office's National Fraud Initiative (NFI) data matching exercises. Acting as key contact for the Council, the West Midlands Pension Scheme and Wolverhampton Homes.	On-going. Latest exercise commenced January 2023
	Complete the CIPFA fraud survey.	CIPFA Survey last required to be completed Aug 2020
	Investigate opportunities to develop the use of NFI real time and near real time data matching.	Ongoing
	Participate in CIPFA's technical information service.	On-going
	Maintain membership of the Midlands Fraud Group.	On-going –last meeting Autumn 2023
	Attend external fraud seminars and courses.	Counter Fraud and Forensic Accounting Conference June 2022, NAFN AGM and National Conference Nov 2023
Assess the counter fraud strategy against best practice	Complete national fraud self-assessments, for example:	
	<ul style="list-style-type: none"> CIPFA Code of Practice 	As and when next updated by CIPFA
	<ul style="list-style-type: none"> CIPFA Council Fraud Hacker Survey 	Annually

Issue	Action	Timescale
	<ul style="list-style-type: none"> The former Department for Communities and Local Government – ten actions to tackle fraud against the Council. 	On-going
	<ul style="list-style-type: none"> Consideration of fraud resilience toolkit 	On-going
Identify and rank the fraud risks facing the Council	Manage the Council's fraud risk register to ensure key risks are identified and prioritised.	Updated quarterly and presented to the Audit and Risk Committee
	Develop measures of potential fraud risk to help justify investment in counter fraud initiatives.	On-going
	Seek opportunities to integrate the fraud risk register with other corporate risk registers and also the Audit Services Audit Plan	On-going
Work with other fraud investigation teams at the Council	Develop good communication links between the Counter Fraud Unit, Wolverhampton Homes, and Audit Services.	The Council's Counter Fraud Team provide a tenancy fraud service to Wolverhampton Homes.
Work with external organisations to share knowledge about frauds?	Establish formal joint working relationships with external bodies, for example Police, Health Service and Immigration Enforcement.	On-going
Participate in external initiatives and address requests for information	Implement industry best practice as identified in reports produced by external bodies, for example; CIPFA's Annual Fraud Tracker Survey and the National Fraud Initiative report.	Annual/on-going
	Encourage Service Areas to participate in initiatives to identify cases of fraud.	Liaise with other services where appropriate
	Look for opportunities to use analytical techniques such as data matching to identify frauds perpetrated across bodies, for example other Councils.	On-going
	Undertake a programme of proactive target testing.	On-going
	Respond to external requests for information or requests to take part in national initiatives.	On-going
All cases of reported fraud are identified, recorded and investigated in accordance with best practice and professional standards.	Work with Service Areas to develop methods of recognising, measuring and recording all forms of fraud.	Liaise with other services where appropriate
	Manage and co-ordinate fraud investigations across the Council.	As reported back to the Audit and Risk Committee on a quarterly basis
	Implement and update the Council's portfolio of fraud related policies in response to changes in legislation.	Latest version approved by the Audit

Issue	Action	Timescale
		and Risk Committee in November 2023
	Where appropriate take sanctions against the perpetrators of fraud either internally in conjunction with Human Resources and Legal Services or externally by the Police.	On-going
Ensure responsibility for counter fraud activities is included in Partnership agreements with external bodies.	Embed responsibility for counter fraud activities in partnership agreements with the Council's strategic partners.	On-going
	Partnership agreements to include the Council's rights of access to conduct fraud investigations.	On-going
Provide the opportunity for employees and members of the public to report suspected fraud.	Manage and promote the Whistleblowing Hotline and record all reported allegations of fraud.	City People article – planned for Spring 2024
	Promote and hold fraud surgeries that provide the opportunity for staff to discuss any potentially fraudulent activity at the Council.	Fraud surgeries planned for Spring 2024
	Seek other methods of engaging with employees and the public to report fraud.	On-going – for example through the Council's internet site
	Where appropriate ensure allegations are investigated and appropriate action taken.	On-going
	Work with and develop procedures for carrying out investigations with other service areas for example Human Resources, Legal Services and Wolverhampton Homes.	On-going
Inform members and senior officers of counter fraud activities.	Report quarterly to the Audit Committee on the implementation of Counter Fraud initiatives and the progress and outcome of fraud investigations.	On-going

Fraud Risk Register @ March 2024

Themes	Potential fraud type	Risk rating
Housing Tenancy	Subletting for profit, providing false information to gain a tenancy, wrongful tenancy assignment and succession, failing to use the property as the principle home, right to buy. This risk is managed by Wolverhampton Homes.	Red
Council Tax	Fraudulently claiming for discounts and exemptions such as the single person's discount and Local Council Tax Support Schemes.	Red
Personal Budgets	Falsely claiming that care is needed, carers using direct payments for personal gain, carers continuing to receive direct payments after a person dies, duplicate applications submitted to multiple Councils.	Red
Cyber Security	Using technology as a tool to commit acts of fraud – this currently has a very high profile and is an ever-increasing area susceptible to fraud	Red
Covid-19	The Council was open to fraud and misappropriation due to changes in legislation and the speed in which government support grants needed to be processed.	Amber
Welfare Assistance	Fraudulent claims.	Amber
Procurement	Collusion (employees and bidders), false invoices, overcharging, inferior goods and services, duplicate invoices.	Amber
Business Rates	Evading payment, falsely claiming mandatory and discretionary rate relief, empty property exemption, charity status.	Amber
Payroll	'ghost' employees, expenses, claims, recruitment.	Amber
Blue Badge	Fraudulent applications use by others and continuing use after a person dies.	Amber
Electoral	Postal voting, canvassing.	Amber
Schools	School accounts, expenses, procurement, finance leases.	Amber
Bank Mandate Fraud	Fraudulent request for change of bank details (increased following a recent case).	Amber
Theft	Theft of Council assets including cash (increased following a recent case).	Amber
Insurance	Fraudulent and exaggerated claims.	Green
Manipulation of data	Amending financial records and performance information.	Green
Grants	False grant applications, failure to use for its intended purpose.	Green

Bribery	Awarding of contracts, decision making.	Green
Money Laundering	Accepting payments from the proceeds of crime.	Green

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