

## AUDIT COMMITTEE

- Date and Time :-** Monday 7 August 2023 at 2.00 p.m.
- Venue:-** Rotherham Town Hall, Moorgate Street, Rotherham. S60 2TH.
- Membership:-** Councillor Baker-Rogers (Chair); Councillors Browne (Vice-Chair), Ball, Mills and Wyatt
- Mr. J. Barber, Independent Member

The business which will be discussed are described on the agenda below and there are reports attached which give more details.

Rotherham Council advocates openness and transparency as part of its democratic processes. Anyone wishing to record (film or audio) the public parts of the meeting should inform the Chair or Governance Advisor of their intentions prior to the meeting.

## AGENDA

### 1. Apologies for Absence

To receive the apologies of any Member who is unable to attend the meeting.

### 2. Minutes of the previous meeting held on 7 June 2023 (Pages 5 - 11)

To consider and approve the minutes of the previous meeting held on 7 June 2023 as a true and correct record of the proceedings.

### 3. Declarations of Interest

To receive declarations of interest from Members in respect of items listed on the agenda.

### 4. Questions from Members of the Public or the Press

To receive questions relating to items of business on the agenda from members of the public or press who are present at the meeting.

### 5. Exclusion of the Press and Public

To determine whether the following items should be considered under the categories suggested in accordance with Part 1 of Schedule 12A (as amended 2006) of the Local Government Act 1972.

The following item is exempt from the press and public.

Agenda Item 9, Appendices 1 and 2, are exempt under Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information))

Therefore, when considering these items, the Chair will move the following resolution:

That under Section 100(A) 4 of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 3 of Part 1 of Schedule 12(A) of such Act indicated, as now amended by the Local Government (Access to Information) (Variation) Order 2006 ( (Information relating to the financial or business affairs of any particular person (including the authority holding that information)).

**6. Items for Referral for Scrutiny**

To consider the referral of matters for consideration by the Overview and Scrutiny Management Board.


- 7. Treasury Management Outturn 2022-23 and Summary Prudential Indicators Rotherham MBC (Pages 13 - 28)**
- 8. Dedicated School Grant - Central Reserve (Pages 29 - 36)**
- 9. Risk Management Annual Report and Strategic Risk Register (Pages 37 - 59)**
- 10. External inspections, reviews, and audits update (Pages 61 - 83)**
- 11. Review of Surveillance and use of Regulation of Investigatory Powers (Pages 85 - 135)**
- 12. Audit Committee Annual Report 2022/23 (Pages 137 - 154)**
- 13. Internal Audit Progress Report for the period 1st May 2023 to 30th June 2023. (Pages 155 - 172)**
- 14. Audit Committee Forward Work Plan (Pages 173 - 181)**

**15. Urgent Business**

To consider any item which the Chair is of the opinion should be considered as a matter of urgency.

**16. Date and time of next meeting**

The next meeting of the Audit Committee will be held on Tuesday 26 September, 2023 commencing at 2.00pm in Rotherham Town Hall.



SHARON KEMP,  
Chief Executive.

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**AUDIT COMMITTEE**  
**Wednesday 7 June 2023**

Present:- Councillor Baker-Rogers (in the Chair); Councillors Browne, Ball, Mills and Barber.

Apologies were received from Councillor Wyatt.

**92. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Wyatt.

**93. MINUTES OF THE PREVIOUS MEETING HELD ON 14TH MARCH 2023**

Consideration was given to the minutes of the previous meeting of the Audit Committee held on 14 March 2023.

Resolved: That the minutes of the previous meeting of the Audit Committee be approved as a correct record of proceedings.

**94. DECLARATIONS OF INTEREST**

There were no Declarations of Interest made at the meeting.

**95. QUESTIONS FROM MEMBERS OF THE PUBLIC OR THE PRESS**

There were no members of the public or press present at the meeting nor had any questions being received in advance of the meeting.

**96. EXCLUSION OF THE PRESS AND PUBLIC**

Resolved: That, under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for Minute No. 104 (Adult Care, Housing and Public Health Directorate Risk Register – Appendix 1) as it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972.

**97. ITEMS FOR REFERRAL FOR SCRUTINY**

There were no items for referral.

**98. DRAFT STATEMENT OF ACCOUNTS 2022-2023**

Consideration was given to a report presented by Rob Mahon, Assistant Director - Finance, which introduced the draft Statement of Accounts, which had been published on the Council's website by the deadline of 31 May 2023. The Council was now into the public inspection phase, which would then follow on to the external audit phase of the process. It was

proposed that the final accounts would be produced by the end of September 2023 with the final sign off taking place in November 2023,

The Statement of Accounts included 4 appendices, the first was the narrative report, which was a more user-friendly summation of the Council's financial position, which covered the key areas of the accounts. Appendix 4, was a report on a new process introduced this year, which was a series of questions around audit risk, fraud and risk assessment of accounting estimates that the Council took in terms of it's day to day management.

A key change in the accounts was the movement within the Pension Fund moving from a deficit to a surplus position. Whilst the movements within the Pension Fund position had been significant, it was clarified that this did not impact the Council's Pension Fund contributions.

In response to a query regarding assumptions for the future, around unknown facts and situations it was explained that the sources of the estimations in the accounts were more around asset valuations, the valuations around the Council's property, pensions as apposed to the more Medium-Term Financial Strategy (MTFS) considerations relating to the economic environment such as inflation and payroll. The biggest challenges to the Council were external factors such as pay increases and inflation which was covered by the MTFS.

Discussions took place regarding how many questions had been received on the accounts and it was queried if more could be done in the future to publicise that the accounts were available to residents to view. It was agreed that officers would give consideration as to what additional methods could be used to publicise the Statement of Accounts within the borough.

The External Auditors clarified that they had not received any formal questions from members of the public on the Council's accounts within the past four years and highlighted that members of the public had the opportunity to raise questions with them during the next 30 days.

Resolved: That Audit Committee:

1. Received the draft unaudited Statement of Accounts 2022/23.
2. Agreed that officers would give further consideration to publicising that the draft unaudited Statement of Accounts is available for consultation within the borough.

## **99. ANNUAL GOVERNANCE STATEMENT 2022/23**

Consideration was given to the draft Annual Governance Statement (AGS) for the 2022/23 financial year as presented by David Webster, Head of Internal Audit. This was published alongside the Councils Statement of Accounts on 31 May 2023. The paper briefly set out the

process that was followed to construct this AGS.

He clarified that the process followed for constructing the 2022/23 AGS involved each Strategic Director overseeing a self-assessment of governance within their Directorates. This information was reviewed, and the Strategic Directors added their own Statement of Assurance based on the information arising from their review of current and previous governance issues. The Corporate Governance Group then reviewed those statements and produced the AGS. The AGS was then reviewed by the Strategic Director Finance and Customer Services, the Monitoring Officer, The Chief Executive and the Leader.

The AGS included a framework of governance arrangements and how it related to the CIPFA guidance. It included how it was monitored and the assurances it received along with an update on matters referred to in the AGS for 2021/22. It also contained a statement from the Leader and Chief Executive.

A suggestion was made that the section referring to the Chief Executive, Strategic and Assistant Directors in the table setting out the key elements of an effective governance framework be updated to include reference to the Monitoring Officer. That was agreed and will be included in the Final AGS.

Resolved: That Audit Committee: Reviewed the draft 2022/23 Annual Governance Statement and raised queries, as necessary.

#### **100. GRANT THORNTON EXTERNAL AUDIT PLAN 2022-2023**

Gareth Mills, Grant Thornton, presented the External Audit Plan in which the Council's external auditor, Grant Thornton, praised the Council that the draft accounts had been prepared in line with the end of May deadline given the pressures and difficulties faced by many Local Authorities across the country to achieve it.

He highlighted that the core audit team remained consistent, and this was the fifth year that the same team had led on the audit, providing a consistent approach to the audit process for both parties.

The report covered both the national and local contexts and discussed the key matters. The ongoing Dedicated Schools Grant (DSG) position was noted along with the receipt of the Safety Valve Funding (SVF). The receipt of the SVF was in recognition of the Council's good performance, in managing the DSG deficit along with its stable financial position.

There were around 600 Local Authority audits outstanding at the time of the meeting and it was expected that this could increase due to the issues around the national backlog. They were proposing to conclude their audit in November 2023, which was after the national deadline of 30 September 2023.

The areas of significant risk were the same as in previous years, centring around management over-ride of controls, valuation of land and buildings and valuation of the net pension fund balance. Materiality was calculated on a similar principle as previous years but if items went above those thresholds they would be considered separately within the audit.

Most of the value for money work would be undertaken during the summer and autumn with an aim to conclude the work by the end of the year when a report would be presented to the committee in January 2024.

The audit fee was broadly in line with the previous two years however next years fee would be increased. He also clarified that they remained independent from the Council.

In response to queries Gareth Mills made the following points:

- They had seen a strengthening of arrangements in terms of financial stability and governance over the previous 4 years but that was not to say that the Council was without its risk.
- The official deadline for completion of the audit was 30 September 2023 however auditors were discussing the feasibility of that deadline given there were around 600 audits to be signed off by that date. He clarified that completing the audit by the end of November would be feasible.
- A significant proportion of audit time was spent looking at the Pension Fund balances which were subject to loss of fluctuations and variations due to outside influences. As part of the regulation's auditors are asked to challenge those assumptions and other factors that could affect the Pensions and Land and Buildings funds.

Resolved: That Audit Committee noted Grant Thornton, External Auditor's 2022/23 audit plan.

#### **101. INTERNAL AUDIT PROGRESS REPORT FOR THE PERIOD 1ST FEBRUARY 2023 TO 30TH APRIL 2023**

Consideration was given to a report presented by David Webster, Head of Internal Audit, which provided an up-to-date position on the Internal Audit Plan, a summary of Internal Audit work completed during 1 February to 30 April 2023 and the key issues that had arisen from it. Appendix A indicated the latest position however since publication another seven audits had been finalised.

The Chair explained that she had been notified of an audit report that had received an audit opinion of 'No Assurance' which was the Tree Management audit. Polly Hamilton, Assistant Director, Culture, Sport & Tourism and Leanne Buchan: Head of Creative Programming & Engagement attended the meeting.



Polly Hamilton explained that three reports had been commissioned with the Internal Audit review being focused on specific areas of concern. The review provided a series of 20 recommendations to strengthen areas of weakness. She clarified that 14 of the 20 recommendations were complete and a further 2 would be completed by the end of June. All the urgent and red rated tree works had now been addressed and a quality assurance system had been developed and implemented to address the recommendations.

It was clarified that the audit was commissioned as a result of a specific incident of which it was deemed the Council was not at fault but emphasis around strengthening the processes followed.

The Head of Internal Audit explained that a follow up audit would be planned before the end of the year. The Chair requested to see a copy of that audit report regardless of the rating it received. She was pleased that the audit had been seen as a positive tool to improve and hoped those improvements would be sustained.

Resolved: That the Audit Committee:

1. Noted the Internal Audit work undertaken since the last Audit Committee, 1st February 2023 to 30th April 2023, and the key issues that have arisen from it.
2. Noted the information contained regarding the performance of Internal Audit and the actions being taken by management in respect of their performance.

## **102. INTERNAL AUDIT ANNUAL REPORT 2022-23**

Consideration was given to a report presented by David Webster, Head of Internal Audit, which summarised the work undertaken by the Internal Audit Department. The report provided the overall opinion of the Head of Internal Audit on the adequacy of the Council's control environment, risk management and governance. His opinion and the contents of the report feed into the Annual Governance Statement.

The report provided information on the definition and role of Internal Audit, confirmed their independence and outlined the work carried out during the year.

A section of the report listed that there were five Partial Assurance audit opinions in the year and one with No Assurance and he highlighted an error within that Partial Assurance table which was 'Museum Collections' for R&E should have been included in the table and S278 Agreements should have been removed.

He explained that forty-seven audits had been completed within the year. No investigations had been completed but 70 days had been spent on

investigations during the year. Expertise was brought in to complete any ICT audits on their behalf.

It was suggested that information on any overdue recommendations be included within the report going forward. In terms of receiving feedback, fourteen client satisfaction surveys were completed. He did not feel that it would be higher in other authorities, and it was not something that he would want to insist that managers complete.

In response the Head of Internal Audit explained that 40 days had been spent on anti-fraud work during the year, most of which took place during the National Fraud Initiative.

Resolved: That the Audit Committee:

1. Noted the Internal Audit work undertaken during the financial year 2022-23 and the key issues that have arisen from it.
2. Noted the overall opinion of the Head of Internal Audit on the adequacy and effectiveness of the framework of governance, risk management and control within the Council.

### **103. AUDIT COMMITTEE FORWARD WORK PLAN**

Consideration was given to the proposed forward work plan for the Audit Committee, which was presented by David Webster, Head of Internal Audit.

The Chair explained that if any member could speak with the Head of Internal Audit or herself regarding adding an audit to the work plan.

Resolved: That the Audit Committee reviewed the Forward Work Plan.

### **104. ADULT CARE, HOUSING AND PUBLIC HEALTH (ACPH) DIRECTORATE RISK REGISTER**

Consideration was given to a report, presented by Ian Spicer, Strategic Director, Adult Care, Housing and Public Health, which provided details of the Risk Register and risk management activity within the Adult Care, Housing and Public Health Directorate.

A detailed breakdown was given of the Directorate's approach to risk management and monitoring and the efforts to ensure transparency and the understanding of risk management by all staff.

During discussions, it was requested that future reports include a comparison to show the difference between the information presented at the last meeting against the current information.

Resolved: That the Audit Committee noted the progress and current position in relation to risk management activity in the Adult Social Care, Housing and Public Health Directorate, as detailed in the report.

**105. URGENT BUSINESS**

There was no urgent business to report.

**106. DATE AND TIME OF NEXT MEETING**

Resolved: That a further meeting be held on 27 July 2023, commencing at 2pm in Rotherham Town Hall.

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**Committee Name and Date of Committee Meeting**

Audit Committee – 27 July 2023

**Report Title**

Treasury Management Outturn 2022-23 and Summary Prudential Indicators  
Rotherham MBC

**Is this a Key Decision and has it been included on the Forward Plan?**

No

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director of Finance and Customer Services

**Report Author(s)**

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**Ward(s) Affected**

Borough-Wide or Choose an item.

Choose an item.

**Report Summary**

At the Cabinet Meeting on 10th July 2023, Members agreed to recommend that Audit Committee receive the Financial Outturn 2022/23 – Treasury Management and Prudential Indicators report. The report considered by the Cabinet is appended to this covering paper in order to comply with the recommendation to forward the Annual Treasury Management Report and Actual Prudential Indicators 2022/23 for information.

**Recommendations**

1. That the Financial Outturn 2022/23 – Treasury Management and Prudential Indicators be noted for information.

**List of Appendices Included**

1 Report to Cabinet 10th July 2023 – “Treasury Management Outturn 2022/23” and “Appendix 1 Summary Prudential Indicators Rotherham MBC”

**Background Papers**

The Council's Budget and Council Tax Report 2022/23, including Treasury Management Strategy and Prudential Indicators report to Council on 02nd March 2022

Mid-Year Treasury Management and Prudential Indicators Monitoring report to Audit Committee on 29th November 2022

CIPFA – Code of Practice for Treasury Management in the Public Services Local Government Act 2003 (as updated)

CIPFA – Prudential Code (as updated)

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No

**Council Approval Required**

No

**Exempt from the Press and Public**

No

**Committee Name and Date of Committee Meeting**

Cabinet – 10 July 2023

**Report Title**

Treasury Management Outturn 2022-23

**Is this a Key Decision and has it been included on the Forward Plan?**

Yes

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director of Finance and Customer Services

**Report Author(s)**

Ian Bagshaw, Finance Manager - Financial Accounting  
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**Ward(s) Affected**

Borough-Wide

**Report Summary**

The annual treasury management report is the final treasury report for 2022/23. It's purpose is to review the treasury activity for 2022/23 against the strategy agreed at the start of the year. The report also covers the actual Prudential Indicators for 2022/23 in accordance with the requirements of the Prudential Code.

The Council received an annual treasury strategy report in advance of the 2022/23 financial year at it's meeting on 2 March 2022 and Audit Committee received a mid-year report at it's meeting on 29 November 2022, representing a mid-year review of treasury activity during 2022/23.

The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

The Council is required to comply with both Codes through regulations issued under the Local Government Act 2003.

**Recommendations**

1. To note the Treasury Management Prudential Indicators outturn position as set out in Section 3 and Appendix 1.
2. To agree that the report is forwarded to Audit Committee for information.

**List of Appendices Included**

Appendix 1 – Summary Prudential Indicators for Rotherham MBC

Appendix 2 – Initial Equality Screening Assessment

Appendix 3 – Carbon Impact Assessment

**Background Papers**

Treasury Management Strategy and Prudential Indicators report to Council on 2 March 2022

Mid-Year Treasury Management and Prudential Indicators Monitoring report to Audit Committee on 29 November 2022

CIPFA – Code of Practice for Treasury Management in the Public Services Local Government Act 2003 (as updated)

CIPFA – Prudential Code (as updated)

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No.

**Council Approval Required**

No

**Exempt from the Press and Public**

No.



## 1. Background

1.1 The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government Act 2003 (the Act) provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions were made in 2022/23);
- Statutory Instrument (SI) 3146 2003, as amended, defines the controls and powers within the Act;
- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the DLUHC has issued Investment Guidance to structure and regulate councils' investment activities; and
- Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 (revised), the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8th November 2007.

1.2 The Council complied with all of the above relevant statutory and regulatory requirements which limit the levels of risk associated with its treasury management activities. In particular, the adoption and implementation of the Prudential Code and the Code of Practice for Treasury Management means that its capital expenditure is prudent, affordable and sustainable. Treasury investment practices are governed by the primary objectives of security ahead of liquidity and then yield.

1.3 The Council's treasury management functions have been operating within unprecedented times of uncertainty. This uncertainty impacts forecasts on borrowing and lending rates, availability of borrowing and investment options and capital programme projections. The impact of the conflict in Ukraine has been an additional driver of uncertainty in the financial markets, along with rising inflation and energy prices and the turmoil in the bond market following the Government's mini budget on 23 September 2022. This led to a significant rise in interest rates during 2022/23 as the Bank of England raised rates in an attempt to reduce inflation.

1.4 On a daily basis money flows into and out of the Council's bank accounts and this has to be managed carefully. The Council manages its cashflow on a daily basis to take account of income received from grants, fees and charges, local taxation and borrowing alongside its outgoings due to the expenditure the Council incurs, such as salaries and supplier payments. The cashflow process is about ensuring the Council has sufficient funds available in its bank accounts to meet the payments that it plans to make each day. This process is separate from

the Council's financial monitoring that tracks planned and actual expenditure against planned budgets.

- 1.5 During 2022/23 the Council has held additional cash, as a result of taking out £227m of PWLB borrowing over a 48-50 year period in 2021/22 at historically low rates, less than 1.8%. This was to take advantage of low interest rates to replace short term borrowing and reduce the Council's interest rate risk. This cash has been invested during 2022/23 in short term investments up to 1 year enabling the Council to increase its return on investments and take advantage of the high interest rate market conditions. The overall investment return has been less than the current prevailing rate as the rate of return has increased significantly during the year and a number of investments were made during 2021/22 when investment returns were much lower.
- 1.6 The Bank Of England Base Rate increased from 0.75% to 4.25% during 2022/23 as the Bank of England increased interest rates to control inflation. As at 31 May 2023 the base rate was 4.5% with further increases forecast. This has resulted in a significant increase in investment returns during 2022/23. In addition, the Council's short term borrowing costs have significantly reduced during 2022/23 as the Council has not needed to borrow (due to PWB borrowing detailed above) and not needed to borrow in the high interest rate market.
- 1.7 This has had a beneficial outcome to the Council's treasury strategy and enabled significant interest savings to be generated during 2022/23. Taken together the additional return on investments, reduced borrowing need and further slippage on the Council's Capital programme have enabled the Council to transfer £8.3m into the Treasury Management Reserve to support the Council's Budget and to support the Council's Medium Term Financial Strategy to 2025/26 as approved within the Council's Budget and Council Tax Report 2023/24.

## 2. Key Issues

- 2.1 Indicators are set prior to the start of the financial year and reflect the known position at that time. Approved changes to the Capital Programme and its funding throughout the financial year, together with variations in treasury management activity, mean that actual indicators for the year may vary from the projections made prior to the start of the financial year. However, through regular monitoring and reporting revised estimates of these indicators, the Council is able to ensure the impact is known and managed through the Medium Term Financial Strategy.
- 2.2 The actual prudential indicators for 2022/23 for Rotherham MBC, with comparators, are shown in the attached Appendix 1. Background to these is provided in the following paragraphs.
- 2.3 **Impact of the Council's Capital Expenditure and Financing 2022/23** - the Council expends capital expenditure on long term assets. This may either be:
  - Financed immediately through capital receipts, capital grants etc.; or
  - Financed over the life of the asset by use of Prudential Borrowing.

Part of the Council's Treasury activities is to address this borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council. The wider treasury activities also include managing the Council's cash flows, its previous borrowing activities and the investment of surplus funds. These activities are structured to manage risk foremost, and then optimise performance. The primary objective is security ahead of liquidity and then yield or return.

- 2.4 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a gauge for the Council's debt position. It represents 2022/23 and prior years' net capital expenditure which has not yet been paid for by revenue or other resources. In accordance with current accounting regulations, the CFR also includes other long term liabilities which have been brought on balance sheet, for example, PFI schemes and finance lease assets.
- 2.5 The Non-HRA element of the CFR (excluding PFI schemes and finance lease assets) is reduced each year by a statutory revenue charge (the Minimum Revenue Provision - MRP). The CFR can also be reduced by:
- the application of additional capital resources (such as unapplied capital receipts); or
  - charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).
- 2.6 At the end of the financial year 2022/23 the closing CFR is £22.029m less than that approved in the revised indicator, via the Mid-Year report. The reduction is due to slippage on a number of capital schemes and additional grant funding gained, that in turn reduces the Council's need to borrow at this point in time and has the knock on effect of generating savings against the treasury budget for 2023/24 as planned interest payments and minimum revenue provision payments are reduced.
- 2.7 Treasury Position at 31 March 2023 - whilst the Council's gauge of its underlying need to borrow is the CFR, the Treasury Management function as authorised by the Strategic Director of Finance and Customer Services can manage the Council's actual borrowing position by either:
- borrowing to the CFR (excluding the impact of PFI and similar contracts); or
  - choosing to utilise some temporary internal cash flow funds instead of borrowing (under-borrowing); or
  - borrowing for future increases in the CFR (borrowing in advance of need).
- 2.8 During 2022/23 investment balances have been used to pay off short term borrowing as it has matured but more significantly these balances have been used to push back the Council's need to borrow whilst interest rates are high. This has resulted in a significant increase in the net under borrowed position.
- 2.9 The borrowing of long term funds during 2021/22 has provided certainty of interest payments over a long period of time (48-50 years) and has removed

some of the risk of rising interest rates. Since these loans were taken out both short and long term borrowing rates have risen significantly and are forecast to rise further in the short term before falling during 2024/25. The Council will continue to monitor the interest position with a view to taking out further long term borrowing if there are dips in the long term borrowing rates, although the general movement of interest rates is forecast to be upwards over the short to medium term. As such this presents a longer term financial challenge for the Council, as the Council will eventually need to re-enter the borrowing market.

2.10 At 31 March 2023, the Council's borrowing (excluding PFI and similar schemes) and investments were as follows:

2.11 **Table 1 Council's Treasury Position 2022/2023**

<b>Net Borrowing</b>	<b>As At 31 March 2022 £m</b>	<b>As At 31 March 2023 £m</b>
<b>Long Term Borrowing</b>		
Public Works Loans Board (PWLB)	375.670	365.456
Market (e.g. Banks, Other Local Authorities) > 1 year	248.000	232.000
<b>Short Term Borrowing</b>		
Public Works Loans Board (PWLB)	13.071	10.214
Market (e.g. Banks, Other Local Authorities) < 1 year	130.500	46.000
	<b>767.241</b>	<b>653.670</b>
<b>External Investments</b>		
Debt Management Office	48.500	0.000
Other Local Authorities	137.000	40.000
Money Market Funds	39.350	30.300
	<b>224.850</b>	<b>70.300</b>
<b>Net Borrowing</b>	<b>542.391</b>	<b>583.370</b>
<b>Net Borrowing - Excluding Short Term Borrowing</b>	<b>411.891</b>	<b>537.370</b>
<b>Capital Financing Requirement (exc Other Long Term Liabilities)</b>	<b>736.433</b>	<b>765.790</b>
<b>Net Under-Borrowed</b>	<b>324.542</b>	<b>228.420</b>

2.12 Against the Council's Capital Financing Requirement of £765.790m (excluding PFI and similar arrangements totalling £116.883m), the Council's outstanding net borrowing of £583.370m (excluding short term borrowing) is lower than this requirement by £228.420m. Investments have matured in 2022/23 which have been used to repay borrowing as it has matured and £20m of long term borrowing

has been taken out. This has resulted in reduced balances of borrowing and investments compared with 2021/22.

2.13 Total savings in the Treasury Management budget for 2022/23, arising from all treasury activity including cash-flow management, were over £8.3m, as per the Council's Budget and Council Tax report 2023/24 these have been transferred to reserves. In addition, treasury management and capital financing decisions taken at the year end will also enable a re-profiling of MRP and interest forecasts to allow for further savings in 2023/24. These decisions generate in excess of £1.3m to be contributed towards the treasury management budget, although it should be noted that some of this saving is as a result of slippage in the Capital Programme. Given the current inflationary conditions this saving is anticipated to help support the Council's Treasury Management function operate to budget.

### 2.14 **PRUDENTIAL INDICATORS AND COMPLIANCE ISSUES**

Some of the prudential indicators provide either an overview or specific limits on Treasury activity:

2.15 **Net Borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term the Council's external borrowing net of investments must only be used for a capital purpose. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2022/23 plus the expected changes to the CFR for 2023/24 and 2024/25. The Council complied with this prudential indicator throughout 2022/23.

2.16 **The Authorised Limit** – the Authorised Limit is the “Affordable Borrowing Limit” required by S3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The Council maintained gross borrowing within it's Authorised Limit, both excluding and including the impact of bringing PFI and similar arrangements on to the Council's Balance Sheet.

2.17 **The Operational Boundary** – The Operational Boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the Boundary is acceptable subject to the Authorised Limit not being breached. The Council maintained it's borrowing position around it's Operational Boundary.

2.18 **Actual financing costs as a proportion of net revenue stream** – This indicator identifies the trend in the cost of capital (borrowing and the cost of other long term obligations but net of investment income) against the Council's Budget Requirement (net revenue stream) for the General Fund and budgeted income for the HRA.

2.19 The General Fund shows a reduction in the actual financing costs as a proportion of net revenue stream. The General Fund ratio decreased from 5.31% (original budget) to 4.52% (actual out-turn). This was mainly as a result of reduced borrowing costs for the year as no long term borrowing was taken during the year. The increased interest received on investments also contribute to this reduction. The HRA ratio decreased from 16.8% (original budget) to 15.52% (actual out-

turn). This decrease is due to the increased investment income due to the HRA during the year.

## 2.20 TREASURY MANAGEMENT INDICATORS

### 2.21 Limits on Activity (as shown in Appendix 1)

Upper limits on fixed and variable interest rates as at 31 March 2023. These indicators identify the maximum limits for fixed interest rate gross debt and for variable interest rates based upon the debt position, net of investments. The Council remained within the limits set throughout 2022/23.

2.22 Maturity structure of fixed rate borrowing during 2022/23. These gross limits are set in order to reduce the Council's exposure to large fixed rate sums falling due for refinancing and are required for upper and lower limits. During 2021/22 long term borrowing was taken to replace short term borrowing. This has reduced the level of funds maturing in the short term and the short term borrowing falls comfortably within the limits set. Short term borrowing will continue to mature and repayments funded by the Council's investment balance. Therefore, the Council will remain comfortably within the limits but still have the option to borrow short term if this is required.

2.23 Maximum funds invested for more than 365 days – This limit is set to reduce the need for early sale of an investment and is based on the availability of funds after each year end.

### 2.24 Borrowing

New and Replacement Borrowing – There has not been a need to borrow during the year as there were still funds available from the £227m of PWLB loans taken in 2021/22. These funds have been invested and used to repay short term borrowing as it has matured.

2.25 Despite this there has been one loan taken out during the year. This was taken at an advantageous interest rate from SYMCA to mitigate against increases in short and long term borrowing rates.

### 2.26 Table 3 Borrowing taken in 2022/23

Lender	Start Date	Principal	Type	Term	Interest Rate %
SYMCA	27/02/2023	£20,000,000	Temp	36 months	3.66

2.27 Debt Repayment – long term loans totalling £13.071m matured during the year as shown in the table below. Part repayments of principal (£0.206m) continued on the Annuity loans taken up in prior years.

2.28 **Table 3 Debt Repayments 2022/23**

<b>Lender</b>	<b>Principal £m</b>	<b>Type</b>	<b>Interest Rate</b>	<b>Weighted Average rate of interest</b>
PWLB	10.000	Fixed rate	3.37%	
PWLB	2.800	Fixed rate	3.22%	
PWLB EIP	0.065	Fixed rate	1.89%	
PWLB Annuity	0.206	Annual repayments	Various	
<b>Total:</b>	<b>£13.071</b>			<b>3.33%</b>

2.29 **Investments**

The Council's investment policy is governed by DLUHC Guidance, which was implemented in the annual investment strategy approved by Council on 2 March 2022. The investment activity during the year conformed to the approved strategy.

2.30 The Council maintained an average balance of £166.7m and received an average return of 1.33%. The Council continued to use Money Market Funds for short-term deposits, which are AAA rated securities and offer a slightly better rate of interest than the Debt Management Office. The Bank of England base rate increased from 0.75% to 4.25% during 2022/23. The average rate of return was reduced by investments placed at the low rates available when the PWLB borrowing was taken out in 2021/22. These investments have now matured and more recent investments have been placed at the higher rates now available.

**3. Options considered and recommended proposal**

3.1 No options considered as the report outlines actual Treasury Management activity during 2022/23.

**4. Consultation on proposal**

4.1 None required

**5. Timetable and Accountability for Implementing this Decision**

5.1 None required

**6. Financial and Procurement Advice and Implications**

6.1 Treasury Management forms an integral part of the Council's overall financial arrangements. This report provides an update on the performance of the treasury management functions for 2022/23 against the prudential indicators as outline in the Treasury Management Strategy for 2022/23. There were no breaches of prudential indicators to report and savings were generated from the Treasury

Management Strategy adopted that played a vital role in enabling the Council to operate a balanced budget.

6.2 There are no direct procurement implications arising from the report.

## **7. Legal Advice and Implications**

7.1 The relevant legislation and guidance is set out in the body of the report. This report described how the Council complies with the legislation and guidance, in particular the Code of Practice for Treasury Management in the Public Services Local Government Act 2003 (as updated) and the Prudential Code (as updated).

## **8. Human Resources Advice and Implications**

8.1 No direct implications.

## **9. Implications for Children and Young People and Vulnerable Adults**

9.1 No direct implications.

## **10. Equalities and Human Rights Advice and Implications**

10.1 This is a finance update report, providing a review of the Council's Treasury Management outturn position for 2022/23. Any equalities and human rights impacts from service delivery have been or are detailed as capital projects are pulled together for inclusion within the Council's capital programme.

## **11. Implications for CO2 Emissions and Climate Change**

11.1 No direct implications.

## **12. Implications for Partners**

12.1 None identified.

## **13. Risks and Mitigation**

13.1 Regular monitoring of treasury management activity throughout the financial year ensures that risks and uncertainties are addressed at an early stage and hence kept to a minimum.

## **14. Accountable Officers**

Owen Campbell, Head of Corporate Finance



Approvals obtained on behalf of Statutory Officers:-

	<b>Named Officer</b>	<b>Date</b>
Chief Executive	Sharon Kemp	26/06/23
Strategic Director of Finance & Customer Services (S.151 Officer)	Judith Badger	22/06/23
Assistant Director, Legal Services (Monitoring Officer)	Phil Horsfield	21/06/23

*Report Author: Ian Bagshawlan Bagshaw, Finance Manager - Financial Accounting*

This report is published on the Council's [website](#).



## APPENDIX 1

## Summary Prudential Indicators: Rotherham MBC

		Actual	Revised Estimate	Original Estimate
		£m	£m	£m
1	<b>Capital Expenditure (excluding PFI &amp; Finance lease liabilities)</b>	<b>130.339</b>	<b>173.847</b>	<b>244.774</b>
2	<b>Capital Financing Requirement (CFR) including PFI &amp; similar liabilities:</b>			
	General Fund	576.668	596.259	627.458
	HRA	306.005	308.447	320.876
	<b>Total</b>	<b>882.673</b>	<b>904.706</b>	<b>948.334</b>
3	<b>Net Borrowing compared to CFR excluding PFI &amp; similar liabilities:</b>			
	Total Borrowing	653.670	753.945	798.676
	Total Investments	87.000	50.000	50.000
	Net Borrowing	566.670	703.945	748.676
	CFR (excluding PFI & Similar liabilities)	765.790	787.823	831.451
	<b>Under-borrowing</b>	<b>199.120</b>	<b>83.878</b>	<b>82.775</b>
4	<b>Net Borrowing compared to CFR including PFI &amp; similar liabilities:</b>			
	Borrowing (from above)	653.670	753.945	798.676
	Borrowing (PFI etc.)	116.883	116.883	116.883
	Total Borrowing	770.553	870.828	915.559
	Total Investments	87.000	50.000	50.000
	Net Borrowing	683.553	820.828	865.559
	CFR	882.673	904.706	948.334
	<b>Under-borrowing</b>	<b>199.120</b>	<b>83.878</b>	<b>82.775</b>
5	<b>Authorised Limit for external debt</b>			
	Assumed Borrowing	807.823	807.823	851.451
	PFI & similar liabilities	119.221	119.221	119.221
	Authorised Limit	927.044	927.044	970.672
	Total Borrowing	770.553	870.828	915.559
	<b>Borrowing Below Limit</b>	<b>154.153</b>	<b>56.216</b>	<b>55.113</b>
6	<b>Operational boundary for external debt</b>			
	Assumed Borrowing	783.945	783.945	828.676
	PFI & similar liabilities	116.883	116.883	116.883
	Operational Boundary	900.828	900.828	945.559
	Total Borrowing	770.553	870.828	915.559
	<b>Borrowing Below/(Above) Boundary</b>	<b>130.275</b>	<b>30.000</b>	<b>30.000</b>
7	<b>Maximum Funds invested &gt; 365 days</b>	<b>0.000</b>	<b>10.000</b>	<b>10.000</b>

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		<b>Actual</b>	<b>Revised Estimate</b>	<b>Original Estimate</b>
		%	%	%
<b>8</b>	<b>Ratio of financing costs to net revenue stream – Non HRA</b>	4.52	6.04	5.31
<b>9</b>	<b>Ratio of financing costs to net revenue stream – HRA</b>	15.52	14.68	16.80

<b>10</b>	<b>Maturity Structure of Fixed Rate Borrowing</b>	<b>Actual</b>	<b>Revised Upper Limit</b>	<b>Original Upper Limit</b>
		%	%	%
	Under 12 months	7.83	60	60
	12 months to 2 years	4.62	35	35
	2 years to 5 years	3.17	45	45
	5 years to 10 years	0.98	45	45
	10 years to 20 years	5.32	45	45
	20 years to 30 years	3.90	50	50
	30 years to 40 years	13.13	50	50
	40 years to 50 years	45.75	55	55
	50 years and above	15.30	60	60

<b>11</b>	<b>Upper Limit on fixed interest rates based on fixed net debt</b>	<b>Actual</b>	<b>Revised Upper Limit</b>	<b>Original Upper Limit</b>
		%	%	%
		86	100	100

<b>12</b>	<b>Upper Limit on variable rates based on fixed net debt</b>	<b>Actual</b>	<b>Revised Upper Limit</b>	<b>Original Upper Limit</b>
		%	%	%
		14	50	50

Select report type  
Audit Committee

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**Committee Name and Date of Committee Meeting**

Audit Committee – 27 July 2023

**Report Title**

Dedicated School Grant – Central Reserve

**Is this a Key Decision and has it been included on the Forward Plan?**

No

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director of Finance and Customer Services

**Report Author(s)**

Neil Hardwick, Head of Finance CYPS

[neil.hardwick@rotherham.gov.uk](mailto:neil.hardwick@rotherham.gov.uk)

Nathan Heath, Assistant Director Education

[nathan.heath@rotherham.gov.uk](mailto:nathan.heath@rotherham.gov.uk)

**Ward(s) Affected**

Borough-Wide

**Report Summary**

The report outlines the current and projected position of the Dedicated Schools Grant (DSG), the Dedicated Schools Grant reserve and the recovery plans in place to enable Rotherham to operate within its annual allocation and reduce the deficit over future years.

The report outlines the national picture on the High Needs Block as part of the overall Dedicated Schools Grant and the additional funding Government is investing in education as part of its spending review.

**Recommendations**

1. Audit Committee notes the actions being taken to manage the Dedicated School Grant deficit in Rotherham.
2. Audit Committee notes the additional funding allocated to Rotherham through the Department for Education's Safety Valve Programme.

**List of Appendices Included**

**Background Papers**

Operational Delivery of LAC Sufficiency Strategy – Proposals to Develop New Residential Provision – Agreed by Cabinet February 2020  
DfE Review of national funding formula for allocations of high needs funding to local authorities; changes for 2022-23  
Dedicated schools grant (DSG) financial management plan  
SEND & AP Green Paper  
Safety Valve Intervention Programme – Department for Education (DfE) – Annual update 2022/2023 – Noted by Cabinet April 2023  
ESFA Funding Update July 23

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No

**Council Approval Required**

No

**Exempt from the Press and Public**

No

## Dedicated School Grant – Central Reserve

### 1. Background

- 1.1 Rotherham has been a relatively low funded authority and has seen significant pressures on the High Needs Block for many years. The High Needs Budget allocation has increased year on year but, partly due to Rotherham's low funding baseline compared to neighbouring boroughs and nationally, the budget uplifts have not been sufficient to match the acceleration in demand and increase in the cost of provision.
- 1.2 During recent years Rotherham has faced growing pressure on the High Needs Budget (HNB) which had resulted in year on year deficits of circa £5m. However, following implementation of Rotherham's DSG Management plan (which includes continuing to transfer monies from the Schools Block) the annual pressures have significantly reduced with an in-year DSG deficit of £1.37m in 2020/21. This was further reduced to a £0.11m deficit in 2021/22 and an overall deficit of £21.26m (before taking account of Safety Valve funding).
- 1.3 The DSG overspend has accrued as a result of a number of factors; an overall increase in Education Health and Care Plans, an increase in the number of young people aged 16 to 25 with an EHCP who are the responsibility of the LA to fund, an increase in the number of children accessing higher cost provision and an increase in the number of pupils in Alternative Provisions (Pupil Referral Units).
- 1.4 The deficit reflects system wide issues in how the funding is determined. Whilst the allocation moved to a formulaic basis in 2018/19 and now includes proxy indicators of SEND within the population, a large element of the grant remains fixed based on historic spend.
- 1.5 Following significant negotiations between Rotherham Metropolitan Borough Council (RMBC) and Department of Education (DfE). A Safety Valve' Intervention agreement was agreed to support Rotherham to address its long term issues linked to High Needs funding deficit, including investment from DfE of £20.53m across the 5 years of the agreement. The Council also requested capital investment to deliver it's long term strategic plan and have been awarded £4.3m above the annual High Needs capital allocations (circa £9m, £3m over the next three years).
- 1.6 Due to scale and remit of the project, the Council has also requested funding for a team to deliver the project. As part of the agreement the Council will receive recurrent funding of 385k per annum across the duration of the Safety Valve. The Project Team will support delivery of the programme through a dedicated resource to project manage and enhance the SEND commissioning offer in the borough.
- 1.7 The key emphasis for the Rotherham involvement in this programme was ensuring that more children with SEND (Special Educational Needs and Disability) can be supported to stay in mainstream education in the Borough and the Safety Valve enhances the Council's long-term aspiration of transforming Rotherham SEND systems.

- 1.8 In agreeing to the financial investment from the DfE, Rotherham agreed to implement the following actions as set out in the Council's DSG Management Plan. This includes action to:
- (1) Reduce use of independent specialist provision outside of the LA by creating appropriate capacity within Rotherham's High Needs System, with a focus on ensuring provision is high quality and value for money.
  - (2) Improve Rotherham's Early Intervention Strategy, including through investment in outreach work.
  - (3) Ensure appropriate use of provision and avoid escalation of children and young people's needs by, among other things, improving the governance around placement decisions.
  - (4) Review support services in Rotherham to ensure value for money is achieved.
  - (5) Increase the outreach offer for Social Emotional and Mental Health needs at primary and secondary.
  - (6) Increase the outreach offer for specialist SEND.
  - (7) Develop local sufficiency arrangements, including for Rotherham's Looked After Children.
  - (8) Drive mainstream schools to adopt inclusive practice to enable more children and young people to remain in mainstream settings where appropriate.
  - (9) Maintain engagement with stakeholders through strong and collaborative governance arrangements, such as ISOS partnership work, Schools Forum High Needs Subgroup, primary and secondary head teachers.
- 1.9 Across the implementation of Rotherham 'Safety Valve Agreement' ongoing monitoring has taken place with meetings between DfE and RMBC on a quarterly basis to both support delivery and hold accountability of the Agreement. This support and challenge process also allows emerging challenges to be shared and a vigorous oversight of plans to be undertaken. Both a financial and narrative return is submitted to the DfE on a quarterly basis from the Council. Across both the financial and strategic plan that the Council submits to the DfE, Rotherham has remained on track to deliver all aspects of its 'Safety Valve' agreement across this financial year. This includes all 9 areas as outlined in section 1.10 which have been RAG rated as Green and all financial trajectories remaining on track against the plan agreed with the DfE.
- 1.10 Rotherham remains on track to meet all requirements of the "Safety Valve Agreement" at the end of the 2022/23 financial year. The DSG has moved from a deficit position of £12.84m at the end of 2021/22 to a deficit of £5.93m at the end of 2022/23. A reduction of £6.91m, with £6m from Safety Valve funding and £910k from a in year saving.
- 1.11 On 29 March 2022 the Government's SEND and Alternative Provision Green Paper was published, which sets out its vision for a single, national SEND and alternative provision (AP) system that will introduce new standards in the quality of support given to children across education, health, and social care.



## 2. Key Issues

- 2.1 The Council's SEND growth assumptions remain appropriate, especially linked to the continued growth of Social, Emotional, Mental Health and Communication and Interaction cohorts. If growth exceeds estimates this will lead to increased financial pressures. Wider than this risk it is inflationary pressures which may lead to increased costs and funding requests outside funding assumptions, which would undermine the 'Safety Valve Agreement'.
- 2.2 Ensure that the DSG Central Reserve complies with the accounting requirements.

## 3. Actions to address the Key Issues

- 3.1 As outlined above the Council has produced a DSG Management Plan (as part of the Safety Valve agreement) to identify cost savings and reduce the cost pressures on the High Needs Block within the Dedicated Schools Grant.
- 3.2 Since May 2019 Cabinet has approved 4 phases of the Council's SEND Sufficiency Strategies. Each phase has outlined the needs analysis, rationale, and process to allocate capital funding to increase the sufficiency of school and setting places for children with Special Education Needs and Disabilities (SEND) in Rotherham.

Phase 1      SEN Sufficiency programme focussed on increasing special school places in Borough as indicated by the rapid growth in demand for all specialist provision. These plans led to increases in places at The Willows School (Including post-16 provision) Kelford School and Abbey School.

Phase 2      The second phase of SEN Sufficiency focussed on the need for more targeted provision for children with ASD and led to the development of new units at Wales School, Wath Victoria School, and increased places at Milton School. There was also investment identified for post-16 provision at Thomas Rotherham college. As a consequence of this investment Rotherham has been better able to meet the needs of local children with autism and to place them in local schools.

Phase 3      The focus is to support the creation of a SEMH free school as Rotherham currently has no specialist education provision to meet the needs of this group of children several solutions have been sought. These include children and young people being placed in Pupil Referral Units (PRU). Phase 3 also proposes to resolve the building condition issues at Newman Special School.

Phase 4      In November 2022, Cabinet supported the development of Rotherham SEND Sufficiency Phase 4 which will create 10 additional mainstream SEND resource bases and support the development of enhanced accessibility funding streams for both mainstream and special schools to enhance their SEND provision

through match funded capital investment. This investment will support delivery of the Safety Valve Agreement through reducing the need for pupils to access high-cost independent special school places and support children and young people to be educated within the Borough. This programme of activity will be delivered across the next three academic years.

- 3.3 An independent consultancy, ISOS who support LA's develop strategies and policy in education, children's services, early help, SEN, inclusion, AP and beyond, were engaged to develop a clear understanding and strategy for Rotherham's Alternative Provision offer and to ensure that it is fit for purpose, meets need, is of high quality and is cost effective. Work is now complete in implementing the recommendations of the review with the Primary and Secondary Outreach teams operational from September 2022.
- 3.4 One of the key elements to the Plan is young people being supported in Borough and the LAC Sufficiency plan for 2023/24 is to progress with plans to open a further four 2 bed children's homes in this financial year. This will support the continued progress of more Rotherham Looked After Children being educated in local schools.

#### **4. Timetable and Accountability for Implementing this Decision**

- 4.1 The LA will continue to update the ESFA's Dedicated Schools Grant (DSG) management plan (as part of the Safety Valve agreement) to reflect Rotherham's deficit recovery plan.
- 4.2 The plan identifies how the current projects are estimated to reduce cost pressures in the High Needs Block and operate within the annual allocation in future years.
- 4.3 Ongoing monitoring will be in place across the lifespan of the plan, and this will involve regular meetings between DfE and RMBC on a quarterly basis to both support delivery and hold accountability of the agreement.

#### **5. Financial and Procurement Advice and Implications (to be written by the relevant Head of Finance and the Head of Procurement on behalf of s151 Officer)**

- 5.1 The 'Safety Valve Agreement' will provide Rotherham £20.53m over the period 2021/22 to 2025/26 based on Rotherham achieving the agreed outcomes in the Plan both operationally and financially.
- 5.2 The table below outlines the original plan and the latest position, which shows Rotherham is ahead of original financial assumptions and has out turned with a reduced DSG reserve deficit of £5.93 m at the end of the 2022/23 financial year.

**DSG Summary (MTFS)**

	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>
	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>	<u>£000's</u>
<b>Safety Valve Plan</b>					
Overall DSG Position (surplus)/deficit at Year End (as above)	22013	21480	19413	20435	20528
Safety Valve Funding	8533	3000	3000	3000	3000
Cumulative Safety Valve Funding	8533	11533	14533	17533	20533
DSG Position after Safety Valve Funding (surplus)/deficit at Year End	13480	9947	4880	2902	0
<b>Latest Position Management Plan</b>					
Actual Outturn		12840	5926	1858	881
HNB Planned Contribution to / from Reserves*		-724	-2068**	1023	93
Safety Valve Contribution		-6000	-2000	-2000	-2000
Planned Use of Reserves ***		-190	0	0	0
<b>DSG Reserve</b>	<b>12840</b>	<b>5926</b>	<b>1858</b>	<b>881</b>	<b>-1026</b>
Variance	-640	-4021	-3022	-2021	-1026

\*HNB Contributions to / from reserves

\*\*23/24 contribution from reserves, final 1.5% Schools to HNB Transfer

\*\*\* Improvement relates to reduction in PRU deficits offset by use of Growth Fund

- 5.3 One of the main elements to achieve the DSG Management Plan and reducing costs is delivery of the High Needs Capital Programme, to enable new provisions to be established and accessibility to existing settings to be facilitated as outlined in the report.
- 5.4 To support the delivery of the Safety Valve Programme a project team has been established and will support delivery of programme objectives as outlined in the report and associated delivery of the DSG Financial Plan.
- 5.5 The Government's Local Government Finance Policy Statement published in December 2022 outlined that the statutory override for the Dedicated Schools Grant (DSG) will be extended for the next three years, from 2023-24 to 2025-26. The statutory override means that any DSG deficits do not have to be met from local authorities' general reserves. Before this announcement, it had been due to expire in 2023.
- 5.6 As this is an update report there are no direct procurement implications. All procurement activity to support this agenda, must be procured in compliance with the Public Contracts Regulations 2015 (as amended) and the Council's own Financial and Procurement Procedure Rules.
- 6. Legal Advice and Implications (to be written by Legal Officer on behalf of Assistant Director Legal Services)**
- 6.1 None, other than ensuring compliance with the requirements of the Accounts and Audit Regulations 2015.
- 6.2 The School and Early Years Finance (England) Regulations 2020 will come into force in February 2020. The Department of Education will amend the DSG

conditions of grant for both 2019-20 and 2020-21 to bring them into line with the new end-year arrangements for carrying forward DSG deficits.

## **7. Human Resources Advice and Implications**

7.1 There are no Human Resource implications arising from this report.

## **8. Implications for Children and Young People and Vulnerable Adults**

8.1 Rotherham is compliant with the SEND Code of Practice which sets out that if a child's parent or a young person makes a request for a particular nursery, school or post-16 institution in maintained, non-maintained, or independent provision, the local authority must comply with that preference and name the school or college in the EHC plan unless it would be unsuitable for the age, ability, aptitude or SEN of the child or young person, or the attendance of the child or young person there would be incompatible with the efficient education of others, or the efficient use of resources.

## **9. Equalities and Human Rights Advice and Implications**

9.1 There are no implications arising from this report to Equalities and Human Rights.

## **10. Implications for Partners**

10.1 The Council is increasingly working in partnership with other public, voluntary and community sector bodies in delivering services and influencing outcomes.

## **11. Risks and Mitigation**

11.1 The report outlines the risks to the High Needs Block of the Dedicated Schools Grant and the actions being implemented to mitigate the financial pressures.

## **12. Accountable Officer(s)**

Neil Hardwick, Head of Finance CYPS  
01709 254508 [neil.hardwick@rotherham.gov.uk](mailto:neil.hardwick@rotherham.gov.uk)

Nathan Heath, Interim Assistant Director Education  
07824 895327 [nathan.heath@rotherham.gov.uk](mailto:nathan.heath@rotherham.gov.uk)

Public Report with Exempt Appendices  
Audit Committee

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**Committee Name and Date of Committee Meeting**

Audit Committee – 27 July 2023

**Report Title**

Risk Management Annual Summary 2022-2023 and Corporate Strategic Risk Register Update

**Is this a Key Decision and has it been included on the Forward Plan?**

No

**Strategic Director Approving Submission of the Report**

Jo Brown, Assistant Chief Executive

**Report Author(s)**

Simon Dennis (*Corporate Improvement and Risk Manager*)

Assistant Chief Executive's Department

Extension 22114

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**Ward(s) Affected**

Borough-Wide

**Report Summary**

This report forms part of the Audit Committee's remit to regularly consider risk management.

The Risk Management Standard, ISO31000, suggests that every organisation produce an annual summary of risk management activity. Following on from summaries produced for the Audit Committee in recent years, this is the fifth annual summary.

The report aims to summarise the principal risk management activity that has been carried out in Council throughout the past financial year. It covers a wider range of topics than the regular report on the Corporate Strategic Risk Register (which is also included in the report to this meeting) and aims to cover both the movements in strategic risks that have occurred over the period and the key elements of the Council's risk management activity throughout the year.

**Recommendations**

1. The Audit Committee is asked to consider and note the annual summary of risk management activity.
2. The Audit Committee is asked to consider and note the updates to the Corporate Strategic Risk Register and make any comments as necessary

**List of Appendices Included**

Appendix 1 – Summary Corporate Strategic Risk Register at 1<sup>st</sup> July 2023

Appendix 2 – Full Corporate Strategic Risk Register at 1<sup>st</sup> July 2023

**Background Papers**

Report to Audit Committee; 28<sup>th</sup> June 2022 (Annual Risk Management Summary 2021-2022)

Report to Audit Committee; 29<sup>th</sup> November 2022 (Risk Management Strategy and Policy 2022)

Report to Audit Committee; 10<sup>th</sup> January 2023 (Corporate Strategic Risk Register update)

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**

This paper is not intended to be circulated to other Committees or Panels and is produced solely for the Audit Committee.

**Council Approval Required**

No

**Exempt from the Press and Public**

Yes.

*An exemption is sought for Appendices 1 and 2 under Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part I of Schedule 12A of the Local Government Act 1972 is requested, as this report contains information that refers to the affairs of third parties.*

*It is considered that the public interest in maintaining the exemption would outweigh the public interest in disclosing the information because failure to do so may result in disclosure of information about the financial or business affairs of Council suppliers and partners.*

Risk Management Annual Summary 2022-2023 and Corporate Strategic Risk Register Update

**1. Background**

1.1 The Council's ongoing risk and assurance aims are to:

- Provide Members and Senior Officers with an understanding of the key risks facing the Council and its community, and to show how these risks are being effectively mitigated.
- Implement and maintain a fluid process for business-as-usual management of risks relevant to our objectives, outcomes, services and assets.
- Align reporting mechanisms for finance, risk, audit and performance providing members and senior officers triangulated risk and assurance profiles.
- Continue to meet the requirements of our external auditor and compliance providers.

1.2 This report aims to summarise the principal risk management activity that has been carried out within the Council throughout the past financial year. It also summarises the key movements in Strategic Risks that have occurred over the period and updates the Committee on the current risks on the Corporate Strategic Risk Register (CSRR).

**2. Risk Management Responsibilities**

2.1 The Council's Risk Management Policy and Guide states that risk management is the responsibility of all Council officers. This is further set out in section 12.2 of the Policy and Guide where the specific responsibilities of all members and officers are detailed. In particular, all employees are required to:

- Understand risk and their role in managing risks in their daily activities, including the identification and reporting of risks and opportunities.
- Support and undertake risk management activities as required.
- Attend relevant training courses focussing on risk and risk management.

2.2 As well as the key responsibilities set out in the Policy and Guide, the Council has a group of Risk Champions. Each Directorate has at least one Risk Champion who leads on risk for their Strategic Director. The Risk Champions, Assistant Chief Executive and the Corporate Improvement and Risk Manager form the Risk Champions Group. This group is responsible for co-ordinating risk management across the Council.

2.3 Overall strategic responsibility for risk management rests with the Assistant Chief Executive, with day-to-day responsibility delegated to the Corporate Improvement and Risk Manager. The team working on corporate risk management also includes a "Corporate Improvement and Risk Officer". The team's responsibilities are wider than corporate risk management, but the presence of the additional posts ensures that there is resilience in the Council's risk management activity.

- 2.4 Throughout the past year there have been Risk Champions in place for the following Directorates and Services:
- Children's and Young People's services
  - Regeneration and Environment
  - Finance and Customer Services
  - Adult Social Care, Housing and Public Health (Housing)
  - Adult Social Care, Housing and Public Health (Adult Care)
  - Adult Social Care, Housing and Public Health (Public Health)
  - Assistant Chief Executive's
- 2.5 In most cases, each Directorate also has a substitute or deputy Risk Champion who can stand in for the primary Risk Champion when required.
- 2.6 The Risk Champions' Group meets bi-monthly and has done so consistently over the past twelve months.

### **3. Training Summary**

- 3.1 Risk Management training is a fundamental element of the Council's approach to risk management. There are four core elements of the training programme which are:
- A two-hour risk management course for all M2 managers and above. This course is run by the Corporate Improvement and Risk team at least quarterly (and more frequently if required)
  - A two-day risk management training course which is run each year by an external provider who are accredited by the Institute of Risk Management (IRM). This course is open to all staff but is a requirement for all Risk Champions and their deputies.
  - An online training course for all staff which is delivered through the e-learning system
  - Specific training as required – this includes for elected members delivered as part of the member development programme and to Leadership Teams when required.
- 3.2 Take up of the M2 manager course remains very high, with 134 managers attending the five courses run since the last annual report in June 2022. The remaining courses are close to fully booked and additional courses will be set up as required.
- 3.3 The two-day IRM accredited course was run in March 2023. Twelve staff successfully completed this course and, as a result, have received IRM accreditation following a short assessment and test. Again, the level of take up of this course is very encouraging and it will be run again in early 2024.
- 3.4 As presented in last year's report, a course for elected members was run on the 22<sup>nd</sup> February 2022 and was attended by fifteen members. A recording of this course remains on the member training database for members to access when convenient.



- 3.5 Over the course of the last twelve months, risk management training events have been run for Strategic Leadership Team (SLT), a joint session with SLT and Assistant Directors (SLT/ADs) and the Council's Wider Leadership Team (WLT), which includes all the Council's Heads of Service.
- 3.6 Following extensive work alongside the HR and OD Service, the online training tool for risk management has recently been relaunched. This is a short e-learning tool that requires all staff to complete it. Staff are allowed three months to complete the course and are also expected to re-complete it once every three years. We will report take up of this course in future annual reports.

#### **4. Risk Management Process**

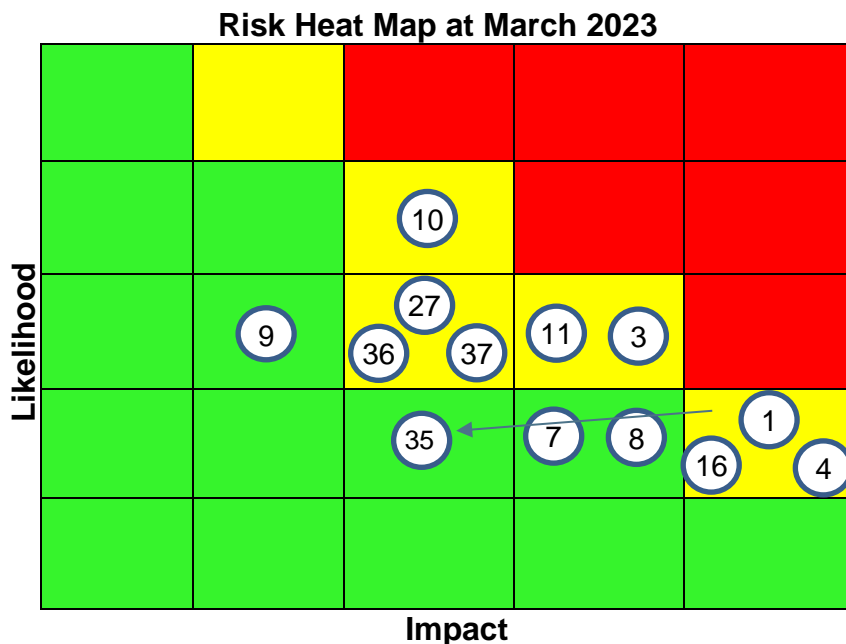
- 4.1 As set out in the Risk Management Policy and Guide, individual Service Management Teams (SMTs) and Directorate Leadership Teams (DLTs) have reviewed their risk registers in line with the Risk Management Policy and Strategy. Typically, teams review their registers every four to twelve weeks depending on the individual meeting cycle and the significance of the risks they are managing. We aim to achieve the best practice of DLTs considering risk at every meeting, but in a way that is proportionate to the risks being faced by the services in question.
- 4.2 The CSRR has been formally reviewed by SLT both at joint SLT/AD Performance Management meetings and at separate SLT meetings. The regular cycle of quarterly reviews has been in place throughout the 2022/23 financial year and remains in place to date.
- 4.3 The CSRR is also reported regularly to the Audit Committee alongside the annual "deep dives" of Directorate Risk Registers. Additionally, the Corporate Improvement and Risk Manager, through the Risk Champions, ensures updates are obtained from all risk owners, reviews each update, and draws attention to issues or missing risk register updates.
- 4.4 The programme of Audit Committee risk register for the 2022-23 financial year was completed as planned. A new cycle has been established for the coming year and this means the Audit Committee will once again review all directorate risk registers at least once during the next 12 months.
- 4.5 In addition, the Corporate Improvement and Risk Team has worked with a range of services throughout the Council to provide specific support on risk issues. These have included Health and Safety, Business Continuity and Adult Social Care and Housing.
- 4.6 Internal Audit's last review of Corporate Risk Management was completed in May 2022. This review focused on the arrangements in place for risk management in the Council throughout the year and specifically, to review whether:

- Previously agreed actions have been implemented (avoiding exposure of the Council to avoidable risk).
- The Council’s Risk Management arrangements reflect the principles of good corporate governance.
- Corporate risks are aligned with the new Council Plan.
- Relevant officers & Members have received appropriate risk management training.

4.7 Their conclusion was that there was “substantial assurance” that the controls within the Corporate Risk Management system were operating effectively. This is the highest assurance rating achievable and demonstrates that our risk management process continued to operate effectively. All of the actions arising from that report have been implemented.

**5. Risk Profile for the 2022/2023 year**

5.1 The Audit Committee’s receives reports on the overall status of the Council’s strategic risks. The “heat map” derived from the Corporate Strategic Risk Register’s update at the end of 2022/23 showed the risk profile as seen below.



5.2 In the above chart, the arrows refer to the movement of risks in the financial year. Over that period:

- The total number of strategic risks reduced to 13 over the period from April 2022 to March 2023, with one risk removed and none added.
- Of the risks that remained the strategic register, one saw a decreasing risk score in the year (SLT35) and others all maintained their risk score.

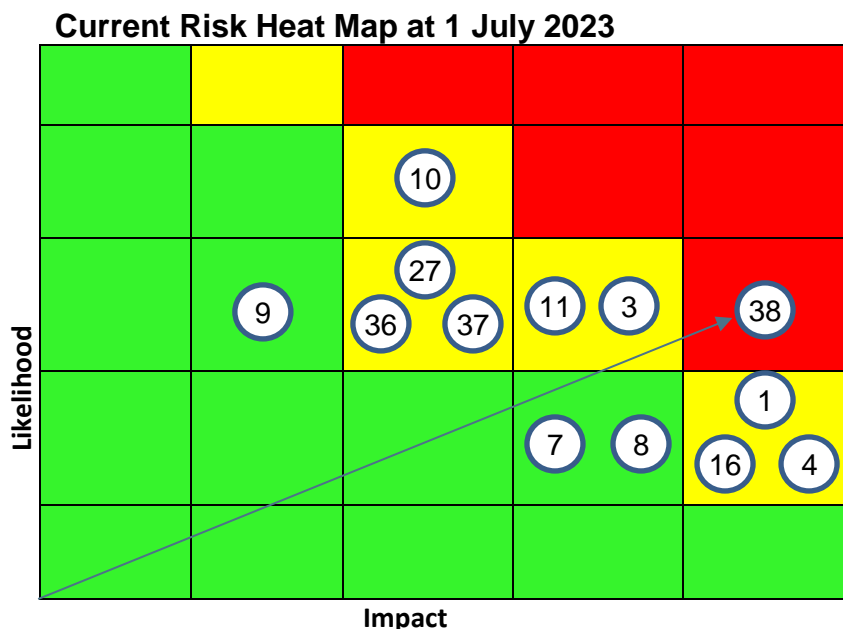
5.3 Members will recall that last year’s report showed a significant reduction following an increase the year before (which had been caused primarily by the impact of the Covid-19 pandemic). The analysis for this year’s report shows that the Council’s risk profile has reduced more slowly this year. However, this

slowdown is not unexpected and is consistent with the direction of travel in the period leading up to the pandemic.

5.4 The following section of this report brings the Audit Committee up to date with the current Strategic Risk Register position.

**6. Corporate Strategic Risk Register at 1 July 2023**

6.1 The current “heat map” for the strategic risks included in this update of the register is shown in the table below. Two risks have been removed since the last report (SLT22 relating to the Mental Capacity Act and SLT 35 relating to the Covid Pandemic) and one new risk has been added (SLT38 relating to the Business Continuity Risk arising from the closure of the Public Switched Telephone Network (PSTN) network, hence the arrow moving from zero to its current position). None of the remaining risks have moved since the last report in January 2023.



6.3 The table below shows that the long-term pattern of assessed risk level reducing has broadly continued over the last two years. This reflects the increasing grasp on the key risks that need to be managed at a strategic level as well as the continued improvement following the reduction in impact of the pandemic. Since December 2021, just over 33% of risks monitored at a strategic level have reduced in assessed level, just over 46% have remained stable and 20% have increased or are new to the register.

Number	Risk Summary	Dec 21	Jul 22	Dec 22	Jul 23	Risk Movement (Jul 2023 compared to Dec 2021) ↓ = Risk level reduced ↑ = Risk level increased → = Risk level static
SLT01	Children’s safeguarding	10	10	10	10	→

SLT03	Failure to deliver the Council Plan due to the pressures generated by the cost-of-living crisis	12*	12	12	12	→*
SLT04	Making sustainable improvement in Children's Services	10	10	10	10	→
SLT07	Response to a future pandemic	8	5	8	8	→
SLT08	Failure to enhance community cohesion	8	8	8	8	→
SLT09	Communications fail to be of sufficient quality	12	6	6	6	↓
SLT10	Failure to attract new business and investment	12	12	12	12	→
SLT11	Risk of lack of effective partnership working	10	12	12	12	↑
SLT16	Financial plans and budget gap	10	10	10	10	→
SLT22	Failure to comply with Mental Capacity Act/DoLs	9	9	9	-	↓
SLT27	Health and Safety and operational risks from property	12	9	9	9	↓
SLT 35	Impact of the COVID pandemic	10	15	6	-	↓
SLT 36	Insufficient resources committed to Carbon Reduction Plan	12	9	9	9	↓
SLT37	Failure to manage and deliver projects	-	9	9	9	↑
SLT38	Business Continuity - Closure of the PTSN Network	-	-	-	15	↑

\* Risk Detail has changed, and risk is not now directly comparable – see 6.5 below

- 6.4 As noted in paragraph 6.1, since its last full update reported in January 2023, there has been one new risk added to the CSRR and two risks have been removed or de-escalated from the register. In total, there are now 13 risks on the CSRR.
- 6.5 Risk number SLT03 was rewritten in early 2022 to more accurately reflect the risk that the Council is currently facing relating to pressure on its services, in the context of the current cost of living crisis and as a result is not directly comparable to risk SLT03, as it stood in December 2021. Further details on the changes were reported to the Committee at its July 2022 meeting.
- 6.6 Appendices 1 and 2 are prints of the complete CSRR in two versions. Appendix 1 is the summary version that the Committee would normally review. Appendix 2 is the full, detailed, version of the CSRR. This more detailed version includes additional information on current mitigations in place and makes clearer what mitigation is still to be delivered. The document also sets out the current target level of risk for each risk. This final column is an expression of the Council’s risk appetite for that risk. The document at Appendix 2 is being adopted by individual Directorates and has replaced the former spreadsheet-based version of the risk register.
- 6.7 As can be seen from the current version of the CSRR, nine of the thirteen risks on the register have been in situ for a number of years. Whilst they have been regularly updated and amended, these core risks are now over seven years old and a deeper review is needed. A project has recently commenced to regenerate the CSRR from scratch. This has involved a workshop with the Council’s Strategic Leadership Team to consider the performance risks, wider sector risks and other risks currently facing the Council. These will be developed into a new series of risks and will be presented at a future Committee meeting.
- 6.8 Previous Committee meetings have requested more detail about the Council’s response to events in the Ukraine. Most of the impacts of the war in Ukraine are indirect in that the actual risks are created by the impact on the UK economy and are therefore expressed in Directorate risk registers as being around economic risks rather than explicitly connected to the events that started early in 2022.
- 6.9 The following table sets out the risks (which are either directly or indirectly connected to the Ukraine conflict) that are included on strategic and directorate risk registers. It does not include risks recorded on lower level (service and team registers).

Risk Reference	Risk Description	Risk Score	Comments
SLT16	<b>Directorates failing to deliver services within budget. Finance Settlements from Government being inadequate to meet service costs and demand increases. Economic factors impacting negatively</b>	10	This risk, which is on the CSRR and held by Finance and Customer Services, whilst not explicitly dealing with the Ukraine conflict, covers the corporate risks to the Council of the global inflation that it has driven.

	<b>on business rates and council tax income.</b>		
SLT03	<b>Failure to deliver the Council Plan and Year Ahead Delivery Plan due to the pressures generated by the cost-of-living crisis.</b>	12	This risk is a parallel risk to SLT16. It is held by the Assistant Chief Executive's Directorate and covers the risks to effective delivery of the Council Plan in the context of the economic downturn generated by the war.
ACX25	<b>Failure to meet Council pledge to resettle people on UKRS and Afghan schemes due to lack of suitable affordable housing in Rotherham.</b>	15	This risk is also held by the Assistant Chief Executive's Directorate and the risk detail explicitly covers the issues connected to the influx of refugees from the Ukraine war, as well as other resettlement schemes.
R&E 42	<b>Risk of a considerable increase in utility costs to the Operational Property Estate which will have a considerable impact upon Budgets</b>	15	Risk R&E 42 deals with the explicit risks of the utility price increases caused by the war, on budgets for Council property.

6.10 Risks SLT03 and 16, as well as ACX25, all existed on our risk registers prior to the Ukraine war, however each have been extensively rewritten in the past 12 months to reflect the current situation. Risk R&E42 is a new risk, generated by the consequences of the war.

## 7. Future Developments

7.1 The roll out of the online training, mentioned in paragraph 3.6, is the final element in the refresh of our training provision and the success of this will be monitored throughout the coming year. Additionally, the Risk Champions Group has seen a significant amount of turnover in membership in the past few months and work will be needed to ensure that the new members are supported to be effective in their roles. This will include training and one to one meetings as required and this process is already taking place.

7.2 As noted in section 6, a new format has been adopted for risk registers, which combines the presentational style of the summary risk register and heat map, with the detail included on the risk forms. Directorates are now starting to adopt this format for their registers, and this roll out will continue throughout the remainder of this financial year.

7.3 Section 6 also notes that work is now underway to refresh the CSRR and ensure that it accurately reflects the risk profile of the Council. This work will be completed before the end of 2023.

7.4 Further work on the Council's Assurance Framework, which is designed to demonstrate how the Council obtains assurance that the individual risks are being appropriately managed, will be carried out in the latter part of the year. This work was not completed before the Covid-19 outbreak occurred and the Corporate Improvement and Risk Manager will work with Internal Audit to ensure an appropriate approach is adopted and that the Council's risk registers provide sufficient evidence to support this process.

7.5 Finally, the Corporate Risk Management Policy and Guide will also be refreshed in the latter part of 2023, with a revised version presented to the Audit Committee for approval at its November meeting.

## **8. Options considered and recommended proposal**

8.1 Not applicable.

## **9. Consultation**

9.1 The risks included in this report have been drawn from Directorate Risk Registers and the Strategic Risk Register.

## **10. Timetable and Accountability for Implementing this Decision**

10.1 Not applicable.

## **11. Financial and Procurement Implications**

11.1 The risks contained in the table at section 5.3 require ongoing management action. In some cases, additional resources may be necessary to implement the relevant actions or mitigate risks. Any additional costs associated with the management of these risks will be contained within overall budgets or otherwise reported through the monthly financial monitoring arrangements and to Cabinet if appropriate.

## **12. Legal Implications**

12.1 There are no direct legal implications arising from the risk register. Any actions taken by the Council in response to risks identified will consider any specific legal implications.

## **13. Human Resources Implications**

13.1 There are no Human Resources implications associated with the proposals.

## **14. Implications for Children and Young People and Vulnerable Adults**

14.1 The Strategic Risk Register incorporates the CYPS risks that are of significance at a corporate / strategic level.

## **15. Equalities and Human Rights Implications**

15.1 Proposals for addressing individual risks within the register incorporate equalities and human rights considerations where appropriate.

## **16. Implications for Partners and Other Directorates**

16.1 The actions relating to any issues affecting partners are reflected in the risk register and accompanying risk mitigation action plans.

**17. Risks and Mitigation**

17.1 It is important to review the effectiveness of our approach to capturing, managing and reporting risks on an ongoing basis. This report sets out how the approach to risk management will be developed over the course of the coming year.

**18. Accountable Officer:**

Simon Dennis (Corporate Improvement and Risk Manager)

Approvals Obtained from: -

Jo Brown, (Assistant Chief Executive)

**This report is published on the Council's website or can be found at:**

Not Applicable for the Appendices – Private Report



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**Public Report****Audit Committee**

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**Committee Name and Date of Committee Meeting:**

Audit Committee – 27 July 2023

**Report title:**

External inspections, reviews, and audits update

**Is this a Key Decision and has it been included in the Forward Plan?**

No

**Strategic Director Approving Submission of the Report:**

Jo Brown – Assistant Chief Executive

**Report Author(s):**

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Assistant Chief Executive's Department

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**Ward(s) Affected:**

All

**Report Summary:**

In line with the Audit Committee terms of reference, the purpose of this report is to provide details of the recent external inspections, reviews, and audits as well as to provide assurance that outgoing and outstanding recommendations from earlier inspections, audits and reviews, are being progressed.

The report provides a summary of progress against the recommendations from all external inspections, reviews and audits and sets out the details of arrangements for ensuring the accountability and governance around their implementation.

**Recommendations:**

That Audit Committee:

- Note the recent external inspections, reviews and audits which have taken place and the progress made relating to ongoing recommendations
- Note the governance arrangements in place for monitoring and managing the recommendations

- Continue to receive regular reports.

**List of Appendices Included:**

None

**Background Papers**

External audit and inspection recommendations reports to Audit Committee on 11 January 2022, 28 July 2022 and 10 January 2023.

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**

None

**Council Approval Required**

No

**Exempt from the Press and Public**

No

## External audits, inspections, and reviews update

### 1. Background

- 1.1 In line with the Audit Committee terms of reference, the purpose of this report is to provide details of the recent external inspections, reviews and audits across the Council and assurance that ongoing and outstanding recommendations, relating to those that have taken place previously, are being progressed.
- 1.2 The last report was presented to Audit Committee on 10 January 2023. The report referred to:
- External inspections, reviews and audits that had taken place since July 2022:
    - Eight new external inspections, reviews and audits that had taken place since July 2022, resulting in twenty-six recommendations and areas for improvement
    - Three of the recommendations/areas for improvement had been implemented and were complete
    - Seven remained ongoing and were in progress
    - Sixteen had not yet started and were at the planning stage
    - The outcome was not yet known for three of the audits conducted.
  - Ongoing recommendations relating to external inspections, reviews and audits that took place prior to July 2022:
    - Thirty-three had been implemented and were complete
    - Seventeen were in progress
    - Thirty-five had not yet started. Twenty-two of which were being embedded within the Council's Equalities Framework Action Plan.

### 2. Key issues

- 2.1 This report provides an overview of key areas of concern relating to external inspections, reviews, and audits, including action taken or to be taken and the associated governance arrangements. This is intended to provide the Audit Committee with assurance that appropriate arrangements are in place for managing the Council's response, in line with the Audit Committee's responsibilities.
- 2.2 Governance arrangements are in place for monitoring and managing external inspection, review, and audit recommendations within each directorate. In addition, the content of this report has been considered by the Strategic Leadership Team.
- 2.3 New inspections, reviews, and audits since January 2023:

- Nine have taken place, resulting in fourteen recommendations/areas for improvement being made. Of these:
  - Six are complete
  - Eight are in progress
- The outcome is not yet known for one of the audit reviews conducted.

2.4 Ongoing recommendations/areas for improvement relating to external inspections, reviews and audits that took place prior to January 2023:

- Twenty-nine have been completed since the last report
- Forty-seven are in progress, five of which are delayed
- Four require no further action/do not require adjustment.

2.5 As requested by Audit Committee in January 2023, the following status ratings have been applied to demonstrate the current position for each inspection, review, and audit:

Complete	All recommendations/areas for improvement are fully complete
In progress and on track	All recommendations/areas for improvement are on track to be delivered by the original agreed deadline
In progress and partly delayed	Recommendations/areas for improvement progressing, however target date for one or more area is behind the original agreed deadline
Significant delay	All recommendations/areas for improvement delayed or one area delayed more than twelve months past the original agreed deadline
No action required	There are no recommendations/areas for improvement, or the outcome is not yet known

2.6 An update for each directorate is provided below.

### 3. Children and Young People’s Services

3.1 Three new inspections of the RMBC children’s residential homes have been conducted since the last report. Further details are provided below.

3.2 Of the recommendations from external inspections, reviews and audits that took place prior to January 2023, eleven recommendations/areas for improvement have been completed since the last report and nine recommendations are in progress.

3.3 The tables below provide a summary of new and ongoing external inspections, reviews, and audits.



<b>New</b> external inspections reviews and audits		
Title	Date	Outcome
Beech Tree Lodge Children's Residential Home ( <i>Ofsted</i> )	25 January 2023	Good rating overall
Liberty House Children's Residential Home ( <i>Ofsted</i> )	7 February 2023	Outstanding rating overall
Quarry House Children's Residential Home ( <i>Ofsted</i> )	3 May 2023	Good rating overall

### 3.4 Inspections of RMBC Children's Residential Homes (*Ofsted*)

- 3.4.1 Residential children's homes are inspected by HMI Ofsted under the Social Care Common Inspection Framework (SCCIF) to evaluate the impact of care and support on the experiences and progress of children.
- 3.4.2 Following inspection, the children's home receives an overall judgement based on the experiences and progress of children and young people, of outstanding, good, requires improvement or inadequate.
- 3.4.3 The outcome of the inspections is confidential not in the public domain and therefore the recommendations and progress against these are not included within this report.

<b>Ongoing</b> external inspections reviews and audits ( <i>those reported previously which had ongoing recommendations</i> )						
Title	Date	Outcome	No recs	Implemented:		Status
				At last report	Since last report	
Troubled Families ( <i>Ministry of Housing, Communities and Local Government</i> )	July 2019	Feedback extremely positive and six recommendations made, which included a recommendation to enhance systems.	6	5	1	<b>Complete</b> (6 complete)
Joint Area SEND Inspection ( <i>Ofsted and CQC</i> )	5-9 July 2021	No formal overall outcome from the inspection. A letter providing four recommendations has been published.	4	0	0	<b>In progress and on track</b> (4 recs in progress)
Rotherham Youth Justice Service Peer Review ( <i>The Youth Justice Board</i> )	March 2022	No formal outcome or recommendations from the peer review, however 13 areas for improvement identified for consideration.	13 areas for improvement.	7	6	<b>Complete</b> (13 areas for improvement complete)

Inspection of Local Authority Children's Services (ILACS) Short Inspection ( <i>Ofsted</i> )	June 2022	Services provided to children and families by the Council rated as 'good' across the board.	4	0	0	<b>In progress partly delayed</b>  (4 areas for improvement in progress, 3 of which are delayed and 1 is on track)
Child Sexual Exploitation review ( <i>Rotherham Safeguarding Children Partnership</i> )	March - May 2022	The review team were assured that the concerns in the briefing paper provided regarding Child Sexual Exploitation (CSE) were taken seriously, acted upon, and dealt with appropriately.	7 areas for improvement	2	4	<b>In progress partly delayed</b>  (6 area for improvement complete and 1 area delayed)

### 3.5 Troubled Families (*Ministry of Housing, Communities and Local Government (MHCLG)*)

3.5.1 A troubled families' spot check was carried out in July 2019 by the Ministry of Housing and Local Government. The purpose of the inspection was to review processes, performance and systems and identify areas for improvement.

3.5.2 Six recommendations were made, all of which are now complete.

3.5.3 The final recommendation was completed in March 2023 to better align troubled families' data with the corporate context and the previously collected data has now been included in the Joint Strategic Needs Assessment (JSNA) early help section.

### 3.6 Joint Area Special Educational Needs and/or Disabilities (SEND) inspection (*Ofsted and CQC*)

3.6.1 Between 5–9 July 2021 Ofsted and the Care Quality Commission conducted a joint inspection of the local area of Rotherham to judge the effectiveness of the area in implementing the Special Educational Needs and/or Disabilities (SEND) reforms as set out in the Children and Families Act 2014.

3.6.2 A letter detailing the findings was published on 19 October 2021.

3.6.3 A formal Written Statement of Action (WSoA) has been jointly developed with the Clinical Commissioning Group (CCG) which sets out the key actions and timelines to address the following areas of improvement:

- The variability in the quality of Education, Health and Care plans, including the contribution of health and social care partners
- The effectiveness of the graduated response to identify and meet children and young people's needs, especially in key stages one and two

- The quality of provision for children and young people's preparation for, and transition to, adulthood
- Communication with all parents and carers of children and young people with SEND about the local offer, and the accessibility of the very valuable information included within the local offer.

3.6.4 The target date for actions relating to all the above is September 2023.

3.6.5 A final meeting with the Department for Education (DfE) took place on the 20 June 2023 to review progress in relation to the actions from the SEND inspection. The Council is now awaiting a full inspection, under the new SEND inspection framework, which will formally sign off the support and challenge required from the DfE.

3.6.6 Formal internal governance arrangements are in place to review and challenge progress made against the actions. The SEND Executive Board meets bi-monthly to review and hold accountability against progress.

### **3.7 Rotherham Youth Justice Service Peer Review (*The Youth Justice Board*)**

3.7.1 The Youth Justice Board (YJB) were asked to undertake a review of Rotherham's Youth Justice Service to assess progress against the September 2020 Inspection findings. The peer review was conducted in March 2022.

3.7.2 There was no formal outcome or recommendations from the peer review, however thirteen areas for consideration were identified.

3.7.3 Since the last report, the remaining six areas for improvement are now complete:

- Explore how the partnership can expedite health pathways and access to health and wellbeing support for children & young people open to the Youth Justice Service
- Enhance Board oversight of effectiveness of Out of Court Disposal decision making across the partnership
- Review National Standards and Identify and develop operational thematic leads within the Youth Justice Service
- Review the partnership sharing and escalation processes and include in new working agreements
- Review the Youth Justice Service's Risk Management Policy and clarify the role of the wider partnership (for example, CAMHS, Education and the Police) and their input into child specific risk management plans
- Workforce and partnership development including the induction for staff (including secondees), volunteers and partnership board members.

3.7.4 The findings from the peer review have been communicated with various partnership groups to share learning.

### 3.8 Inspecting local authority services for children (ILACS) Short Inspection (Ofsted)

3.8.1 Every three years Ofsted conducted an inspection to review the effectiveness of local authority services and arrangements for Children and Young People. The inspection was conducted in June 2022.

3.8.2 The review findings were published in August 2022 and services provided to children and families by the Council were rated as 'good' across the board.

3.8.3 There were four areas for improvement which remain in progress:

- **Area for improvement:** Consideration of previous history and current circumstances when responding to 'Front Door' contacts and child protection concerns. **Progress:** New audit and moderation tools have been implemented and audit findings are presented at the CYPS Performance Assurance Board. The target date has changed from November 2022 to August 2023 due to allow additional time for further dip sampling of cases during the summer, prior to completion of this action
- **Area for improvement:** Assessment of the identity needs of children when planning for their future. **Progress:** The child's identity is fully considered in all records and a golden thread is seen through any assessment plan and intervention. The target date has changed from April 2023 to July 2023 to allow additional time for a review of data to be undertaken to provide assurance that the recording of identity information has improved prior to closure of this action
- **Area for improvement:** The level of ambition for individual care leavers, the support for them to achieve their aspirations and the detailing of this in pathway plans. **Progress:** Joint development sessions and quality assurance sessions have taken place across the service. A review of the Local Offer has commenced which will form part of an overall service development plan for the Leaving Care Service. This is scheduled to complete in July 2023, resulting in the target date changing from June 2023 to July 2023
- **Area for improvement:** The quality of individual case audits to inform wider service learning. **Progress:** A Learning Leadership Group has been established and a review of the Quality Assurance Framework is underway. Regular assurance meetings have also been established. Target date June 2023.

3.8.4 Actions are monitored through the Children and Young People's Services Improvement Plan and reported for review and challenge to the Directorate Leadership Team.

### 3.9 CSE review (*Rotherham Safeguarding Children Partnership*)

- 3.9.1 An Independent Review was commissioned by the Chief Officers from Rotherham Metropolitan Borough Council (RMBC), South Yorkshire Police (SYP), and The Clinical Commissioning group (CCG, now Integrated Care Systems ICSs) following concerns raised in a Conservative Briefing paper dated 3 November 2021. The briefing suggested that Child Sexual Exploitation (CSE) was a continuing problem in Rotherham and that the response from the police and Council was not effective enough.
- 3.9.2 The review was approved by Council Motion on 10 November 2021 and undertaken by an Independent Review Project Team.
- 3.9.3 The review was split into two stages and conducted between March – May 2022.
- 3.9.4 The review team were assured that the concerns regarding Child Sexual Exploitation (CSE) were taken seriously, acted upon, and dealt with appropriately. The review also concluded that services in Rotherham have strong leadership, accountability and locally developed multi-agency relationships which take a robust approach to addressing CSE in Rotherham. The review team found no evidence that CSE may be occurring on the same scale as in the past as detailed in the Jay report in 2014.
- 3.9.5 The review did not make any recommendations, and instead made seven suggestions in recognition that there is always room for improvement.
- 3.5.6 Since the last report a further four areas for improvement are now complete:
- Rebuilding Trust and Confidence (communications plan should be developed that actively promotes better public engagement through CE/CSE awareness campaigns and the sharing of good news and other stories. Should take account of equality and diversity to ensure the widest possible reach)
  - Survivors (work with all local partners and develop a programme to achieve regular and consistent way to collate views and feedback to inform future development and commissioning)
  - Public awareness raising that takes account of equality and diversity
  - CE/CSE Strategy review.
- 3.5.7 One area of improvement remains in progress which relates to:
- **Area for improvement:** Keeping children and young people safe (further training and awareness that recognises the changing landscape of CE/CSE to more online abuse to keep children and young people and adults at risk, including those with Special Educational Needs and Disability (SEND) safe). **Progress:** Work is ongoing to address this area for improvement and a training package for frontline staff is being developed through a multi-agency steering group. Awareness raising is also ongoing, including the sharing of messages across the partnership on spotting the signs of exploitation through social media and other channels. Despite the progress made, the target date for this action has changed from March 2023 to March 2024 due to a change in the executive group membership that allocated the funding and staffing changes.

3.5.8 The Rotherham Safeguarding Children's Partnership are responsible for monitoring progress.

#### 4. Adult Care, Housing and Public Health

4.1 One audit has taken place since the last report and no recommendations were made. Further details are provided below.

4.2 Actions relating to external inspections, reviews and audits that took place prior to January 2023 remain in progress.

4.3 The tables below provide a summary of new and ongoing external inspections, reviews, and audits.

<b>New</b> external inspections reviews and audits				
Title	Date	Outcome	Number of recs	Status
Homes England Compliance Audit 2022/23 ( <i>Homes England</i> )	Audit year 22/23 – accepted and signed off 23/2/2023	Provider has satisfactory overall performance. Final grade 'green' was assigned. Meets requirements.	0	<b>No further action.</b>  (No further breaches were identified. Further audit will take place for 2023/24)

#### 4.4 Homes England Compliance Audit 2022/23 (*Homes England*)

4.4.1 Homes England conducted a 2022/23 audit check to ensure that the conditions required when site grant payment is claimed were being met. The audit was following the receipt of a 'red' status 2021/22 Compliance Audit relating to the Start on Site grant payment being claimed not being signed by all parties.

4.4.2 No further breaches were identified by the audit and the outcome demonstrated satisfactory overall performance. A final grade 'green' was assigned, meeting all requirements.

4.4.3 Whilst receipt of a green status would ordinarily mean that no audit is conducted the following year, the identification of a high severity breach in 2021/22 means that a further audit will take place for 2023/24.

<b>Ongoing</b> external inspections reviews and audits ( <i>those reported previously which had ongoing recommendations</i> )						
Title	Date	Outcome	No recs	Implemented:		Status
				At last report	Since last report	
Exemplar accreditation of housing tenancy engagement (Tpas)	October 2022	Excellent outcome.  Exemplar accreditation achieved with All 7 themes achieving an individual PASS status.	16 Improvements/ comment received, relating to 6 areas of good practice.	1	0	<b>In progress and on track</b>  (1 area for improvement complete and 15 are in progress)

**4.5 Exemplar accreditation of housing tenancy engagement (Tpas)**

- 4.5.1 In October 2022 the Council achieved the standard to achieve Tpas ‘Exemplar’ status which will run until 2024. Tpas Exemplar is for organisations who have been awarded the Tpas PRO accreditation three times and have consistently demonstrated their exemplar approach to engagement. It is comprehensive, visionary and time focused, ensuring organisations remain a beacon of excellent practice for engagement.
- 4.5.2 The Council received an excellent outcome and exemplar accreditation was achieved with all seven themes achieving an individual ‘pass’ status.
- 4.5.3. Six of the themes had a total of sixteen areas for improvement/comments and there were also six areas of good practice identified.
- 4.4.4 Since the accreditation one area of improvement/comment is now complete:
  - Wider consultation with residents to inform the plan - wanted to see evidence of this or how residents were consulted within the framework.
- 4.4.5 The remaining fifteen outstanding areas for improvement/comments are scheduled to be completed between December 2023 – June 2024.
- 4.4.6 Detailed timelines for each recommendation and progress will be performance managed as agreed via the new Tenant Engagement Framework 2022-25 Action Plan and reported to the Housing Involvement Panel.

**5. Regeneration and Environment Services**

- 5.1 Three inspections/reviews have taken place since the last report and ten recommendations/areas for improvement were made. Further details are provided below.
- 5.2 Of the recommendations from external inspections, reviews and audits that took place prior to January 2023, one recommendation is now complete, and one remains in progress.
- 5.3 The tables below provide a summary of new and ongoing external inspections, reviews, and audits.

<b><u>New</u> external inspections reviews and audits</b>				
<b>Title</b>	<b>Date</b>	<b>Outcome</b>	<b>Number of recs</b>	<b>Status</b>
Quest Foundation Review ( <i>Quest</i> )	January 2023	Learning from the review included consideration of website information, answering of phones and social media information due to this being corporate and not specific to individuals.	3 areas for improvement	<b>In progress and on track</b>  (3 areas for improvement in progress)

Visitor Attraction Quality Assurance Scheme – VAQAS ( <i>Visit England</i> )	January 2023	The Museums, Arts & Heritage Service improved its overall quality score from 88% (May 2022) to 92% (January 2023).	0	<b>No recommendations</b>
Tree Management Protocol & Guidance Independent Review ( <i>Treconomics</i> )	March 2023	Protocol found to be in line with industry standards, however capacity to deliver within the service lacking and levels of inspections were felt to be above what is required nationally.	7	<b>In progress and on track</b>  (6 recommendations complete, 1 in progress)

#### 5.4 Quest Foundation Review (*Quest*)

5.4.1 The Quest Foundation Review (QFR) provides a scored and benchmarked insight into real-life, 'live' customer service experiences from people who've traditionally been excluded from physical activity opportunities, including people from lower socio-economic groups, culturally diverse communities, disabled people and people with long-term health conditions.

5.4.2 The Council received a Quest Foundation Review in January 2023 and the finding received in February 2023 included three areas for improvement:

- **Area for improvement:** Work to ensure the phone is answered in a timely manner. **Progress:** all front of house staff have undertaken customer service essential training refresher
- **Area for improvement:** The need for information on Places Leisure website relating to transgender use of changing facilities. **Progress:** the Places Leisure policy is being assessed to ascertain what elements can be displayed on the soon to be revamped website
- **Area for improvement:** The need for site specific posts targeting socially excluded groups on Twitter. **Progress:** social media is generally controlled centrally by Places Leisure. However, a desire has been expressed to take more local ownership of content. This topic is being included in the review.

5.5.3 Learning from the review included consideration of website information, answering of phones and social media information due to this being corporate and not specific to individuals.

5.5.4 Places Leisure are acting upon findings and progress will be reviewed in November 2023.

#### 5.5 Visitor Attraction Quality Assurance Scheme (VAQAS) (*Visit England*)

5.5.1 The Visitor Attraction Quality Assurance Scheme (VAQAS) programme assesses a range of factors from the quality of customer services to cleanliness at that time giving an annual score.

5.5.2 The Museums, Arts & Heritage Service assessed in January 2023 found that services had improved overall, and the quality score increased from 88% (May 2022) to 92% (January 2023).



5.5.3 The service was noted for:

- Improvements to the overall interpretation of the museum
- The 'Dishes of Rotherham' exhibition which brought together 10 Rotherham cooks and Rockingham tableware to form a fascinating exhibition on food
- The 'Silverwood Colliery Heritage' exhibition in the 'Test Space' gallery provided an informative glimpse into the coal mining industry
- Very strong performance of the staff which also reflects the experience at the last assessment.

5.5.4 The 92% rating moves the museum into the Gold Standard and the service has been nominated for the prestigious Visit England 'Gold' accolade this year, along with nominations for both the 'Welcome' and 'Best Told Story' Accolades. Accolade winners will be announced in the Autumn 2023.

5.5.5 The survey is undertaken within an 18-month period but usually annually.

5.5.6 In relation to lessons learned, there is a need to continue to invest in customer service skills of our front of house team by providing different training opportunities such as storytelling workshops, accessibility workshops and anti-racism workshops to ensure they continue to deliver a high-quality service.

## 5.6 **Tree Management Protocol & Guidance Independent Review** **(*Treconomics*)**

5.6.1 The independent review was conducted in March 2023 to review and benchmark the Council's Tree Management Protocol & Guidance document against four similar sized authorities, assess its practicality and feasibility and propose amendments for improvement and strengthening.

5.6.2 The protocol was found to be in line with industry standards, however capacity to deliver within the service was lacking and levels of inspections were felt to be above what is required nationally. Seven recommendations were made and six are now complete including:

- An appendix for classifying/zoning trees (tree risk matrix)
- External help to complete an accurate and up to date tree inventory
- Once a tree risk matrix has been established and tree inventory work has been completed, develop a 5-year inspection/survey schedule
- Ensure VALID training is up to date and accreditation is held by all Tree Officers involved in cyclical tree inspections
- Reduce officer hours spent responding to enquiries and service requests by removing the case-by-case reference from the guidance
- Ensure essential kit is supplied to Tree Officers/Surveyors.

5.6.3 The remaining recommendation in progress is:

- **Recommendation:** Annual Ash Dieback surveys are not required for all ash trees. For ash in high use/high risk areas, annual inspections may be

necessary, however in lower risk areas, inspections should consider the level of risk, stage of dieback and the capacity to carry out remedial action.

**Progress:** An Ash Dieback Plan is in production with the first draft due July 2023. The target date for this recommendation is September 2023.

5.6.4 All recommendations have been documented in the Tree Service Action Plan which is overseen by the Tree Service Task & Finish Group.

5.6.5 Lessons learned include conducting benchmarking exercises when undertaking new policy development.

<b>Ongoing</b> external inspections reviews and audits <i>(those reported previously which had ongoing recommendations)</i>						
Title	Date	Outcome	Number of recs	Implemented:		Status
				At last report	Since last report	
Local Authority Audit - Sports Ground Safety Authority (SGSA)	July 2022	Excellent progress has been made with recommended actions from the previous audit with all being completed satisfactorily.	2	0	2	<b>Complete</b> (2 recommendations complete)

### 5.7 Local Authority Audit - Sports Ground Safety Authority (SGSA)

5.7.1 The Sports Ground Safety Authority (SGSA) – Local Authority Audit took place in July 2022. The audit is a national regulator who assess the Council’s delivery of its statutory obligations in relation to safety at sports grounds. The frequency is based on risk and the Council are currently low risk and audited every twenty-four months.

5.7.2 The audit concluded that excellent progress had been made with recommended actions from the previous audit all being completed satisfactorily. The Council’s risk rating was reduced from ‘medium’ to ‘low’.

5.7.3 Two recommendations were made, and the following recommendation is now complete:

- The capacity and P/S (physical condition and safety management) factors will be reviewed annually at a Safety Advisory Group (SAG) to ensure all agencies can comment and a written record is contained within the minutes
- Ensure that policies and procedures document for the safety certification function, monitoring and enforcement are regularly reviewed and the review is documented.

5.4.4 Due to the nature of the recommendations, neither have a defined end point, are ongoing and will continue to form part of the services delivery of the safety at sports grounds function.

## 6. Finance and Customer Services

- 6.1 One audit has taken place since the last report and three recommendations, and one follow up recommendation were made. Further details are included below.
- 6.2 Of the external inspections, reviews and audits that took place prior to January 2023, the Council has now received the findings from three ongoing audits that were reported previously. Six recommendations were made, two of which are complete and four require no further action. In addition, most of the Customer Service Peer Review improvement actions are now complete (twenty-six complete and one slightly delayed). Further details are provided below.
- 6.3 The tables below provide a summary of new and ongoing external inspections, reviews, and audits.

<b>New</b> external inspections reviews and audits				
<b>Title</b>	<b>Date</b>	<b>Outcome</b>	<b>Recommendations</b>	<b>Status</b>
2021/22 VFM arrangements (Grant Thornton)	March 2023	Council's financial position is strengthening.  Identified small number of improvement recommendations to further enhance finance, governance, and performance arrangements.	3 new recommendations.  1 follow up recommendation which is ongoing.	<b>In progress and on track</b>  (4 recommendations in progress)

### 6.4 2021/22 VFM arrangements (Grant Thornton)

- 6.4.1 Grant Thornton conducted the annual audit of the 2021-2022 Value for Money Arrangements and the findings were received on 6 March 2023.
- 6.4.2 The audit findings noted the Council's improvement journey and commented that the Council's financial position is strengthening, albeit the level of useable reserves in proportion to the Council's spend being lower than most peer authorities. The report identified a small number of improvement recommendations to further enhance finance, governance, and performance arrangements, these included:
- **Recommendation:** Refine existing arrangements for monitoring the capital programme to ensure the spend programme and timing of capital expenditure remains accurate and supports delivery of the programme and Council Plan.  
**Progress:** The Council is continuing to embed the Capital Governance Principles including reporting and escalation via the Capital Programme, Monitoring and Delivery Board. The review into delivery of Regeneration and Environment capital schemes is progressing. This action is ongoing.

- Recommendation:** In line with the Council’s Risk Management Guide, recommended the Council draws out the Corporate Strategic Risk Register and associated public risk reporting, the degree of risk appetite and the possible upside of taking on a degree of managed risk. **Progress:** Detailed Risk Register will be presented to Audit Committee in future which includes further mitigating actions and target score. This will address the degree of risk appetite the Council is willing to take. The Risk Register will be presented to Audit Committee in July 2023 and this recommendation will then be complete.
- Recommendation:** Consider streamlining KPI performance report to provide a more summarised and integrated performance, finance, and risk reporting. **Progress:** The suite of KPIs will be considered when the new plan for 2025 is developed.
- Follow up recommendation:** Following on from the Ofsted and CQC SEND inspection, the Council should have a clear Written Statement of Action (WSoA), a clear action plan for implementation and formal monitoring and challenge by the Improving Lives Select Committee. **Progress:** see pages 6-7 above. A formal Written Statement of Action (WSoA) has been developed and the Council is now awaiting a full inspection, under the new SEND inspection framework, which will formally sign off the support and challenge required.

6.4.3 Implementation of the recommendations is overseen by the Finance and Customer Services Directorate.

<b>Ongoing</b> external inspections reviews and audits <i>(those reported previously which had ongoing recommendations)</i>						
Title	Date	Outcome	Recommendations	Implemented:		Status
				At last report	Since last report	
Customer Service Peer Review (LGA)	June 2022.  Findings received November 2022.	The Council has a vision to provide improved customer access and experience. However, there is more work to do to ensure that everyone is bought into the improved customer access and experience approach.	27 actions relating to six recommendations.	12	14	<b>In progress partly delayed</b>  (26 improvement actions complete and 1 in progress but slightly delayed)
Housing Benefit Audit 2021/22 (Grant Thornton)	Report received January 2023	No risk identified in relation to the Councils subsidy claim.  Letter to DWP issued by Grant Thornton confirmed year-end return.	0	Was awaiting outcome	n/a	<b>No action required</b>  (No recommendations)

Statement of Accounts Audit 2021/22 (Grant Thornton)	Report received January 2023	Unqualified (clean) opinion	6 recommendations	Was awaiting outcome	2  4 do not require action.	<b>Complete</b>  (4 of the recommendations do not require adjustment and 2 are complete)
Housing Pooling Capital Receipts Audit 2021/22 (KPMG)	Report received May 2023	No exceptions or errors identified.  Letter to DLUHC issued by KPMG confirmed Annual Pooling Return.	0	Was awaiting outcome	n/a	<b>No action required</b>  (No recommendations)

## 6.5 Customer Service Peer Review (LGA)

- 6.5.1 In June 2022 the LGA conducted a peer review of Customer Services. The Council requested the review to assess progress against the outcomes set out in the Council Plan and suggest any improvement opportunities based on experience and knowledge of best practice in other authorities. The review looked at the current position and performance of customer service across the Council.
- 6.5.2 The findings received in November 2022 stated that overall ‘Rotherham Council has a vision to provide improved customer access and experience. The aim is that whatever part of the Council a resident or customer contacts, they receive the same standard of service. There have been some corporate changes to working patterns, systems, and processes to achieve this vision. It appears to the peer team that it is heading in the right direction, but that there is more work to do to ensure that everyone is bought into the improved customer access and experience approach.’
- 6.5.3 The report included twenty-seven areas for improvement focussed around six recommendations. These included:
- Ensure that there is a corporate approach to improved customer access and experience
  - Improve internal communication and co-ordination
  - Consider greater involvement of councillors in corporate priority programme and project management
  - Improve co-ordination of corporate strategies, services and teams
  - Explore ways to use technology to improve customer experience
  - Involve key stakeholders to help service improvements.
- 6.5.4 Only one of the twenty-seven areas for improvement remains ongoing relating to the second recommendation. The action to create a shared post calendar to enable a better understanding of when services are contacting residents and businesses on mass and enable customer service to support this activity has been slightly delayed until September 2023.
- 6.5.5 The Strategic Customer Experience Board oversees implementation of the improvement actions.

**6.6 Housing Benefit Audit 2021/22 (Grant Thornton)**

- 6.6.1 Grant Thornton conducted the annual Housing Benefit Audit for 2021/22 and the findings were received in January 2023.
- 6.6.2 The findings confirmed no identified risk in relation to the Council's subsidy claim and no recommendations were made.

**6.7 Statement of Accounts Audit 2021/22 (Grant Thornton)**

- 6.7.1 The annual audit of the Statement of Accounts Audit for 2021/22 report was received in January 2023 from Grant Thornton.
- 6.7.2 The Council received an Unqualified (clean) opinion, and six recommendations were made. Two are complete which relate to the Northgate system:
  - Management should ensure that a comprehensive change management policy and associated procedures are documented and approved at the appropriate level
  - Management should ensure that password settings configured on Northgate are in line with the organisation's password policy.
- 6.7.3 The other four recommendations do not require adjustment, as existing arrangements are deemed to be sufficient/the best possible.

**6.8 Housing Pooling Capital Receipts Audit 2021/22 (KPMG)**

- 6.8.1 The audit of Housing Pooling Capital Receipts for 2021-22 was conducted between April and May 2023 and the findings were received in May 2023.
- 6.8.2 The findings confirmed that no exceptions or errors were identified, and no recommendations were made.

**7. Assistant Chief Executive Directorate**

- 7.1 One new external peer review has taken place since the last report.
- 7.2 Of the external inspections, reviews and audits that took place prior to January 2023, the suggestions from the Equality Framework informal peer challenge remain in progress. Further details are provided below.
- 7.3 The table below provides a summary of new and ongoing external inspections, reviews, and audits.

<b><u>New</u></b> external inspections reviews and audits				
Title	Date	Outcome	Recommendations	Status
Corporate Peer Challenge (LGA)	5 – 8 June 2023	Awaiting findings.	Unknown	<b>Awaiting outcome.</b> (Awaiting findings)

#### 7.4 Corporate Peer Challenge (*Local Government Association*)

- 7.4.1 There is an expectation that Councils receive a peer review every five years to provide robust, strategic, and credible challenge, whilst also enhancing capacity and helping to avoid insularity.
- 7.4.2 The Local Government Association conducted the Council's Corporate Peer Challenge in June 2023, focused on ensuring that the Council has the capacity, governance, leadership, and finances to deliver its ambition. There was also a particular focus on the work the Council is doing to create and inclusive economy for all.
- 7.4.3 The Corporate Peer Challenge Team was made up of six experienced and skilled peers and they were on site for 3.5 days.
- 7.4.4 Once agreed the findings will be presented to Cabinet and a detailed action plan produced in response.

<b><u>Ongoing</u></b> external inspections reviews and audits ( <i>those reported previously which had ongoing recommendations</i> )						
Title	Date	Outcome	Recommendations	Implemented:		Status
				At last report	Since last report	
Equality Framework for Local Government - Rotherham Council Informal Peer Challenge ( <i>Doncaster Council</i> )	March – April 2022. Findings received May 2022.	Peer team agreed with the Council's Self-assessment (Suggested developing level) and acknowledged that the Council provided the required level of information and documentation to evidence this.  Stated the Council appear to be aware of their current position and have detailed activity planned to gain an 'Excellent' rating.	22 suggestions for consideration around focused around 4 themes.	0	0	<b>In progress and on track</b>  (All 22 suggestions have been embedded and progressed within the Council's Equality Framework Action Plan).

## 7.5 Equality Framework for Local Government - Rotherham Council Peer Challenge (*Doncaster Council*)

7.5.1 Between March – April 2022 the Council received an informal, desktop peer assessment of the Council's progress judged against the KLOEs of the Equality Framework for Local Government by Doncaster Council.

7.5.2 The findings were received in May 2022 and twenty-two suggestions were made for consideration around the four themes from the Equality Framework for Local Government (EFLG). All are on track for completion in June 2025:

- **Suggestion:** Understanding and Working with your Communities (three actions). **Progress:** consultation and engagement toolkit updated, and training being scheduled for staff; a new model of equalities engagement is being implemented; data from the Census has been used to update ward profiles and the Rotherham Data Hub.
- **Suggestion:** Leadership and Organisational Commitment (four actions). **Progress:** corporate EDI steering group has been formed; EDI operational group is in the process of being formed; Equalities Annual Report outlines learning from case studies of equalities outcomes; member development process being refreshed which will include raising awareness of equalities.
- **Suggestion:** Responsive Services and Customer Care (five actions). **Progress:** corporate commissioning toolkit launched which includes EDI; a package of measures being developed to assist contract managers to secure social value outcomes from contracts including around equalities and the real living wage; customer service management systems now includes equality questions; Service Plan templates updated to further embed EDI; Equalities Annual Report outlines learning from case studies of equalities outcomes.
- **Suggestion:** Diverse and Engaged Workforce (ten actions). **Progress:** the Workforce Plan is being implemented including eight internal staff representative groups formed; detailed equality analysis training is being provided to the EDI Operational Group; the Hybrid Working Policy is being reviewed and will be considered by the Staffing Committee in July.

7.5.3 The comments from the peer challenge have been shared with the Corporate Equality, Diversity, and Inclusion Steering Group and are being progressed via the Council's Equality Framework Action Plan. This has been developed to deliver the Council Equality, Diversity and Inclusion Strategy, including relasing our ambition to achieve 'excellent' in the Equality Framework for Local Government in 2025.

7.5.4 Implementation of the Equality Framework Action Plan is overseen by the Equality, Diversity, and Inclusion Steering Group.



**8. Lessons learnt**

- 8.1 The Council will continue to share learning from external inspections, reviews and audits across services and other directorates, where appropriate, to prevent future concerns/problems arising and enhance service delivery.
- 8.2 See paragraphs 5.5.6 and 5.6.5 regarding examples of learning being considered.

**9. Options considered and recommended proposal**

- 9.1 Audit Committee to note the recent external inspections, reviews and audits which have taken place and the progress made in implementing the recommendations since the last report in January 2023.
- 9.2 Audit Committee to note the governance arrangements that are currently in place for monitoring and managing the recommendations.
- 9.2 Audit Committee to continue to receive regular reports in relation to external inspections, reviews and audits and the progress made.

**10. Consultation on proposal**

- 10.1 Not applicable to this report.

**11. Timetable and Accountability for Implementing this Decision**

- 11.1 The timescale for each recommendation varies depending on the individual inspection or audit.
- 11.2 The next report will be presented to Audit Committee in January 2024.

**12. Financial and Procurement Advice and Implications**

- 12.1 There are no direct financial and procurement implications as a result of this report.
- 12.2 Audits relating to finance and procurement and any related recommendations are outlined in the main body of the report.

**13. Legal Advice and Implications**

- 13.1 There are no direct legal implications arising from the recommendations within this report.
- 13.2 Audits relating to legal services and any recommendations are outlined above.

**14. Human Resources Advice and Implications**

- 14.1 There are no Human Resources implications.

## **15. Implications for Children and Young People and Vulnerable Adults**

- 15.1 The recommendations in relation to inspections in both Children and Young People's Services and Adult Social Care have direct implications on the quality of services provided to children, young people and vulnerable adults. Completing the recommendations will improve outcomes for these groups.

## **16. Equalities and Human Rights Advice and Implications**

- 16.1 When implementing changes/improvements services are to consider the impacts on services users and communities, including an individual or group with a protected characteristic. This may require the completion of an equality analysis to advance and maximise equality as well as eliminate discrimination and negative consequences.
- 16.2 As outlined in paragraph 7.5 an Informal Peer Challenge took place in March – April 2022 and actions are being progress via the existing Council's Equality Framework Action Plan.

## **17. Implications for CO2 Emissions and Climate Change**

- 17.1 There are no direct CO2 emissions and climate change implications.

## **17. Implications for Partners**

- 17.1 Partnership approaches are key to improving services and the improvements need to be of a multi-agency nature and owned cross the partnership.

## **18. Risks and Mitigation**

- 18.1 There is a risk that actions are reported as completed without substance, it is important that arrangements are in place as part of the respective quality assurance regimes and monitored through performance management, evidencing not just completion of actions, but the associated outcomes. As governance arrangements are strengthened, these risks become mitigated.

## **19. Accountable Officer(s)**

Simon Dennis, Corporate Improvement and Risk Manager

Tanya Lound, Corporate Improvement and Risk Officer

## **Approvals Obtained from:-**

Jo Brown, Assistant Chief Executive

**This report is published on the Council's website or can be found at:**

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**Committee Name and Date of Committee Meeting**

Audit Committee – 27 July 2023

**Report Title**

Update Report on the Use of Surveillance

**Is this a Key Decision and has it been included on the Forward Plan?**

No

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director, Finance and Customer Services

**Report Author(s)**

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**Ward(s) Affected**

Borough-Wide

**Report Summary**

This is a report to update the Audit Committee in its oversight role on the Council's use of surveillance under the Regulation of Investigatory Powers Act 2000 (RIPA) and the Investigatory Powers Act 2016 (IPA).

**Recommendations**

That the Audit Committee:

1. Notes that the Council has not made use of surveillance or acquisition of communication data powers under the relevant legislation since it was last reported on the 9<sup>th</sup> February 2022.
2. Adopts the RIPA Policy with the minor amendments relating to personnel and references to the revised Codes of Practice.

**List of Appendices Included**

Copy of the Annual Statistics Return 2022  
Copy of the RIPA Policy 2023

**Background Papers**

Revised Code of Practice - Covert Surveillance and Property Interference [Home Office, 2018]

<https://www.gov.uk/government/publications/covert-surveillance-and-covert-human-intelligence-sources-codes-of-practice#full-publication-update-history>

Revised Code of Practice - Covert Human Intelligence Sources [Home Office, 2022]

<https://www.gov.uk/government/publications/covert-human-intelligence-sources-code-of-practice-2022>

Code of Practice – Communications Data

<https://www.gov.uk/government/publications/investigatory-powers-act-2016-codes-of-practice>

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**

None

**Council Approval Required**

No

**Exempt from the Press and Public**

No

## **Update Report on the Use of Surveillance and Acquisition of Communications Data Powers**

### **1. Background**

- 1.1 The Regulation of Investigatory Powers Act 2000 (RIPA) provides a mechanism to make it lawful for public bodies, such as local authorities, to use directed (i.e. covert) surveillance and covert human intelligence sources e.g. undercover officers and public informants for the purposes of the detection and prevention of crime. Any use of those powers has to be proportionate and necessary both in use and scope. The Council has a RIPA Policy that governs the use of those powers. The Policy was updated and approved by the Committee on 28<sup>th</sup> July 2022.
- 1.2 The Investigatory Powers Act 2016 also provides a mechanism for public bodies, such as local authorities, to acquire communications data where it is proportionate and necessary to do so for a legally prescribed purpose. Typically, this activity might include acquiring mobile phone subscriber details and details of itemised calls, but not the content of calls. The Council does not currently use the powers under the legislation and on the 28<sup>th</sup> July 2022 the Committee noted that the separate Acquisition and Disclosure of Communications Data Policy was not required.
- 1.3 The Council's corporate policies make provision for the Audit Committee to oversee the operation of these policies by receiving reports on a 12 monthly basis to ensure that RIPA powers are being used in a manner consistent with the Policy. Due to the Council not having used the powers available, it was deemed appropriate for reporting to take place annually.

### **2. Key Issues**

- 2.1 So far, since the last report, the Council has not used its powers under RIPA or the IPA, to use directed (i.e. covert) surveillance, covert human intelligence sources, e.g. undercover officers and informants or to acquire communications data. A statistical return was completed and sent to the Investigatory Powers Commissioners Office (IPCO) on the 25<sup>th</sup> January 2023.
- 2.2 The last inspection by the IPCO was a desk top inspection on the 7<sup>th</sup> July 2020 which recommended training to all officers who may be involved with RIPA authorisations. External training was provided to all officers involved or likely to be involved in the use of the powers provided under the RIPA legislation on 3<sup>rd</sup> March 2022. More recently and to ensure that this training is up to date and new staff joining are aware of their roles a further session was held on 13<sup>th</sup> and 14<sup>th</sup> June 2023. The purpose of this was to further reduce any potential risk arising from any unauthorised activity.
- 2.4 The revised Home Office Codes of Practice advise that the elected members of a local authority should:

2.4.1 Review the authority's use of RIPA and set the policy at least once a year; and

2.4.2 Consider internal reports on use of RIPA on a regular basis to ensure that it is being used consistently with the local authority's policy and that the policy remains fit for purpose.

2.5 The RIPA Policy was reviewed by this Committee at its meeting on 28<sup>th</sup> July 2022 and was re-adopted. The RIPA Policy has been reviewed and there are some minor changes to personnel and references to revised Codes of Practice.

### **3. Options considered and recommended proposal**

The recommended proposal(s) is that the Audit Committee:

3.1 Notes that the Council has not made use of surveillance or acquisition of communication data powers under RIPA since it was last reported on the 9<sup>th</sup> February 2022.

3.2 Adopts the RIPA Policy with the minor amendments relating to personnel and references to the revised Codes of Practice.

### **4. Consultation on Proposal**

4.1 Not Applicable.

### **5. Timetable and Accountability for Implementing this Decision**

5.1 The Policy will be implemented immediately should the Committee approve it.

### **6. Financial and Procurement Advice and Implications**

6.1 There are no Financial and Procurement implications.

### **7. Legal Advice and Implications**

7.1 Legal implications are considered in the main body of this Report.

### **8. Human Resources Advice and Implications**

8.1 There are no Human Resources implications.

### **9. Implications for Children and Young People and Vulnerable Adults**

9.1 There are no direct implications for children and young people and vulnerable adults.

### **10. Equalities and Human Rights Advice and Implications**

10.1 Adherence to the Council's policies and the statutory guidance in relation to the use of RIPA and the Acquisition of Communication Data



powers should ensure that the any actions taken are in accordance with human rights.

**11. Implications for Partners**

11.1 There are no direct implications for partners or other directorates.

**12. Risks and Mitigation**

12.1 As above at paragraph 2.2 the statutory guidance requires oversight by elected members on the use of RIPA powers and to ensure policies remain fit for purpose. A failure to follow this guidance would increase the risk of misuse of RIPA powers and intervention by the Investigatory Powers Commissioner.

**13. Accountable Officer(s)**

Michelle Scales, Senior Solicitor – Litigation and Practice  
Bal Nahal, Head of Legal Services

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This report is published on the Council's [website](#).

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**ROTHERHAM BOROUGH COUNCIL**  
**RIPA Policy**

**July 2023**

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## ROTHERHAM BOROUGH COUNCIL

### 1. COVERT SURVEILLANCE POLICY STATEMENT

#### Introduction

1. Rotherham Borough Council (“the Council”) is committed to building a fair and safe community for all by ensuring the effectiveness of laws designed to protect individuals, businesses, the environment and public resources.
2. The Council recognises that most organisations and individuals appreciate the importance of these laws and abide by them. The Council will use its best endeavours to help them meet their legal obligations without unnecessary expense and bureaucracy.
3. At the same time the Council has a legal responsibility to ensure that those who seek to flout the law are the subject of firm but fair enforcement action. Before taking such action, the Council may need to undertake covert surveillance of individuals and/or premises to gather evidence of illegal activity.

#### Procedure

4. All covert surveillance shall be undertaken in accordance with the procedures set out in this document.
5. The Council shall ensure that covert surveillance is only undertaken where it complies fully with all applicable laws in particular the:-
  - Human Rights Act 1998
  - Regulation of Investigatory Powers Act 2000 (“RIPA”)
  - Protection of Freedoms Act 2012
  - Data Protection Act 2018
6. The Council shall, in addition, have due regard to all official guidance and codes of practice particularly those issued by the Home Office, the Investigatory Powers Commissioner’s Office, the Surveillance Camera Commissioner and the Information Commissioner.
7. In particular the following guiding principles shall form the basis of all covert surveillance activity undertaken by the Council:
  - Covert surveillance shall only be undertaken where it is absolutely necessary to achieve the desired aims.
  - Covert surveillance shall only be undertaken where it is proportionate to do so and in a manner that it is proportionate.
  - Adequate regard shall be had to the rights and freedoms of those who are not the target of the covert surveillance.

- All authorisations to carry out covert surveillance shall be granted by appropriately trained and designated authorising officers. A list of those authorising officers who have been nominated by their Directorate and have undertaken appropriate training is held by the Senior Responsible Officer (SRO).
- Covert surveillance which is regulated by RIPA shall only be undertaken after obtaining judicial approval.
- The operation of this Policy and Procedure will be overseen by the SRO, whose role is described later in this document.

### **Training and Review**

8. All Council officers undertaking and authorising covert surveillance shall be appropriately trained to ensure that they understand their legal and moral obligations.
9. Quality Assurance checks shall be carried out by the Solicitor with conduct of a specific case and the RIPA Co-ordinator to ensure that officers are complying with this policy when the authorisation forms are forwarded to Legal Services for the Judicial Approval applications. All other forms – Renewals, Review, and Cancellation forms are submitted to the RIPA Coordinator who will collate the forms for the Central Record.
10. This policy shall be reviewed at least once a year in the light of the latest legal developments and changes to official guidance and codes of practice.
11. The operation of this policy shall be overseen by the Council's Audit Committee by receiving reports on a 12 monthly basis to ensure that the RIPA powers are being used consistently with this policy.

### **Conclusion**

12. All citizens will reap the benefits of this policy, through effective enforcement of criminal and regulatory legislation and the protection that it provides.
13. Adherence to this policy will minimise intrusion into citizens' lives and will avoid any legal challenge to the Council's covert surveillance activities.
14. An electronic copy of this Policy can be found on the Council's Intranet on the Key Documents section of the Legal Services page.
15. Any questions relating to this policy should be addressed to:

Contact: Phil Horsfield, Assistant Director for Legal Services (Senior Responsible Officer) – 01709 254437

Bal Nahal, Head of Legal Services (RIPA Coordinator) – 01709 823661

Michelle Scales, Senior Solicitor for Litigation – 01709 823145

## 2. GUIDE TO SURVEILLANCE REGULATED BY PART 2 OF RIPA

Part 2 of RIPA sets out a regulatory framework for the use of covert investigatory techniques by public authorities to ensure that they are compatible with the European Convention of Human Rights (ECHR), particularly Article 8, the right to respect for private and family life. The purpose of this part of the procedure is to help you decide what type of surveillance you are doing and whether it is regulated by Part 2.

### The Law

- The Regulation of Investigatory Powers Act 2000  
<http://www.legislation.gov.uk/ukpga/2000/23/contents>
- RIPA Explanatory Notes  
<http://www.legislation.gov.uk/ukpga/2000/23/notes/contents>
- Covert Surveillance and Property Interference Statutory Code of Practice (Revised August 2018)  
<https://www.gov.uk/government/publications/covert-surveillance-and-covert-human-intelligence-sources-codes-of-practice>
- Covert Human Intelligence Sources Statutory Code of Practice [Revised December 2022]  
<https://www.gov.uk/government/publications/covert-human-intelligence-sources-code-of-practice-2022>
- SI 2010 N0.521 - Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010  
[http://www.legislation.gov.uk/uksi/2010/521/pdfs/uksi\\_20100521\\_en.pdf](http://www.legislation.gov.uk/uksi/2010/521/pdfs/uksi_20100521_en.pdf)
- SI 2012 No.1500 (The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012)  
[http://www.legislation.gov.uk/uksi/2012/1500/pdfs/uksi\\_20121500\\_en.pdf](http://www.legislation.gov.uk/uksi/2012/1500/pdfs/uksi_20121500_en.pdf)

### The Surveillance Techniques which Local Authorities may authorise

Part 2 of RIPA allows local authorities to authorise two out of the three techniques it regulates i.e. the use of directed surveillance and covert human intelligence sources. The first issue for any local authority officer, considering undertaking covert surveillance is: **is it something that can be authorised under RIPA?**

Let us consider the definitions of the different types of surveillance regulated by Part 2 of RIPA:

1. Directed Surveillance

2. Intrusive Surveillance
3. Covert Human Intelligence Source (CHIS)

**i) Directed Surveillance:** This is defined in S.26(2) of the Act:

*“Subject to subsection (6), surveillance is directed for the purposes of this Part if it is covert but not intrusive and is undertaken –*

- (a) for the purposes of a specific investigation or a specific operation;*
- (b) in such a manner as is likely to result in the obtaining of private information about a person (whether or not one specifically identified for the purposes of the investigation or operation); and*
- (c) otherwise than by way of an immediate response to events or circumstances the nature of which is such that it would not be reasonably practicable for an authorisation under this Part to be sought for the carrying out of the surveillance.”*

Typically, local authorities may use Directed Surveillance when investigating benefit fraud, trading standards offences or serious environmental crime or antisocial behaviour. This may involve covertly filming or following an individual or monitoring their activity in other ways.

Before undertaking any covert surveillance activity an investigating officer must ask (and have an affirmative answer to) six questions before the activity can be classed as Directed Surveillance:

- Is the surveillance, actually “surveillance” as defined by the Act?
- Will it be done covertly?
- Is it for a specific investigation or a specific operation?
- Is it likely to result in the obtaining of private information about a person?
- Will it be done, otherwise than an immediate response to events?

***Please consult Flowchart 1 when deciding if your surveillance is Directed.***

### **Key Points to Note**

1. General observations do not constitute Directed Surveillance. The Covert Surveillance Code (para 3.33) states:

*“The general observation duties of many law enforcement officers and other public authorities do not require authorisation under the 2000 Act, whether covert or overt. Such general observation duties frequently form part of the legislative functions of public authorities, as opposed to the pre-planned surveillance of a specific person or group of people.”*

2. Surveillance is only Directed if it is covert. S.26(9)(a) states:

*“Surveillance is covert if, and only if, it is carried out in a manner that is calculated to ensure that persons who are subject to the surveillance are unaware that it is or may be taking place;”*



This requires investigating officers to consider the manner in which the surveillance is going to be undertaken. If it is done openly, without making any attempt to conceal it or a warning letter is served on the target before the surveillance is done, then it will not be covert.

3. The definition of “private information” is very wide. The Covert Surveillance and Property Interference Code at paragraphs 3.3 to 3.6 states:
  - 3.3 *The 2000 Act states that private information includes any information relating to a person’s private or family life<sup>10</sup>. As a result, private information is capable of including any aspect of a person’s private or personal relationship with others, such as family<sup>11</sup> and professional or business relationships. Information which is non-private may include publicly available information such as books, newspapers, journals, TV and radio broadcasts, newswires, web sites, mapping imagery, academic articles, conference proceedings, business reports, and more. Such information may also include commercially available data where a fee may be charged, and any data which is available on request or made available at a meeting to a member of the public. Non-private data will also include the attributes of inanimate objects such as the class to which a cargo ship belongs.*
  - 3.4 *Whilst a person may have a reduced expectation of privacy when in a public place, covert surveillance of that person’s activities in public may still result in the obtaining of private information. This is likely to be the case where that person has a reasonable expectation of privacy even though acting in public and where a record is being made by a public authority of that person’s activities for future consideration or analysis.<sup>12</sup> Surveillance of publicly accessible areas of the internet should be treated in a similar way, recognising that there may be an expectation of privacy over information which is on the internet, particularly where accessing information on social media websites. See paragraphs 3.10 to 3.17 below for further guidance about the use of the internet as a surveillance tool.*
  - 3.5 *Private life considerations are particularly likely to arise if several records are to be analysed together in order to establish, for example, a pattern of behaviour, or if one or more pieces of information (whether or not available in the public domain) are covertly (or in some cases overtly) obtained for the purpose of making a permanent record about a person or for subsequent data processing to generate further information. In such circumstances, the totality of information gleaned may constitute private information even if individual records do not. Where such conduct includes covert surveillance, a directed surveillance authorisation may be considered appropriate.*

- 3.6 *Private information may include personal data, such as names, telephone numbers and address details. Where such information is acquired by means of covert surveillance of a person having a reasonable expectation of privacy, a directed surveillance authorisation is appropriate.*
4. Where covert surveillance needs to be done in an emergency and there is no time (or no Authorising Officer available) to authorise the activity, the surveillance can still be done. It will not constitute Directed Surveillance. The Covert Surveillance Code (para 3.32) states:
- “Covert surveillance that is likely to reveal private information about a person but is carried out by way of an immediate response to events such that it is not reasonably practicable to obtain an authorisation under the 2000 Act, would not require a directed surveillance authorisation. The 2000 Act is not intended to prevent law enforcement officers fulfilling their legislative functions. To this end section 26(2)(c) of the 2000 Act provides that surveillance is not directed surveillance when it is carried out by way of an immediate response to events or circumstances the nature of which is such that it is not reasonably practicable for an authorisation to be sought for the carrying out of the surveillance.”*
5. If the Council authorises a non-employee (e.g. an enquiry agent) to conduct covert surveillance then that person/company is acting as an agent for the Council. The Authorising Officer must ensure that the person/company is competent and they have provided a written acknowledgment that they are an agent of the Council and will comply with the authorisation.
6. The revised Code of Practice for Covert Surveillance and Property Interference at paragraphs 3.10 to 3.17 clarifies the position on the use of social media for surveillance and provides examples:
- 3.10 *The growth of the internet, and the extent of the information that is now available online, presents new opportunities for public authorities to view or gather information which may assist them in preventing or detecting crime or carrying out other statutory functions, as well as in understanding and engaging with the public they serve. It is important that public authorities are able to make full and lawful use of this information for their statutory purposes. Much of it can be accessed without the need for RIPA authorisation; use of the internet prior to an investigation should not normally engage privacy considerations. But if the study of an individual’s online presence becomes persistent, or where material obtained from any check is to be extracted and recorded and may engage privacy considerations, RIPA authorisations may need to be considered. The following guidance is intended to assist public authorities in identifying when such authorisations may be appropriate.*

- 3.11 *The internet may be used for intelligence gathering and/or as a surveillance tool. Where online monitoring or investigation is conducted covertly for the purpose of a specific investigation or operation and is likely to result in the obtaining of private information about a person or group, an authorisation for directed surveillance should be considered, as set out elsewhere in this code. Where a person acting on behalf of a public authority is intending to engage with others online without disclosing his or her identity, a CHIS authorisation may be needed (paragraphs 4.10 to 4.16 of the Covert Human Intelligence Sources code of practice provide detail on where a CHIS authorisation may be available for online activity)*
- 3.12 *In deciding whether online surveillance should be regarded as covert, consideration should be given to the likelihood of the subject(s) knowing that the surveillance is or may be taking place. Use of the internet itself may be considered as adopting a surveillance technique calculated to ensure that the subject is unaware of it, even if no further steps are taken to conceal the activity. Conversely, where a public authority has taken reasonable steps to inform the public or particular individuals that the surveillance is or may be taking place, the activity may be regarded as overt and a directed surveillance authorisation will not normally be available.*
- 3.13 *As set out in paragraph 3.14 below, depending on the nature of the online platform, there may be a reduced expectation of privacy where information relating to a person or group of people is made openly available within the public domain, however in some circumstances privacy implications still apply. This is because the intention when making such information available was not for it to be used for a covert purpose such as investigative activity. This is regardless of whether a user of a website or social media platform has sought to protect such information by restricting its access by activating privacy settings.*
- 3.14 *Where information about an individual is placed on a publicly accessible database, for example the telephone directory or Companies House, which is commonly used and known to be accessible to all, they are unlikely to have any reasonable expectation of privacy over the monitoring by public authorities of that information. Individuals who post information on social media networks and other websites whose purpose is to communicate messages to a wide audience are also less likely to hold a reasonable expectation of privacy in relation to that information.*
- 3.15 *Whether a public authority interferes with a person's private life includes a consideration of the nature of the public authority's activity in relation to that information. Simple reconnaissance of such sites (i.e. preliminary examination with a view to establishing whether the site or its contents are of interest) is unlikely to interfere with a person's reasonably held expectation of privacy and therefore is not likely to require a directed surveillance authorisation. But where a public authority is systematically collecting and recording information about a particular person or group, a*

*directed surveillance authorisation should be considered. These considerations apply regardless of when the information was shared online. See also paragraph 3.*

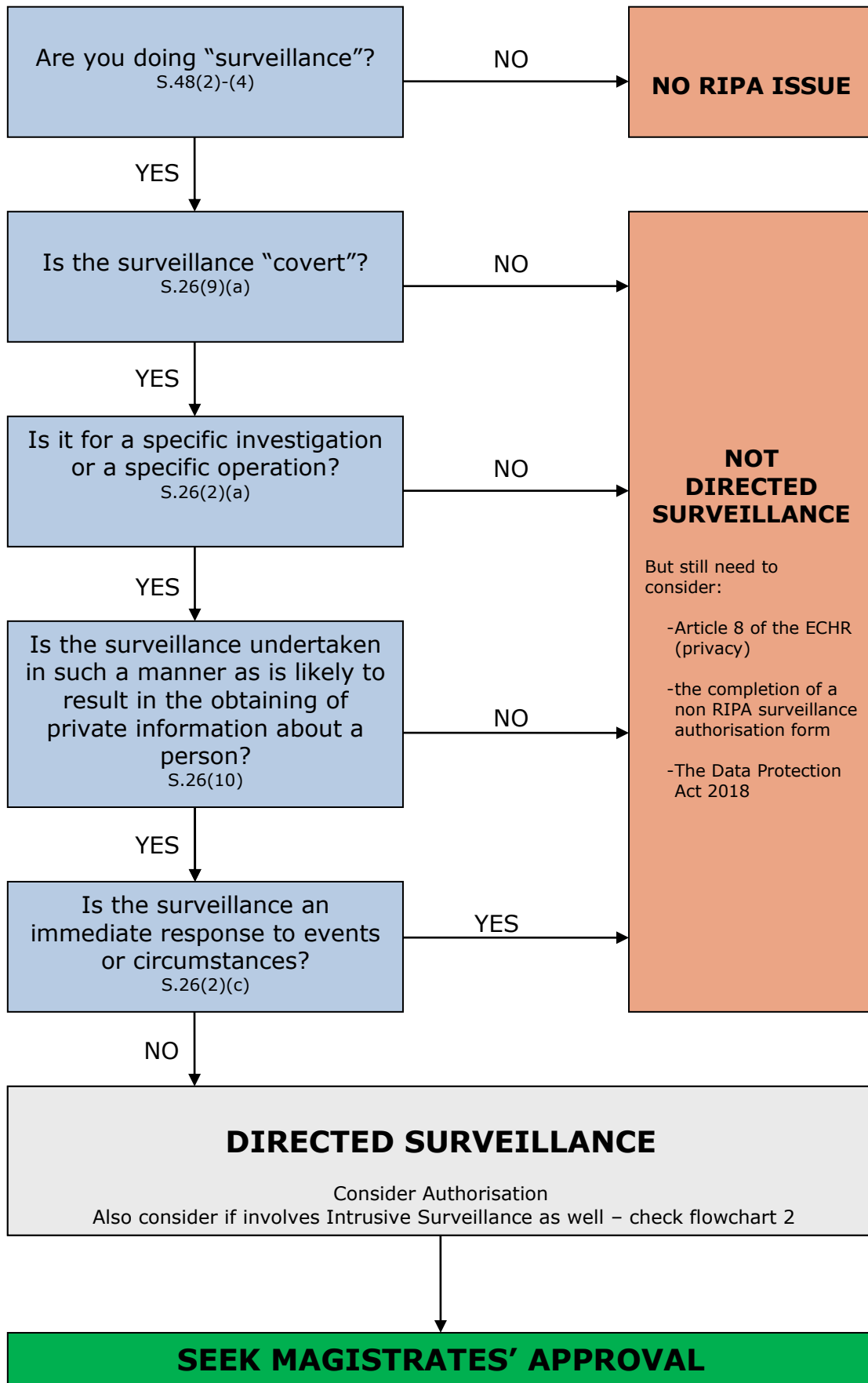
*3.16 In order to determine whether a directed surveillance authorisation should be sought for accessing information on a website as part of a covert investigation or operation, it is necessary to look at the intended purpose and scope of the online activity it is proposed to undertake. Factors that should be considered in establishing whether a directed surveillance authorisation is required include:*

- Whether the investigation or research is directed towards an individual or organisation;*
- Whether it is likely to result in obtaining private information about a person or group of people (taking account of the guidance at paragraph 3.6 above);*
- Whether it is likely to involve visiting internet sites to build up an intelligence picture or profile;*
- Whether the information obtained will be recorded and retained;*
- Whether the information is likely to provide an observer with a pattern of lifestyle;*
- Whether the information is being combined with other sources of information or intelligence, which amounts to information relating to a person's private life;*
- Whether the investigation or research is part of an ongoing piece of work involving repeated viewing of the subject(s);*
- Whether it is likely to involve identifying and recording information about third parties, such as friends and family members of the subject of interest, or information posted by third parties, that may include private information and therefore constitute collateral intrusion into the privacy of these third parties.*

*3.17 Internet searches carried out by a third party on behalf of a public authority, or with the use of a search tool, may still require a directed surveillance authorisation (see paragraph 4.32).*

**No officer should make repeated visits to the same open source social media site as part of an investigation unless they have first spoken to the Assistant Director for Legal Services (Phil Horsfield 01709 254437), the Council's RIPA Coordinator, the Head of Legal Services (Bal Nahal 01709 823661) or the Senior Solicitor for Litigation (Michelle Scales 01709 823145) to ensure that it is lawful to do so.**

**Flowchart 1 - Are you conducting Directed Surveillance?**



ii) **Intrusive Surveillance:** S.26(3) states:

*“Subject to subsections (4) to (6), surveillance is intrusive for the purposes of this Part if, and only if, it is covert surveillance that—*

- (a) is carried out in relation to anything taking place on any residential premises or in any private vehicle; and*
- (b) involves the presence of an individual on the premises or in the vehicle or is carried out by means of a surveillance device. “*

As the name suggests, this type of surveillance is much more intrusive and so the legislation is framed in a way as to give greater protection to the citizen when it is used. Applications to carry out Intrusive Surveillance can only be made by the senior Authorising Officer of those public authorities listed in or added to S.32(6) of the Act or by a member or official of those public authorities listed in or added to section 41(l). **Local authorities are not listed therein and so cannot authorise such Intrusive Surveillance.**

It is still important for investigating officers to understand the definition of Intrusive Surveillance in order for them to be able to ensure that Directed Surveillance does not inadvertently extend into Intrusive Surveillance. The following issues should be considered in each case:

- Is it Covert Surveillance as defined by the Act?
- Is it being carried out in relation to anything taking place on any residential premises or in any private vehicle?
- Does it involve the presence of an individual on the premises or in the vehicle?
- Is it being carried out by means of a surveillance device on the premises or in the vehicle?

***Please consult Flowchart 2 when deciding if your surveillance is Intrusive.***

**Key Points to Note**

1. When doing covert surveillance of premises it can only be Intrusive if it is carried out in relation to anything taking place on residential premises. This is defined in S.48(1):

*“residential premises” means (subject to subsection (7)(b)) so much of any premises as is for the time being occupied or used by any person, however temporarily, for residential purposes or otherwise as living accommodation (including hotel or prison accommodation that is so occupied or used);”*

Environmental health officers doing covert surveillance of takeaways, restaurants and shops will not be doing Intrusive Surveillance. Care must be taken though where a shop also contains living quarters and covert filming may capture images of people in those quarters. Other examples of residential premises include flats, hotel rooms, caravans and even boats, which are used as living quarters. Care must be taken in such situations to avoid the accusation that unauthorised Intrusive Surveillance was carried out.

2. Not all surveillance of vehicles is Intrusive; the target has to be a private vehicle as defined in S.48(1):

*“private vehicle” means (subject to subsection (7)(a)) any vehicle which is used primarily for the private purposes of the person who owns it or of a person otherwise having the right to use it;”*

The vehicle can be owned, borrowed, rented or leased. However (by virtue of S.48 (7) (a)) surveillance is not Intrusive where the target vehicle is a taxi or a chauffer driven vehicle such as a public coach service.

3. For the surveillance to be Intrusive rather than just Directed it has got to be undertaken in such a manner as to involve the presence of an individual on the premises or inside the vehicle.

It is extremely unlikely that local authorities would allow their staff to undertake surveillance by getting inside a private vehicle covertly. This could only be conceivably done if the investigating officer hides in the boot of the target vehicle!

However, it may be that an officer is stationed inside residential premises to covertly observe drug dealing or anti social behaviour. Whilst normally this kind of conduct is the realm of the police, care must be taken. For example, a keen investigator taking covert pictures from outside a house may decide to jump over the fence and hide in the garden to obtain clearer images.

4. Surveillance can still be Intrusive even if the investigating officer is not on or inside the premises or vehicle but is using a surveillance device such a camera, listening device, recorder or even binoculars.

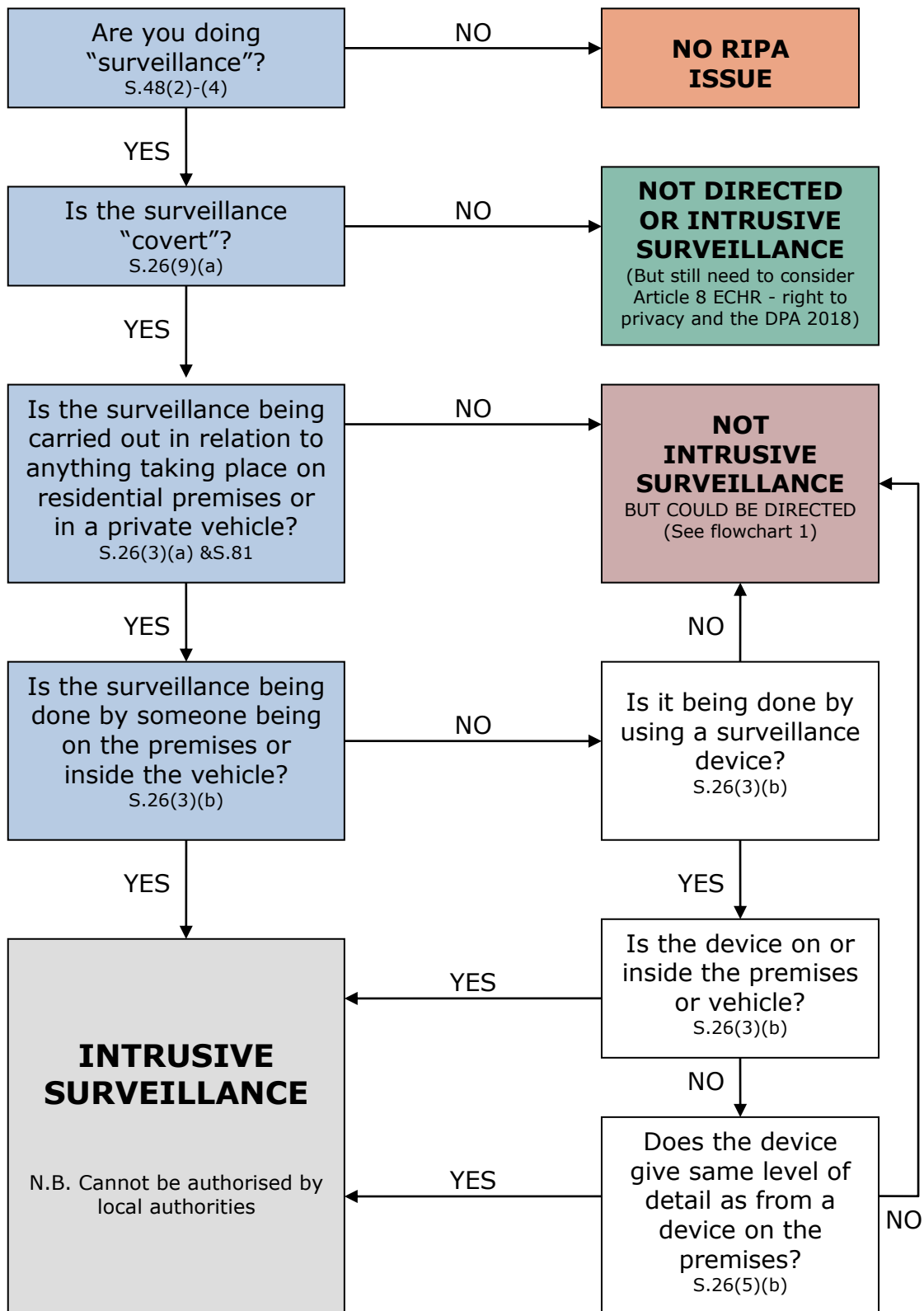
However, the words of S.26 (5) should be noted:

*For the purposes of this Part surveillance which—*

- (a) *is carried out by means of a surveillance device in relation to anything taking place on any residential premises or in any private vehicle, but*
- (b) *is carried out without that device being present on the premises or in the vehicle,*

*is not intrusive unless the device is such that it consistently provides information of the same quality and detail as might be expected to be obtained from a device actually present on the premises or in the vehicle.*

**Flowchart 2 - Are you doing Intrusive Surveillance?**





**iii) A Covert Human Intelligence Source (CHIS)** This is defined in S.26(8):

*“...a person is a covert human intelligence source if -*

- (a) he establishes or maintains a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraph (b) or (c);*
- (b) he covertly uses such a relationship to obtain information or to provide access to any information to another person; or*
- (c) he covertly discloses information obtained by the use of such a relationship, or as a consequence of the existence of such a relationship.”*

To ascertain whether a person is a CHIS three questions must be asked:

- Is the person establishing or maintain a personal or other relationship with a person?
- Is that relationship being used for a covert purpose?
- Is the covert purpose facilitating the doing of anything falling within paragraph (b) or (c) (above)?

***Please consult Flowchart 3 when deciding if your surveillance involves a CHIS.***

A CHIS is somebody who is concealing or misrepresenting their true identity or purpose in order to covertly gather or provide access to information from the target. Examples of a CHIS include a private investigator pretending to live on a housing estate to gather evidence of drug dealing or an informant who gives information to Trading Standards about illegal business practices in a factory or shop.

**Key Points to Note**

1. A public volunteer is not a CHIS. The CHIS code (para 2.21) states:

*“In many cases involving human sources, the source will not have established or maintained a relationship for a covert purpose. Many sources provide information that they have observed or acquired other than through a relationship. This means that the source is not a CHIS for the purposes of the 2000 Act and no authorisation is required.”*

Care must be taken to ensure that someone who starts off as a public volunteer does not end up being a CHIS.

2. There must be covert use of a relationship to provide access to information or to covertly disclose information. Merely giving a complainant a diary sheet to note comings and goings will not make that person a CHIS.
3. A test purchaser, though technically a CHIS, may not always require authorisation. Please consult the CHIS Code and the OSC Procedures and Guidance Document for further guidance.

4. The revised Code of Practice for Covert Human Intelligence Sources at paragraphs 4.29 to 4.35 clarifies the position on the use of social media in a potential CHIS context and provides examples:

4.29 *Any member of a public authority, or person acting on their behalf, who conducts activity on the internet in such a way that they may interact with others in circumstances where the other parties could not reasonably be expected to know their true identity, should consider whether the activity requires a CHIS authorisation. This applies whether the interaction involves publicly open websites such as online news and social networking service, or more private exchanges such as messaging sites. Where the activity is likely to result in obtaining private information but does not amount to establishing or maintain a CHIS relationship, consideration should be given for a directed surveillance authorisation.*

4.30 *Where someone, such as an employee or member of the public, is tasked by a public authority to use an internet profile to establish or maintain a relationship with a subject of interest for a covert purpose, or otherwise undertakes such activity on behalf of the public authority, in order to obtain or provide access to information, a CHIS authorisation is likely to be required. For example:*

- *An investigator using the internet to engage with a subject of interest at the start of an operation, in order to ascertain information or facilitate a meeting in person.*
- *Directing a member of the public to use their own or another internet profile to establish or maintain a relationship with a subject of interest for a covert purpose.*
- *Joining chat rooms with a view to interacting with a criminal group in order to obtain information about their criminal activities.*

4.31 *A CHIS authorisation will not always be appropriate or necessary for online investigation or research. Some websites require a user to register providing personal identifiers (such as name and phone number) before access to the site will be permitted. Where a member of a public authority sets up a false identity for this purpose, this does not in itself amount to establishing a relationship, and a CHIS authorisation would not immediately be required. However, consideration should be given to the need for a directed surveillance authorisation if the conduct is likely to result in the acquisition of private information, and the other relevant criteria are met*

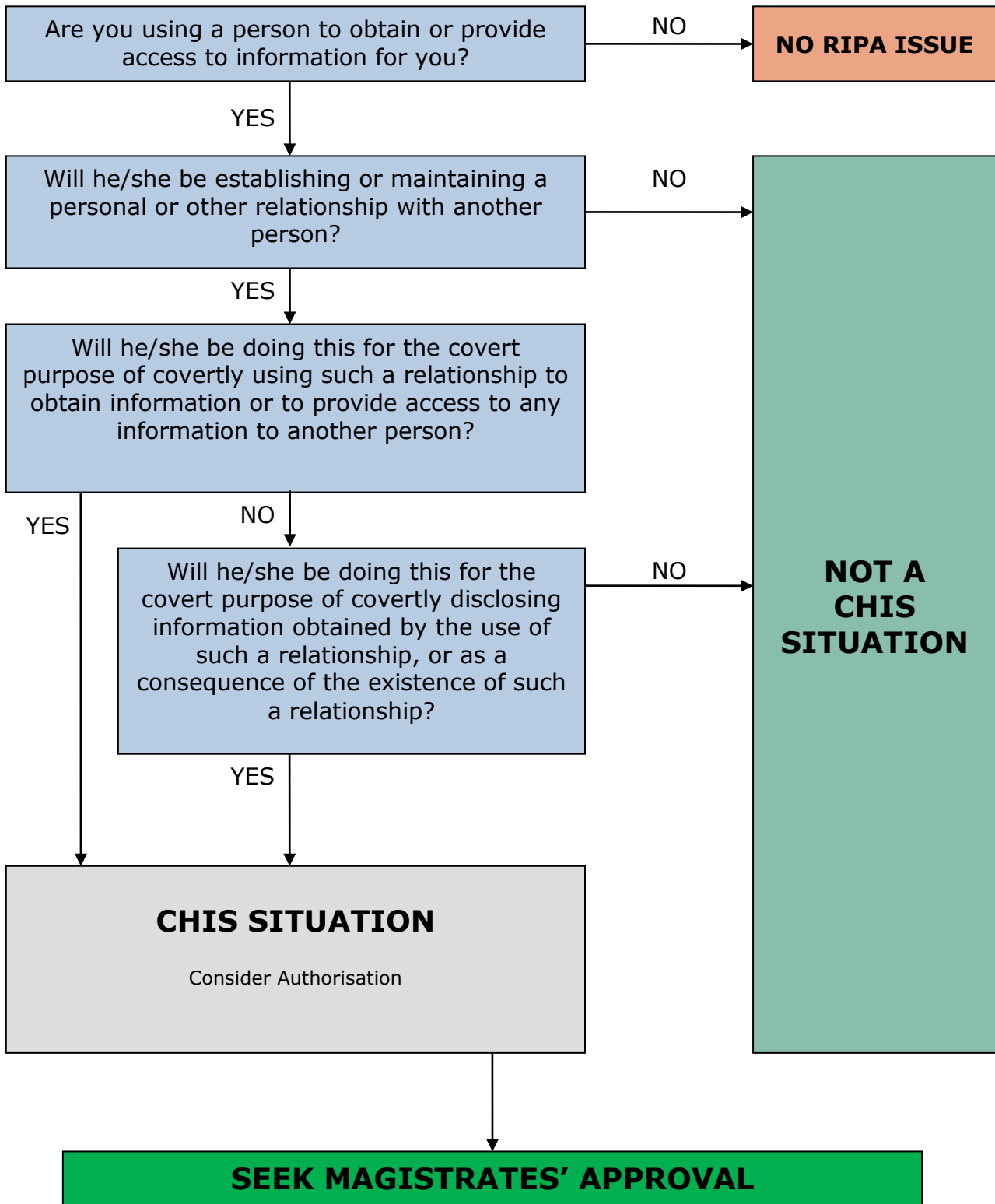
4.32 *Where a website or social media account requires a minimal level of interaction, such as sending or receiving a friend request before access is permitted, this may not in itself amount to establishing a relationship. Equally, the use of electronic*

*gestures such as “like” or “follow” to react to information posted by others online would not in itself constitute forming a relationship. However, it should be borne in mind that entering a website or responding on these terms may lead to further interaction with other users and a CHIS authorisation should be obtained if there is an intention to engage in such interaction to obtain, provide access to or disclose information.*

- 4.33 *When engaging in conduct as a CHIS, a member of a public authority should not adopt the identity of a person known, or likely to be known, to the subject of interest or users of the site without considering the need for a CHIS authorisation. Full consideration should be given to the potential risks posed by that activity.*
- 4.34 *Where use of the internet is part of the tasking of a CHIS, the risk assessment carried out in accordance with section 7.15 to 7.21 of this code should include consideration of the risks arising from that online activity including factors such as the length of time spent online and the material to which the CHIS may be exposed. This should also take account of any disparity between the technical skills of the CHIS and those of the handler or authorising officer, and the extent to which this may impact on the effectiveness of oversight.*
- 4.35 *Where it is intended that more than one officer will share the same online persona, each individual should be clearly identifiable within the overarching authorisation for that operation. The authorization should provide clear information about the conduct required of - and the risk assessments in relation to - each officer involved. (See also paragraph 3.32 to 3.26)*

**No officer should make repeated visits to the same open source social media site as part of an investigation unless they have first spoken to Assistant Director for Legal Services (Phil Horsfield 01709 254437), the Council’s RIPA Coordinator, the Head of Legal Services (Bal Nahal 01709 823661) or the Senior Solicitor for Litigation (Michelle Scales 01709 823145) to ensure that it is lawful to do so.**

**Flowchart 3 - Are you deploying a CHIS?**



## Completing the Forms

Once it is decided what type of surveillance is being undertaken, the appropriate form must be completed and sent to the Authorising Officer for approval. Templates of each form together with notes to assist completion and precedent wording are on the Intranet in the same section on the same page as this Policy (Legal Services, Key Documents). It should be noted that as a result of the changes made by the Protection of Freedoms Act 2012, local authorities no longer have the power to make urgent oral authorisations. Therefore, all authorisations, even if urgent, must be made in writing and the relevant judicial approval must be sought.

## The Authorising Officer

The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 (SI 2010 N0.521) states that the Authorising Officer for a local authority can be a Director, Head of Service, Service Manager or equivalent. A list of the Council's Authorising Officers is held by the SRO. All authorising officers will be nominated by their Directorates, as being of sufficient rank and having undertaken appropriate RIPA training. Once the SRO is satisfied that this is the case they will be added to the list of Authorising officers, held by the SRO.

Where the surveillance involves the likelihood of obtaining confidential information or the deployment of juveniles or vulnerable people, then the authorisation has to be sought from the Head of Paid Service or, in his/her absence, the acting Head of Paid Service.

## Time Limits

The current time limits for an authorisation are 3 months for Directed Surveillance and 12 months for a CHIS (1 month if the CHIS is underage), from the date of the Magistrate's approval.

A renewal must be authorised prior to the expiry of the original authorisation, but it runs from the expiry date and time of that original authorisation. Authorisations may be renewed more than once if still considered necessary and proportionate and approved by a Magistrate.

Applications for renewals should not be made until shortly before the original authorisation period is due to expire but local authorities must take account of factors, which may delay the renewal process (e.g. intervening weekends or the availability of the relevant local authority authorising officer and a Magistrate to consider the application).

### **3. GUIDANCE FOR AUTHORISING OFFICERS**

## AUTHORISING DIRECTED SURVEILLANCE: RULES AND CRITERIA

Section 27 of RIPA provides a powerful defence if covert surveillance is challenged:

*“(1) Conduct to which this Part applies shall be lawful for all purposes if -  
 (a) an authorisation under this Part confers an entitlement to engage in that conduct on the person whose conduct it is; and  
 (b) his conduct is in accordance with the authorisation.”*

To take advantage of this defence, the surveillance needs to be properly authorised. S.28 sets out the criteria for authorising Directed Surveillance, whilst S.29 covers CHIS.

### The Authorising Officer

The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 (SI 2010 N0.521) states that the Authorising Officer for a local authority can be a Director, Head of Service, Service Manager or equivalent. As stated above, a list of the Council’s approved Authorising Officers is held by the SRO. A list of the current Authorising Officers is set out in section 6.

Where the surveillance involves the likelihood of obtaining confidential information or the deployment of juveniles or vulnerable people, then the authorisation has to be sought from the Head of Paid Service or, in his/her absence, the acting Head of Paid Service.

### Time Limits

The current time limits for an authorisation are 3 months for Directed Surveillance and 12 months for a CHIS (1 month if the CHIS is underage), from the date of the Magistrates’ approval.

A renewal must be authorised prior to the expiry of the original authorisation, but it runs from the expiry date and time of that original authorisation. Authorisations may be renewed more than once if still considered necessary and proportionate and approved by a Magistrate.

Applications for renewals should not be made until shortly before the original authorisation period is due to expire but local authorities must take account of factors, which may delay the renewal process (e.g. intervening weekends or the availability of the relevant local authority authorising officer and a Magistrate to consider the application).

**Authorising Officer's Consideration** (Chapter 3, Covert Surveillance Code)

S.28(2) states:

*“A person shall not grant an authorisation for the carrying out of directed surveillance unless he believes -  
 (a) that the authorisation is necessary on grounds falling within subsection (3); and  
 (b) that the authorised surveillance is proportionate to what is sought to be achieved by carrying it out.”*

***Please consult Flowchart 4 when deciding whether Directed Surveillance should be authorised.***

**The first question that the Authorising Officer needs to ask is: Is the surveillance necessary? Namely, is it necessary to use directed surveillance in the operation.**

The surveillance has to be necessary on one of the grounds set out within in S.28(3). Previously local authorities could authorise Directed Surveillance where it was necessary “

*“for the purpose of preventing or detecting crime or of preventing disorder.”  
 (S.28(3)(b))*

The Home Office Review, which reported in January 2011, recommended that where local authorities wish to use Directed Surveillance, this should be confined to cases where the offence under investigation is a serious offence.

This recommendation was put into effect by [The Regulation of Investigatory Powers \(Directed Surveillance and Covert Human Intelligence Sources\) \(Amendment\) Order 2012, SI 2012/1500](#) which was made in June 2012 and came into force on 1<sup>st</sup> November 2012. This amends the [Regulation of Investigatory Powers \(Directed Surveillance and Covert Human Intelligence Sources\) Order 2010, SI 2010/521](#) (“the 2010 Order”), which prescribes which officers, within a public authority, have the power to grant authorisations for the carrying out of Directed Surveillance and the grounds, under Section 28(3), upon which authorisations can be granted.

From 1<sup>st</sup> November 2012, local authority Authorising Officers may not authorise Directed Surveillance unless it is for the purpose of preventing or detecting a criminal offence and it meets the condition set out in New Article 7A(3)(a) or (b) of the 2010 Order. Those conditions are that the criminal offence which is sought to be prevented or detected is punishable, whether on summary conviction or on indictment, by a maximum term of **at least 6 months of imprisonment**, or would constitute an offence under sections 146, 147 or 147A of the Licensing Act 2003 or section 7 of the Children and Young Persons Act 1933. The latter are all offences involving sale of tobacco and alcohol to underage children.

So, what about surveillance being carried out to tackle disorder (e.g. anti-social behaviour)? This can no longer be authorised as Directed Surveillance unless the disorder includes criminal offences satisfying the above criteria.



**The second question is: Is the surveillance proportionate to what is sought to be achieved by carrying it out?**

Proportionality means ensuring that the surveillance is the least intrusive method to obtain the required information having considered all reasonable alternatives. This requires consideration of not only whether surveillance is appropriate but also the method to be adopted, the duration and the equipment to be used.

The Investigatory Powers Commissioner Office often states in its inspection reports that officers have not properly understood this concept or have not demonstrated compliance within the authorisation form. The Covert Surveillance Code (para 4.7) requires four aspects to be addressed in the authorisation form:

- balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence;
- explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others;
- considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the necessary result;
- evidencing, as far as reasonably practicable, what other methods had been considered and why they were not implemented.

**The third question is; can we avoid or minimise collateral intrusion?**

The Authorising Officer will need to carefully consider the likelihood of collateral intrusion occurring. This is the risk of intrusion into the privacy of persons other than those who are directly the subjects of the investigation or operation. If the risk is significant, measures should be taken, wherever practicable, to avoid or minimise any unnecessary intrusion.

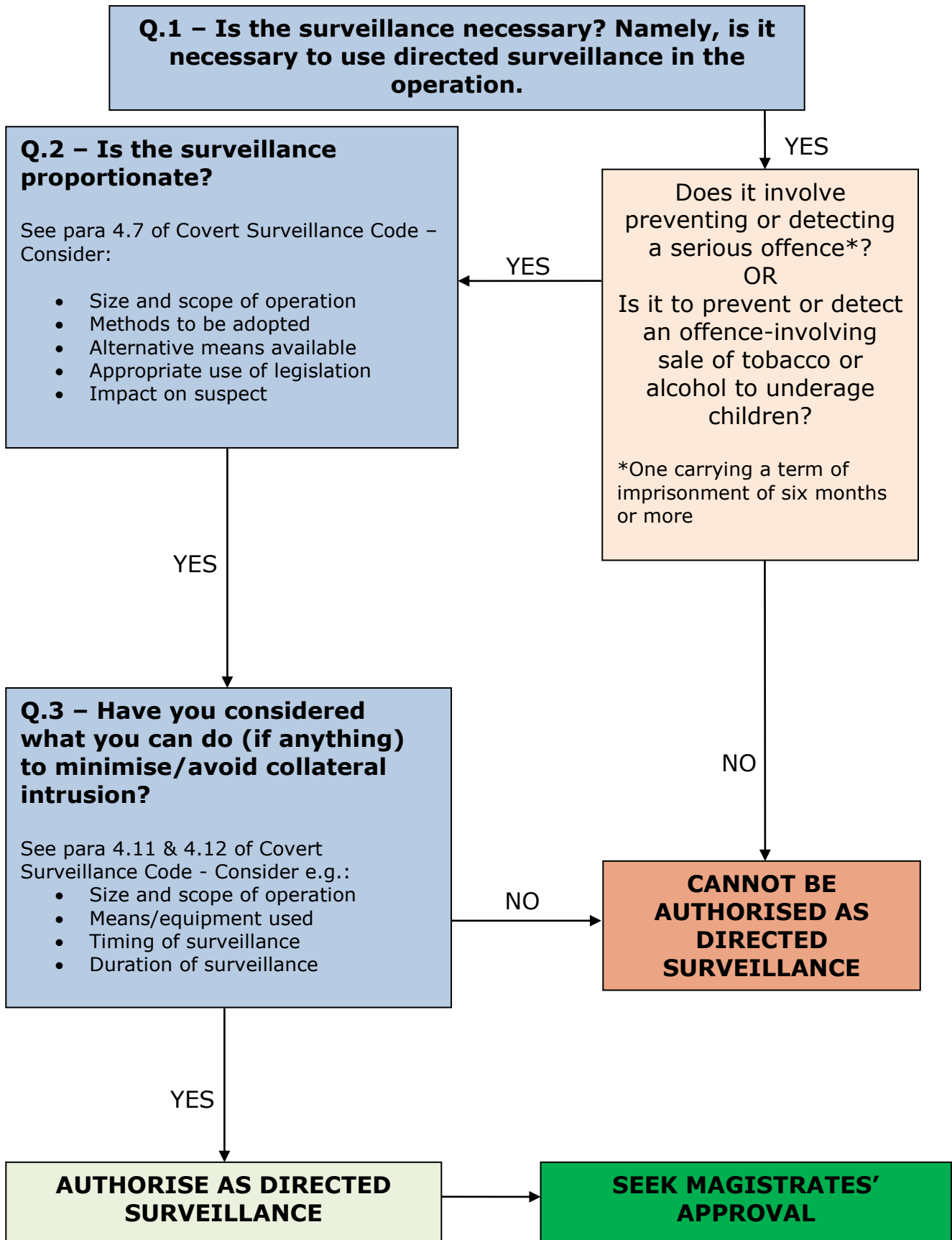
Investigating and Authorising Officers will need to ask themselves:

- What is the impact on third parties? Is it significant?
- If it is, what can be done to avoid or minimise it?
- Have we considered:
  - Changing the timing of the surveillance
  - Reducing the amount of surveillance
  - Changing the method of surveillance
  - The sensitivities of the local community

Surveillance operations by other public authorities - Of course at all times the need to obtain the best evidence to investigate the crime will be paramount.

**Next Stage:** Once the surveillance has been authorised the next stage is to seek Magistrates' approval. See Section 4 for a detailed explanation of the procedure

**Flowchart 4 - Authorising Directed Surveillance**



## **AUTHORISING A CHIS: RULES AND CRITERIA**

Section 27 of RIPA provides a powerful defence if covert surveillance is challenged:

*“(1) Conduct to which this Part applies shall be lawful for all purposes if -  
(a) an authorisation under this Part confers an entitlement to engage in that conduct on the person whose conduct it is; and  
(b) his conduct is in accordance with the authorisation.”*

To take advantage of this defence, the surveillance needs to be properly authorised. S.28 sets out the criteria for authorising Directed Surveillance, whilst S.29 covers CHIS.

### **The Authorising Officer**

The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 (SI 2010 N0.521) states that the Authorising Officer for a local authority can be a Director, Head of Service, Service Manager or equivalent.

Where the surveillance involves the likelihood of obtaining confidential information or the deployment of juveniles or vulnerable people, then the authorisation has to be sought from the Head of Paid Service or, in his/her absence, the acting Head of Paid Service. A list of the Council's Authorising Officers is held by the SRO.

If there is any doubt regarding sufficiency of rank you should contact Legal Services or RIPA Coordinator for advice.

### **Time Limits**

The current time limits for an authorisation are 3 months for Directed Surveillance and 12 months for a CHIS (1 month if the CHIS is underage).

A renewal must be authorised prior to the expiry of the original authorisation, but it runs from the expiry date and time of that original authorisation. Authorisations may be renewed more than once if still considered necessary and proportionate and approved by a Magistrate.

Applications for renewals should not be made until shortly before the original authorisation period is due to expire but local authorities must take account of factors, which may delay the renewal process (e.g. intervening weekends or the availability of the relevant local authority authorising officer and a Magistrate to consider the application).

## Authorising Officer's Consideration

S.29(2) states:

*“A person shall not grant an authorisation for the conduct or the use of a covert human intelligence source unless he believes-*  
*(a) that the authorisation is necessary on grounds falling within subsection (3);*  
*(b) that the authorised conduct or use is proportionate to what is sought to be achieved by that conduct or use; and*  
*(c) that arrangements exist for the source's case that satisfy the requirements of subsection (5) and such other requirements as may be imposed by order made by the Secretary of State. “*

***Please consult Flowchart 5 when deciding whether the deployment of a CHIS should be authorised.***

Three matters are important to consider before authorising the deployment of a CHIS:

### 1. Necessity

The deployment of a CHIS has to be necessary on one of the grounds set out within in S.29(3). Local authorities can only authorise on the one ground; where it is necessary:

*“for the purpose of preventing or detecting crime or of preventing disorder.”*  
*(S.29(3)(b))*

The matter being investigated must be an identifiable criminal offence or constitute disorder. Unlike Directed Surveillance, the grounds for authorising a CHIS did not change on 1 November 2012.

### 2. Proportionality

Proportionality means ensuring that the deployment of the CHIS is the least intrusive method to obtain the required information having considered all reasonable alternatives. This requires consideration of not only whether a CHIS is appropriate but also the method to be adopted, the duration and the equipment to be used. The CHIS Code (para 3.6) requires four aspects to be addressed in the authorisation form:

- balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or offence;
- explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others;
- whether the conduct to be authorized will have any implications for the private and family life to others, and an explanation of why (if relevant) it is nevertheless proportionate to proceed;
- considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the information sought;
- evidencing, as far as reasonably practicable, what other methods had been considered and why they were not implemented, or have been implemented unsuccessfully.

### 3. Security and Welfare Arrangements

CHISs are often placed in difficult and sometimes dangerous situations e.g. an informant on a housing estate in contact with criminal gangs. Appropriate security and welfare arrangements must also be in place in relation to each CHIS. S.29(5) requires there to be:

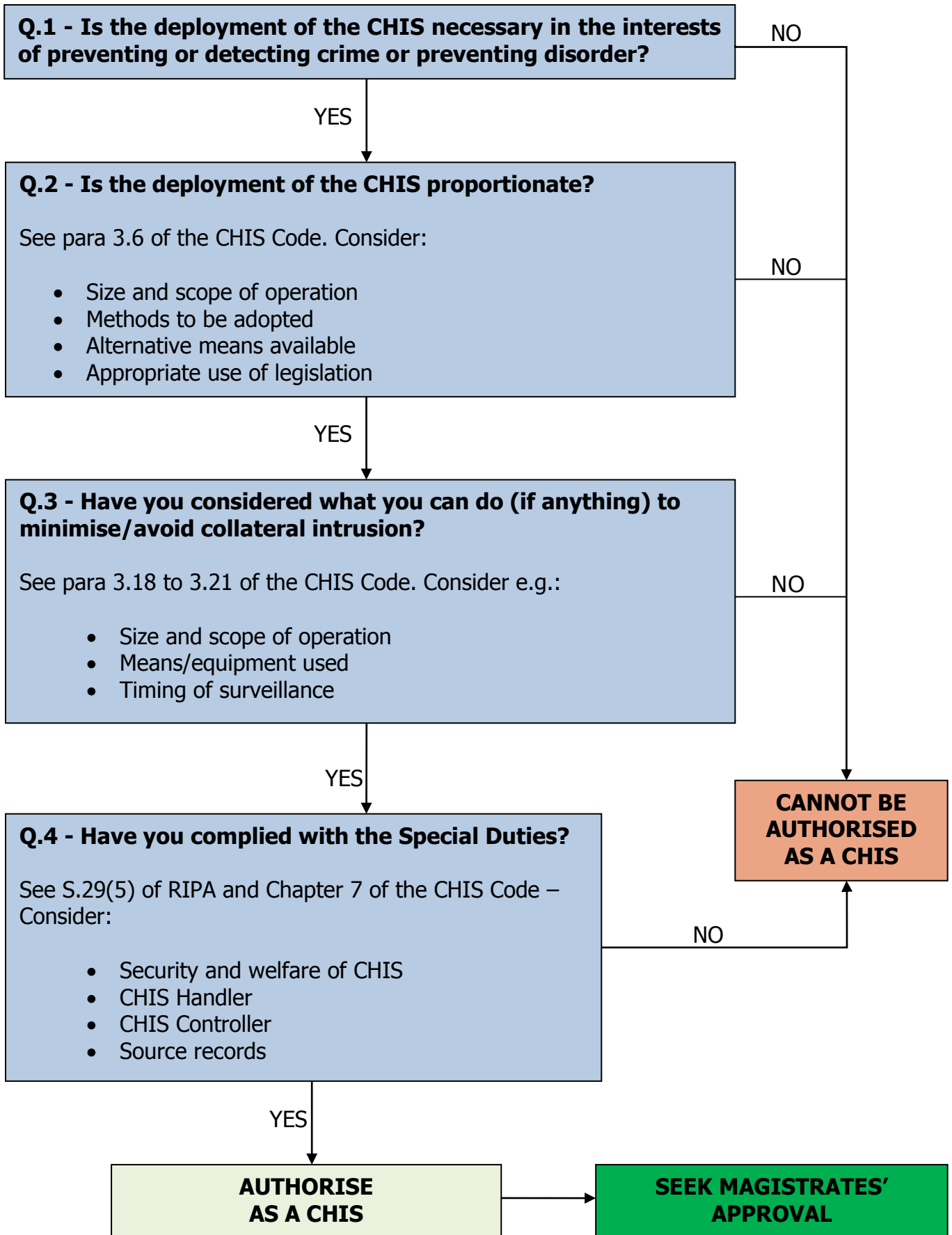
- A person who will have day-to-day responsibility for dealing with the CHIS on behalf of that authority, and for his/her security and welfare;
- A person who will have general oversight of the use made of the CHIS. This person must be different to the one above.
- A person who will maintain a record of the use made of the CHIS. This can be any of the above or a separate person.
- Proper and secure records to keep about the use made of the CHIS.

**Risk Assessment:** An authorisation for the conduct or use of a CHIS may not be granted or renewed in any case where the source is under the age of eighteen at the time of the grant or renewal, unless a risk assessment has been carried out. This must be sufficient to demonstrate that:

- the nature and magnitude of any risk of physical injury to the CHIS arising in the course of, or as a result of, carrying out the conduct described in the authorisation has been identified and evaluated;
- the nature and magnitude of any risk of psychological distress to the CHIS arising in the course of, or as a result of, carrying out the conduct described in the authorisation has been identified and evaluated;
- the person granting or renewing the authorisation has considered the risk assessment and has satisfied himself that any risks identified in it are justified and, if they are, that they have been properly explained to and understood by the CHIS;

the person granting or renewing the authorisation knows whether the relationship to which the conduct or use would relate is between the CHIS and a relative, guardian or person who has for the time being assumed responsibility for the CHISs welfare, and, if it is, has given particular consideration to whether the authorisation is justified in the light of that fact.

### Flowchart 5 - Authorising a CHIS



## PROCEDURE FOR COMPLETING THE RIPA FORMS

The standard forms with guidance notes are on the intranet, in the same section as this Policy (Legal Services, Key Documents). Each standard Home Office RIPA form is reproduced with guidance notes in **dark blue 12 point Calibri font**. These forms are the latest versions downloaded from the Home Office RIPA website.

The Home Office states that public authorities may use these forms or adapt them, for example to include corporate logos or images or to combine review and renewal, or renewal and cancellation forms. However, if they adapt these forms for their own purposes - to record extra information that is not strictly necessary to ensure and demonstrate compliance with RIPA - that additional local requirement should be indicated as being distinct from the necessary recording of RIPA considerations and decisions. On no account though should the forms be pre completed with standard wording, as each application should be made with the specific circumstances of the investigation in mind.

### What to do

1. Decide what types of surveillance you are doing (refer to the guidance in Section 2 of this procedure).
2. Use this guidance and associated precedents to complete the appropriate forms. The following documents will also assist in this task:
  - a) The Covert Surveillance and Property Interference Code of Practice
  - b) The Covert Human Intelligence Sources Code of Practice
  - c) The OSC Procedures and Guidance Document – (available from the RIPA Co-coordinator).
3. Once completed, the forms should be sent to the most appropriate authorising Officer for approval. A list of Authorising Officers is available from the SRO.
4. The Authorising Officer should be reminded to read Section 3 of this procedure before completing his/her sections of the form. All authorisation forms should be signed in hard copy by the authorising officer, as opposed to any system of using an electronic signature.
5. If you are seeking a new authorisation or renewing an existing one, remember that it cannot take effect until a Magistrate has approved it. The procedure for this is set out in Section 4 of this document.
6. The original of each completed form (including cancellation forms) should be sent to the RIPA Coordinator who maintains the Council's Central Record of Authorisations, with a copy kept on the operational file.

## **COMMON MISTAKES IN RIPA FORMS**

**(Highlighted by the IPOC)**

Officers should be aware of the following mistakes when they undertake their respective roles in the RIPA process.

### **Investigating Officers' Mistakes**

- Using of out of date Home Office forms
- Not quoting a unique reference number (URN)
- Copying (cutting and pasting) wording from old authorisation forms
- Failing to give a detailed explanation of what the surveillance will involve
- A surfeit of surveillance tactics and equipment being requested and granted but rarely fully used when reviews and cancellations are examined
- Failing to consider and/or explain the proportionality factors
- Poor and over-formulaic consideration of potential collateral intrusion and how this will be managed
- Failing to consider likelihood of obtaining Confidential Information
- Failing to recognise or be alive to the possibility that someone may have met the CHIS criteria
- Failing to authorise a CHIS promptly as soon as they have met the criteria
- Over-generic risk assessments for a CHIS and not updated to enable the Authorising Officer to identify emergent risks
- Failing to send completed forms to the RIPA Coordinator

Please also read paragraph 4.40 and 4.41 of the Covert Surveillance and Property Interference Code which sets out best working practices with regard to all applications for authorisations under RIPA.

### **Authorising Officers' Mistakes**

- Too many Authorising Officers within the Authority
- Repetitive narrative and rubber stamping without proper consideration of all the facts set out in the authorisation form
- Not knowing the capability of the surveillance equipment which is being authorised. (For instance, there are differences between video cameras that record continuously and those activated by motion; and between thermal image and infrared capability. These differences may have an important bearing on how a surveillance operation is conducted and the breadth of the authorisation being granted. Therefore, a simple authorisation for 'cameras' is usually insufficient)
- Failing to demonstrate that less intrusive methods have been considered and why they have been discounted in favour of the tactic selected



- Discussions that take place between the Authorising Officer and those charged with the management of the CHIS under section 29(5) of RIPA are not always captured in an auditable manner for later recall or evidence
- At cancellation, a lack of adequate, meaningful update for the Authorising Officer to assess the activity conducted, any collateral intrusion that has occurred, the value of the surveillance and the resultant product; with, often a similarly paltry input by Authorising Officers as to the outcome and how product must be managed
- Failing, when cancelling authorisations, to give directions for the management and storage of the product of the surveillance
- No robust management and quality assurance procedures including no regular audits

## **4. SEEKING MAGISTRATES' APPROVAL**

#### 4. GUIDE TO SEEKING MAGISTRATES' APPROVAL FOR RIPA SURVEILLANCE

##### Background

Chapter 2 of Part 2 of the [Protection of Freedoms Act 2012](#) (sections 37 and 38) came into force on [1st November 2012](#). This changes the procedure for the authorisation of local authority surveillance under the Regulation for Investigatory Powers Act 2000 (RIPA).

From 1<sup>st</sup> November 2012 local authorities are required to obtain the approval of a Justice of the Peace (JP) for the use of any one of the three covert investigatory techniques available to them under RIPA namely Directed Surveillance, the deployment of a Covert Human Intelligence Source (CHIS) and accessing communications data.

An approval is also required if an authorisation to use such techniques is being renewed. In each case, the role of the JP is to ensure that the correct procedures have been followed and the relevant factors have been taken account of. There is no requirement for the JP to consider either cancellations or internal reviews.

##### Home Office Guidance

The Home Office has published guidance on the Magistrates' approval process both for local authorities and the Magistrates' Court:

<http://www.homeoffice.gov.uk/publications/counter-terrorism/ripa-forms/local-authority-ripa-guidance/>

This guidance is non-statutory but provides advice on how local authorities can best approach these changes in law and the new arrangements that need to be put in place to implement them effectively. It is supplementary to the legislation and to the two statutory Codes of Practice made under RIPA.

***For a brief summary of the approval process please see flowchart 6 at the end of this section.***

##### The New Magistrates' Approval Process

1. The first stage will be to apply for an internal authorisation in the usual way. Once this has been granted, the local authority will need to contact the local Magistrates' Court to arrange a hearing.
2. The hearing is a 'legal proceeding' and therefore local authority officers need to be formally designated to appear, be sworn in and present evidence or provide information as required by the JP. Authorisation forms will be quality assured by Legal Services. A member of Legal Services will also attend at the Magistrates Court to present the application.
3. The Home Office suggests that the investigating officer will be best suited to making the application for Judicial Approval, although the Authorising Officer may also want to attend to answer any questions.

4. The local authority will provide the JP with a copy of the original RIPA authorisation. This forms the basis of the application to the JP and should contain all information that is relied upon. In addition, the local authority will provide the JP with two copies of a partially completed judicial application/order form (which is included in the Home Office Guidance) (***see the next section for an example with notes to assist completion***).
5. The hearing will be in private and heard by a single JP who will read and consider the RIPA authorisation and the judicial application/order form. He/She may have questions to clarify points or require additional reassurance on particular matters. The forms and supporting papers must by themselves make the case. It is not sufficient for the local authority to provide oral evidence where this is not reflected or supported in the papers provided.
6. The JP will consider whether he or she is satisfied that, at the time the authorisation was granted or renewed, there were reasonable grounds for believing that the authorisation was necessary and proportionate. He/She will also consider whether there continues to be reasonable grounds. In addition, the JP must be satisfied that the Authorising Officer was of an appropriate level within the local authority and that the authorisation was made in accordance with any applicable legal restrictions (e.g. meets the Serious Crime Test for Directed Surveillance)
7. The order section of the above mentioned form will be completed by the JP and will be the official record of his/her decision. The local authority will need to retain a copy of the form after it has been signed by the JP.

### **Magistrate's Options**

The JP may decide to:-

- ***Approve the grant/renewal of the authorisation***

The grant/renewal of the authorisation will then take effect and the local authority may proceed to use the surveillance technique mentioned therein. A copy of the order must be kept on the central record of authorisations.

- ***Refuse to approve the grant/renewal of the authorisation on a technicality***

The RIPA authorisation will not take effect and the local authority may not use the surveillance technique in that case. The authority will need to consider the reasons for the refusal. A technical error in the form may be remedied without the need to go through the internal authorisation process again. The authority can then reapply for Magistrates' approval.

- ***Refuse to approve the grant/renewal and quash the authorisation***

A JP may refuse to approve the grant or renewal of an authorisation and decide to quash the original authorisation. This may be because he/she believes it is not necessary or proportionate. The RIPA authorisation will not take effect and the local authority may not use the surveillance technique in that case. The JP must not exercise his/her power to quash the authorisation unless the local authority has had at least two business days from the date of the refusal in which to prepare and make further representations to the court.

## **Appeals**

A local authority may only appeal a JP's decision to refuse approval of an authorisation, on a point of law by making an application for Judicial Review in the High Court.

The Investigatory Powers Tribunal (IPT) will continue to investigate complaints by individuals about the use of RIPA techniques by public bodies, including local authorities. If, following a complaint to them, the IPT finds fault with a RIPA authorisation it has the power to quash the JP's order which approved the grant or renewal of the authorisation. It can also award damages if it believes that an individual's human rights have been violated by the local authority.

**Application for Judicial Approval for Authorisation to Obtain or Disclose  
Communications Data To Use a Covert Human Intelligence Source or To Conduct  
Directed Surveillance  
Regulation of Investigatory Powers Act 2000 - Sections 23A, 23B, 32A, and 32B**

Local Authority: .....

Local Authority Department: .....

Offence under investigation<sup>1</sup>: .....

.....

Address of premises or identity of subject:<sup>2</sup> .....

.....

Covert technique requested: (tick one and specify details)

**Communications Data**

**Covert Human Intelligence Source**

**Directed Surveillance**

Summary of details<sup>3</sup>

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.....  
.....  
.....  
.....  
.....  
.....  
.....

**Note:** this application should be read in conjunction with the attached RIPA authorisation/  
RIPA application or notice.

Investigating Officer: .....

Authorising Officer: .....

Officer(s) appearing before JP <sup>4</sup>: .....

Address of applicant department: .....  
.....

Contact telephone number: .....

Contact email address (optional): .....

Local authority reference: .....

Number of pages: .....

To be completed by local authority

Order overleaf

**<sup>5</sup>Order Made on an Application for Judicial Approval for Authorisation to Obtain or Disclose Communications Data, To Use a Covert Human Intelligence Source or To Conduct Directed Surveillance.**

**Regulation of Investigatory Powers Act 2000 - Sections 23A, 23B, 32A, 32B**

Magistrates' Court: .....

Having considered the application, I (tick one):

am satisfied that there are reasonable grounds for believing that the requirements of the Act were satisfied and remain satisfied, and that the relevant conditions are satisfied and I therefore approve the grant or renewal of the authorisation/notice.

<sup>6</sup>refuse to approve the grant or renewal of the authorisation/notice.

<sup>7</sup>refuse to approve the grant or renewal and quash the authorisation/notice.

Reasons

.....  
.....  
.....  
.....

Notes

.....  
.....  
.....  
.....

Signed:

Date:

Time:

Full name:

Address of magistrates' court:



## 5. NOTES TO ASSIST COMPLETION - MAGISTRATES' APPROVAL

### Notes to Assist Completion

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<sup>1</sup>Insert the offence or disorder that you are investigating. If you are seeking authorisation for Directed Surveillance make sure that the criminal offence you are investigating attracts a maximum custodial sentence of six months or more or relates to the underage sale of alcohol or tobacco (as per the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012.

<sup>2</sup>You may not know the identity of the person in which case you can include a description and/or how they relate to the offence/disorder under investigation.

<sup>3</sup>This forms the basis of the application to the JP and should contain all information that is relied upon. You may wish to set out in brief:

- What information you are seeking from the surveillance
- What the surveillance will involve e.g. covert cameras, CHIS
- How long the surveillance will last

You do not need to go into a lot of detail as this form should have the original authorisation form attached.

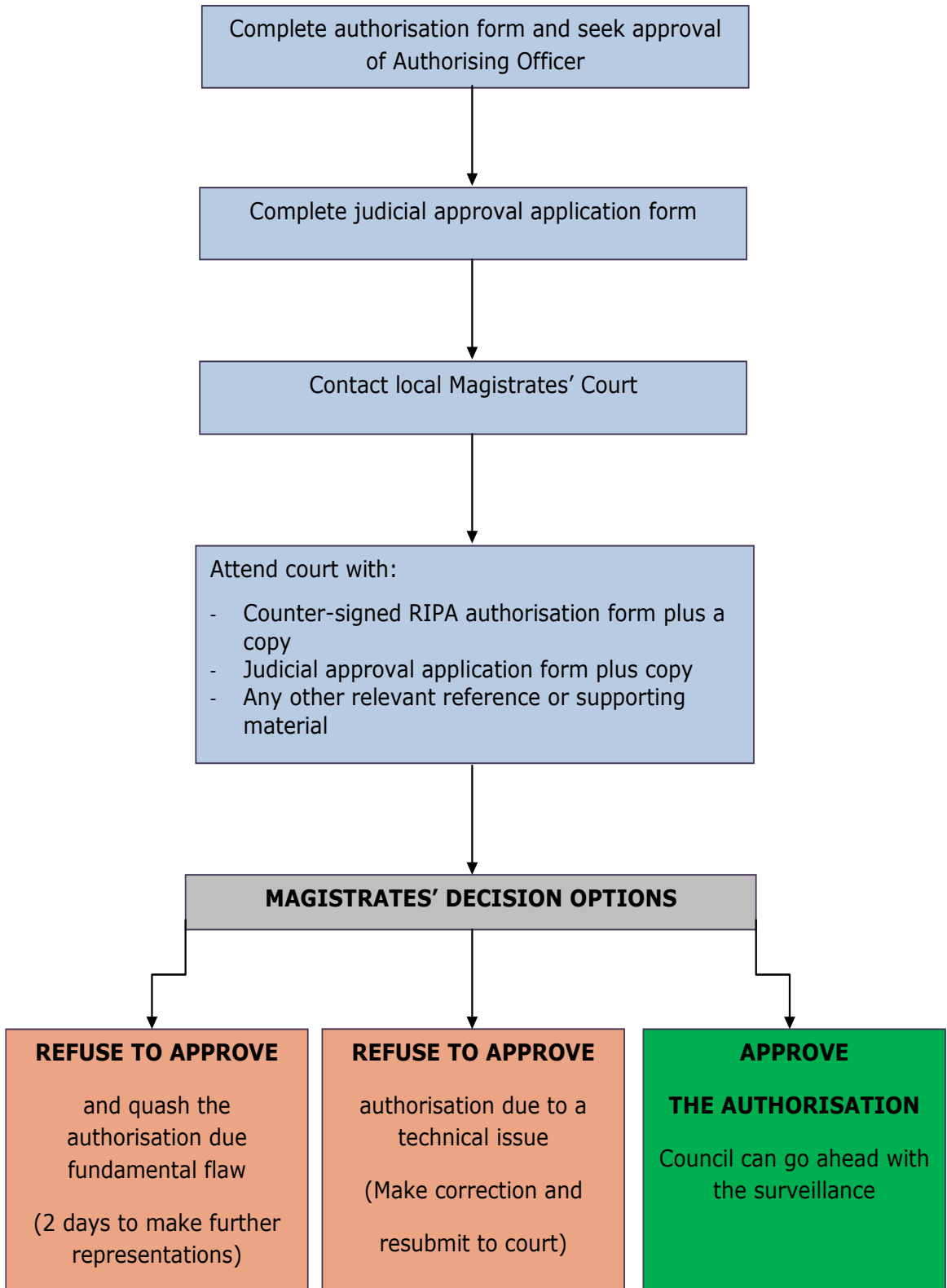
<sup>4</sup> Any officer employed by the Council can appear before the Magistrate. The Home Office suggests that the Investigating Officer is best placed to do this. Make sure that whoever appears is formally designated to do so under section 223 of the Local Government Act 1972. Legal Services will carry out the initial applications.

<sup>5</sup>The order section of this form will be completed by the Magistrate and will be the official record of the Magistrate's decision. The Council will need to retain a copy of the judicial application/order form after it has been signed by the Magistrate. This may be kept with the original authorisation on the Central Record.

<sup>6</sup>If the Magistrate refuses to approve the authorisation, surveillance cannot be undertaken. This may be due to a technical error which can be corrected. Read the reasons for refusal and seek advice from the Legal Dept. and/or RIPA Coordinator with regards to the next steps.

<sup>7</sup>If the Magistrate decides to quash the authorisation, surveillance cannot be undertaken. You will have two days to make further representations. Read the reasons for refusal and seek advice from the Legal Dept and/or RIPA Coordinator with regards to the next steps.

**Flowchart 6 - The Magistrates' Approval Process**



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## 6. Governance Arrangements & Quality Assurance

### Senior Responsible Officer

Pursuant to the revised Code of Practice the Authority's Senior Responsible Officer is the Assistant Director of Legal Services. The Senior Responsible Officer is responsible for:

- the integrity of the process in place within the public authority to authorise directed and intrusive surveillance;
- compliance with the law and the Revised Codes of Practice;
- oversight of the reporting of errors to the Investigatory Powers Commissioner and the identification of both the cause(s) of errors and the implementation of processes to minimise repetition of errors;
- engagement with the Investigatory Powers Commissioner and inspectors who support the Commissioner when they conduct their inspections;
- where necessary, overseeing the implementation of any post-inspection action plans recommended or approved by a Judicial Commissioner, and
- ensuring that all authorising officers are of an appropriate standard, addressing any recommendations and concerns in the inspection reports prepared by the Investigatory Powers Commissioner.

The current list of Authorising officers is as follows:

Sam Barstow (Assistant Director of Community Safety and Street Scene)  
Lewis Coates (Service Manager for Regulation and Enforcement)  
Alan Pogorzelec (Licensing Manager)  
David Webster (Head of Internal Audit)

The SRO will maintain an up to date list of Authorising officers which accurately reflects any changes to personnel and Authorising officers between the annual settings of this policy by elected members. The SRO also regularly monitors the quality of the authorisations forms which are completed, in conjunction with the RIPA Coordinator as part of the overall Quality Assurance process.

### Members Oversight

Pursuant to the revised Code of Practice for Covert Surveillance and Property Interference at paragraph 4.47 elected members of a local authority should review the authority's use of the Act and set the policy at least once a year. They should also consider internal reports on use of the Act on a regular basis to ensure that it is being used consistently with the local authority's policy and that the policy remains fit for purpose. This is done by means of six monthly reports to the Audit Committee.

### Quality Assurance

Quality Assurance will be provided on an ongoing basis by Legal Services who will review and assess all forms as part of the Judicial Approval application process. Feedback will be given directly to relevant officers, with wider feedback given and changes to the Policy made if necessary.

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## **Monitoring and Quality Control**

In addition to the Quality Assurance set out above as part of the Judicial Approval application process, the RIPA Coordinator will monitor on receipt the authorisation, renewal, review and cancellations forms which are submitted for the Central Register. Any issues arising from these forms will be brought to the attention of the applying and authorising officer.

### **The RIPA Co-ordinator**

The RIPA Coordinator for Rotherham is Bal Nahal, Head of Legal Services.

Contact details are:-

Phone: 01709 823661

E-mail: bal.nahal@rotherham.gov.uk

The RIPA Coordinator will maintain a register centrally of all authorisations, refusals, reviews, renewals and cancellations. As part of the Judicial Approval application the RIPA Coordinator will monitor the authorisation forms submitted. Further the RIPA Coordinator will monitor on receipt all renewal, review and cancellation forms which are submitted for the Central Register. Any issues arising out of these forms will be brought immediately to the attention of the applying and authorising officer.

IT IS IMPORTANT that all Services keep the RIPA Coordinator updated on all or any changes to authorisation forms.

The RIPA Co-ordinator will keep the records for 5 years to comply with Home Office guidance.

The further responsibilities of the RIPA Coordinator are:-

- a) Oversight of the submitted RIPA documentation
- b) Organising a RIPA training programme
- c) Raising RIPA awareness within the Council

### **Storage of Authorisation Forms**

Each Assistant Director whose department conducts surveillance is responsible for organising sufficient systems within their service in respect of the storage of files and associated RIPA forms.

Copies of the forms should be retained on the operational file for the investigation. The RIPA Coordinator should be sent originals of all authorisations, refusals, reviews, cancellations and renewals of authorisations to satisfy Home Office Code of Practice recommendations.

The following should also be kept by the authorising officer. There is no requirement for this to form part of the central register maintained by the RIPA Coordinator (although pursuant to the current arrangements the originals of forms will be kept by the RIPA Coordinator):-

- the original forms of application, authorisation and supplementary documentation and notification of approval given by the authorising officer.
- a record of the period over which the surveillance has taken place
- frequency of reviews prescribed by the authorising officer
- a record of the result of each review of an authorisation
- a copy of any renewal of an authorisation, and supporting documentation submitted when it was requested.
- the date and time any instruction was given by the authorising officer.

### **THE OVERSIGHT OF RIPA**

RIPA is overseen by surveillance commissioners. They are tasked to ensure that RIPA is being applied properly. Inspections can be carried out at regular intervals.

Also, any person aggrieved by the way a local authority carries out covert surveillance as defined by RIPA can make a complaint to the Investigatory Powers Tribunal under the Act for redress within a year of the act complained of or any longer period that the tribunal thinks it just and equitable to allow.

This tribunal can quash any authorisation and can order the destruction of information held or obtained in pursuit of it. It can also award damages if it believes that an individual's human rights have been violated by the local authority.

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Public Authority URN	Question URN	Question	Return	Year	Comments
334	CHIS001	The total number of applications made for a CHIS authorisation (including renewals and urgent cases)?	0	31/12/2022	Should include any application made of any type.
334	CHIS002	The number of new CHIS authorisations granted?	0	31/12/2022	Should include any new authorisations, including any urgent authorisations or for juveniles. Do not include renewals in this figure
334	CHIS003	The number of CHIS authorisations granted that were renewals?	0	31/12/2022	
334	CHIS003a	For each authorised application, how many were for the following statutory purpose: in the interests of national security	0	31/12/2022	
334	CHIS003b	For each authorised application, how many were for the following statutory purpose: for the purpose of preventing or detecting crime or of preventing disorder	0	31/12/2022	
334	CHIS003c	For each authorised application, how many were for the following statutory purpose: in the interests of the economic well-being of the United Kingdom	0	31/12/2022	
334	CHIS003d	For each authorised application, how many were for the following statutory purpose: in the interests of public safety	0	31/12/2022	
334	CHIS003e	For each authorised application, how many were for the following statutory purpose: for the purpose of protecting public health	0	31/12/2022	
334	CHIS003f	For each authorised application, how many were for the following statutory purpose: for the purpose of assessing or collecting any tax, duty, levy or other imposition, contribution or charge payable to a government department	0	31/12/2022	
334	CHIS003g	For each authorised application, how many were for the following statutory purpose: any other purpose made by an order by a Secretary of State	0	31/12/2022	
334	CHIS004	The number of Juvenile CHIS authorisations granted?	0	31/12/2022	
334	CHIS005	The number of CHIS authorisations granted in an urgent case (not including juvenile CHIS)?	0	31/12/2022	
334	CHIS006	The number of Juvenile CHIS authorisations granted in an urgent case?	0	31/12/2022	
334	CHIS007	The number of CHIS Criminal Conduct Authorisations made under s29B RIPA where a Criminal Conduct authorisation was obtained? (not including those made in an urgent case)?	0	31/12/2022	
334	CHIS008	The number of CHIS Criminal Conduct Authorisations made in an urgent case?	0	31/12/2022	
334	CHIS009	The number of CHIS authorisations granted where knowledge of privileged or confidential information may be acquired (not including Legally Privileged material)?	0	31/12/2022	
334	CHIS010	The number of CHIS authorisations granted for the use or conduct of a CHIS intended to obtain, provide access to or disclose knowledge of matters subject to legal privilege?	0	31/12/2022	
334	CHIS011	The total number of persons authorised to be used as a CHIS?	0	31/12/2022	
334	CHIS012	The number of juveniles authorised to be used as a CHIS under the age of 16 at the time the authorisation was granted or renewed?	0	31/12/2022	
334	CHIS013	The number of juveniles authorised to be used as a CHIS under the age of 18, and over the age of 16, at the time the authorisation was granted or renewed?	0	31/12/2022	
334	CHIS014	The number of vulnerable individuals authorised to be used as a CHIS?	0	31/12/2022	
334	DS001	The total number of applications made for a Directed Surveillance authorisation (including renewals and urgent cases)?	0	31/12/2022	
334	DS002	The total number of Directed Surveillance authorisations issued (including renewals and urgent cases)?	0	31/12/2022	
334	DS002a	For each authorised application, how many were for the following statutory purpose: in the interests of national security	0	31/12/2022	
334	DS002b	For each authorised application, how many were for the following statutory purpose: for the purpose of preventing or detecting crime or of preventing disorder	0	31/12/2022	
334	DS002c	For each authorised application, how many were for the following statutory purpose: in the interests of the economic well-being of the United Kingdom	0	31/12/2022	
334	DS002d	For each authorised application, how many were for the following statutory purpose: in the interests of public safety	0	31/12/2022	
334	DS002e	For each authorised application, how many were for the following statutory purpose: for the purpose of protecting public health	0	31/12/2022	
334	DS002f	For each authorised application, how many were for the following statutory purpose: for the purpose of assessing or collecting any tax, duty, levy or other imposition, contribution or charge payable to a government department	0	31/12/2022	
334	DS002g	For each authorised application, how many were for the following statutory purpose: any other purpose made by an order by a Secretary of State	0	31/12/2022	
334	DS003	The number of Directed Surveillance authorisations issued in an urgent case?	0	31/12/2022	
334	DS004	The number of Directed Surveillance authorisations issued, likely or intended to result in the acquisition of knowledge of confidential or privileged material (not including items of legal privilege)?	0	31/12/2022	
334	DS005	The number of Directed Surveillance authorisations issued where legally privileged items will or may be obtained?	0	31/12/2022	

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### **Council Report**

Audit Committee Meeting – 27<sup>th</sup> July 2023.

### **Title**

Audit Committee Annual Report 2022/23.

### **Is this a Key Decision and has it been included on the Forward Plan?**

No.

### **Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director, Finance and Customer Services.

### **Report Author(s)**

David Webster, Head of Internal Audit

Tel: 01709 823282 Email: david.webster@rotherham.gov.uk

### **Ward(s) Affected**

All wards.

### **Report Summary**

The purpose of the Annual Report 2022/23 is to bring together in one document a summary of the work undertaken by the Audit Committee. The production of the report complies with current best practice for audit committees. It allows the Audit Committee to demonstrate it has fulfilled its terms of reference and share its achievements with the Council and is thought useful as a reminder to the organisation of the role of the committee in providing assurance about its governance, risk management and financial and business controls.

The Chartered Institute of Public Finance and Accountancy (CIPFA) has previously issued guidance to local authorities to help ensure that Audit Committees operate effectively. The guidance recommends that Audit Committees should report annually on how they have discharged their responsibilities. A copy of the draft annual report of this Audit Committee is attached. A copy of the Audit Committee's Terms of Reference is included for information.

The CIPFA guidance was revised and re-issued in 2022. As a result, the Audit Committee's Terms of Reference have been updated. They were agreed at Audit Committee in March and are due to be approved by full Council on 19<sup>th</sup> July. A copy is attached for information.

### **Recommendations**

The Audit Committee is asked to:

- 1) Note the production of the Audit Committee Annual Report 2022/23.
- 2) Consider and approve the draft report prior to its submission to Council.

### **List of Appendices Included**

Audit Committee Annual Report for 2022/23.  
Audit Committee Terms of Reference 2022/23  
Proposed Audit Committee Terms of Reference 2023/24

**Background Papers**

Relevant reports presented to the Audit Committee and minutes of the meetings of the Audit Committee.

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**

No.

**Council Approval Required**

Yes.

**Exempt from the Press and Public**

No.

## **Audit Committee Annual Report 2022/23**

### **1. Background**

- 1.1 The Audit Committee is a key component of corporate governance and provides an important source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance. The Committee is also responsible for approving the Statement of Accounts and the Annual Governance Statement.
- 1.2 The Committee's specific powers and duties are set out in section 9 of the Constitution under the Terms of Reference of the Audit Committee. A copy of the Terms of Reference is attached for information.
- 1.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) issued guidance to local authorities to help ensure that Audit Committees are operating effectively. The guidance recommends that Audit Committees should report annually on how they have discharged their responsibilities.

### **2. Work Undertaken during 2022/23**

- 2.1 The Audit Committee met on seven occasions in the year to 31 March 2023, in accordance with its programme of work. The frequency of meetings ensures the Audit Committee can fulfil its responsibilities in an efficient and effective way.
- 2.2 During this period the Committee assessed the adequacy and effectiveness of the Council's governance, risk management arrangements, control environment and associated counter fraud arrangements through regular reports from officers, the internal auditors and the external auditors.
- 2.3 The Committee sought assurance that action has been taken, or is otherwise planned, by management to address any risk related issues that have been identified during the period. The Committee also sought to ensure that effective relationships continue to be maintained between the internal and external auditors, and between the auditors and management.
- 2.4 The specific work undertaken by the Committee is set out in the report.

### **3. Options considered and recommended proposal**

- 3.1 This report is presented to enable the Audit Committee to fulfil its responsibility for reporting on how they have discharged their duties.

### **4. Consultation on proposal**

- 4.1 None.

### **5. Timetable and Accountability for Implementing this Decision**

- 5.1 The Audit Committee is asked to receive this report at its July 2023 meeting. Once approved, the report will be presented to Council.

**6. Financial and Procurement Advice and Implications**

6.1 There are no direct financial or procurement implications arising from this report.

**7. Legal Advice and Implications**

7.1 None.

**8. Human Resources Advice and Implications**

8.1 There are no direct Human Resources implications arising from this report.

**9. Implications for Children and Young People and Vulnerable Adults**

9.1 There are no direct implications for Children and Young People and Vulnerable Adults arising from this report.

**10. Equalities and Human Rights Advice and Implications**

10.1 There are no direct Equalities and Human Rights Implications arising from this report.

**11. Implications for Partners**

11.1 Partners can be reassured that the Audit Committee is fulfilling its role within RMBC.

**12. Risks and Mitigation**

12.1 None.

**13. Accountable Officer(s)**

David Webster, Head of Internal Audit.

Tel 01709 823282 E mail david.webster@rotherham.gov.uk

**ROTHERHAM METROPOLITAN  
BOROUGH COUNCIL**

**AUDIT COMMITTEE ANNUAL REPORT  
2022/23**

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## FOREWORD

As Chair, it is my pleasure to commend the 22/23 Audit Committee Annual Report. Thank you to all the Officers involved in its production, and in particular David Webster, Head of Internal Audit. The highlight of the report, for me, is the unqualified audit opinion of this year's accounts, an outstanding achievement that I must acknowledge. The times in which RMBC operates remain challenging. However, the professionalism and dedication of Officers, Audit Committee members, and our external auditors, Grant Thornton, have enabled the highest standards of governance to continue to be achieved.

**Cllr J Baker-Rogers, AC Chair July 2023**

## INTRODUCTION

While there is no statutory obligation to have such an arrangement, Audit Committees are widely recognised as a core component of effective governance and therefore reflect good practice. RMBC's Audit Committee is properly constituted and as such is given sufficient authority and resources by the Council. In effect, the Committee has the right to obtain all the information it considers necessary and to consult directly with senior managers. In line with best practice the Audit Committee can report its observations and concerns directly to the Council.

A local authority has a duty to ensure that it is fulfilling its responsibilities for adequate and effective internal control, risk management and governance, as well as the economy, efficiency and effectiveness of its activities. The Audit Committee has a key role in overseeing and assessing the internal control, risk management and corporate governance arrangements and advising the Council on the adequacy and effectiveness of those arrangements.

This role is reflected in the Committee's Terms of Reference which are given below for information. During October 2022 CIPFA (the Chartered Institute of Public Finance and Accountancy) published 'Audit Committees – Practical guidance for Local Authorities and Police', an update of previous guidance from 2018. The guidance includes suggested Terms of reference for Audit Committees. These were used as the basis for proposed new Terms of Reference for the Audit Committee, which were agreed at the March 2023 Audit Committee meeting and are being presented to Council for approval on 19<sup>th</sup> July 2023 as part of the update to the Constitution. The proposed Terms of reference for 2023/24 are also given for information.

The Audit Committee had the following membership during 2022/23:

Member	Apr 22	Jun 22	Jul 22	Sep 22	Nov 22	Jan 23	Mar 23
Cllr Baker-Rogers (Chair)	x	x	x	x	x	x	x
Cllr Cowen (Vice Chair)	x	x	x	x	x	x	
Cllr Browne (Vice Chair)							x
Cllr Ball							x
Cllr Mills	x	x	x	x	x	x	x
Cllr Wooding	x	x	x	x	x	x	
Cllr Wyatt	x	x	x	x	x	x	x
Mr Barber (Independent Member)	x	x	x	x	x	x	x

## HIGHLIGHTS OF THE YEAR

There have been many benefits from the work of the committee. The main outcomes and improvements include:

- An unqualified External Audit opinion on the Council's Statement of Accounts, confirming their accuracy and completeness
- The timely sign-off of the accounts to the amended timetable
- An Annual Governance Statement that reflected the developments within the Council
- A positive opinion from the Head of Internal Audit in his Annual Report
- A Risk Management process that is embedded within the Council

### SUMMARY OF WORK UNDERTAKEN IN 2022/23.

The Audit Committee completed the following during 2022/23

#### External Audit – Grant Thornton

- Received and considered the audit plan to review the financial statements.
- Received and considered the detailed results of the external auditor's work in relation to the audit of the 2021/22 financial statements of the Council. The Committee was pleased to note that the auditors had given an unqualified audit opinion.
- Received and considered two annual reports detailing the Value For Money opinions for 2020/21 and 2021/22. The 2020/21 report included one Key recommendation concerning an inspection by Ofsted and the CQC. The 2021/22 report noted the improvement journey and the strengthening financial position, and identified a small number of improvement recommendations.

#### Internal Audit

- Continued to oversee the internal audit arrangements for the Council. This included approving the review of the Internal Audit Charter which outlines the terms of reference of the department and is aligned to the Public Sector Internal Audit Standards.
- Received and approved the Internal Audit Annual Report for 2021/22. This included the Annual Audit Opinion on the adequacy and effectiveness of the framework of control, risk management and governance within the Council. The Committee was pleased to receive a positive opinion.
- Received and approved the Internal Audit Plan for 2023/24. The plan ensures that internal audit resources are prioritised towards those systems and areas which are considered to be most at risk or which contribute most to the achievement of the Council's corporate objectives. It is designed to enable the Head of Internal Audit to give his opinion at the end of the year, but is flexible to ensure it remains relevant throughout the year.



- Monitored the delivery of the Internal Audit Plan for 2022/23 through regular update reports presented by the Head of Internal Audit. Reviewed variations to the audit plans which were considered necessary to reflect new or changed Council priorities.
- Received and considered the results of internal audit work performed in respect of each Directorate.
- Monitored the progress made by management during the period to address identified control weaknesses.
- Monitored the performance of the Internal Audit team through the regular update reports.
- Received and considered the implementation of the Quality Assurance and Improvement Plan for 2022 and the results of the self-assessment against Public Sector Internal Audit Standards leading to a revised plan for 2023.

### **Anti-fraud and Corruption**

- Received and approved updates to the Anti-Fraud and Corruption Strategy and considered the updated Anti-Fraud and Corruption Policy.
- Received a self-assessment against the CIPFA Code of Practice on managing the risk of fraud and corruption.

### **Risk Management**

- Continued to oversee the Council's risk management arrangements and strategy, including updates to the strategy and policy.
- Received a summary of risk management activity during 2021/22.
- Reviewed the progress made by the Council to identify and address corporate risks. This included consideration of the Strategic Risk Register twice during the year.
- Assessed the adequacy and effectiveness of each Directorate's risk management arrangements through consideration of the risks and mitigating actions identified in their Risk Registers. Presentations were received from Strategic Directors on their approach to risk management.

### **Corporate Governance**

- Considered changes to the refreshed Code of Corporate Governance prior to approval. The Code reflects the core principles and requirements of the CIPFA/SOLACE 'Delivering Good Governance in Local Government Framework'.
- Considered the draft and final Annual Governance Statement for 2021/22 on behalf of the Council, showing how the Council complied with the Code of Corporate Governance and highlighting areas of continued progress.
- Considered and approved revisions to the Audit Committee Terms of Reference after updated CIPFA guidance was published. The new Terms of Reference were recommended to Council for approval on 19<sup>th</sup> July 2023.

- Produced its own Annual Report for 2021/22 setting out the work undertaken by the committee.
- Received and considered at each meeting its own forward plan for the year ahead, ensuring that all relevant areas are covered during the year.
- Members completed a self-assessment against CIPFA Guidance for Local Authority Audit Committees. This will be used to inform an ongoing training programme for them.

### **Finance**

- Considered the unaudited draft Statement of Accounts for 2021/22.
- Considered and approved the Statement of Accounts for 2021/22 on behalf of the Council.
- Received and considered a report on the final accounts closedown and accounting policies updates for 2022/23. A second closedown report showed the timetable for reporting the accounts.
- Continued to review the Council's Treasury Management arrangements. This included reviewing the Annual Treasury Management Report for 2021/22 which covered the actual Prudential Indicators, and the Mid-Year Monitoring Report which included the actual and proposed treasury management activity.
- Received a report on the Dedicated School Grant, noting the additional funding received through the Department for Education's Safety Valve Programme.

### **Ombudsman Reports**

- Considered a Public Interest Report from the Local Government Ombudsman, noting the action plan produced by the Council.
- Considered a report from the Local Government Ombudsman in private session, as directed by the Ombudsman.

### **Other**

- Received a presentation from the Chief Executive giving her insight into governance, audit and risk.
- Received and considered two update reports on progress made to implement recommendations arising from external audits, inspections and reviews.
- Received and considered reports on the Council's use of surveillance and acquisition of communication data powers under the Regulation of Investigatory Powers Act 2000 (RIPA). There had been no usage of these powers by the Council during 2021/22.
- Received an annual report on Information Governance, including compliance with GDPR and the Data Protection Act.

- Received a report on procurement, including the update to Contract Procedure Rules introduced during the year and the training provided to officers by the Procurement team.

### **TRAINING AND DEVELOPMENT**

There were two new members to the Committee during the year. They received induction training covering the main role and areas of responsibility of the Committee. In addition training or a briefing was offered before most meetings based on the papers to be presented to the Committee and the results of the self-assessment.

## TERMS OF REFERENCE 2022/23

### Committee Size

To comprise:-

- Five Councillors, none of which are members of the Cabinet.
- One person who is not a councillor or officer of the Council (independent member).

### Statement of purpose

- 1 The Audit Committee is a key component of RMBC's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 2 The purpose of the audit committee is to provide independent assurance to the Council of the adequacy of the risk management framework and the internal control environment. It provides independent review of RMBC's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

### Governance, risk and control

- 3 To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider RMBC's code of governance.
- 4 To review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
- 5 To approve the final AGS for publication.
- 6 To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 7 To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- 8 To monitor the effective development and operation of risk management in the council.
- 9 To monitor progress in addressing risk-related issues reported to the committee.
- 10 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 11 To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- 12 To monitor the counter-fraud strategy, actions and resources.
- 13 To review the governance and assurance arrangements for significant partnerships or collaborations.

### Internal audit

- 14 To approve the Internal Audit Charter.
- 15 To approve the risk-based Internal Audit Plan, including Internal Audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

- 16 To approve significant interim changes to the risk-based Internal Audit Plan and resource requirements.
- 17 To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.
- 18 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Internal Audit. To approve and periodically review safeguards to limit such impairments.
- 19 To approve the internal or external assessments of Internal Audit against Public Sector Internal Audit Standards. This will include:-
  - regular reports on the results of the Quality Assurance and Improvement Programme (QAIP).
  - reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), considering whether the non-conformance is so severe that it must be included in the AGS
- 20 To consider reports from the Head of Internal Audit on Internal Audit's performance during the year. These will include updates on the work of Internal Audit including:-
  - progress against the plan
  - key findings and issues of concern
  - action in hand as a result of internal audit work
  - performance indicators
- 21 To approve the Head of Internal Audit's annual report:-
  - The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement.
  - The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion.
- 22 To consider summaries of specific Internal Audit reports.
- 23 To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- 24 To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 25 To provide free and unfettered access to the Audit Committee Chair for the Head of Internal Audit, including the opportunity for him/her to meet privately with the committee.

#### **External audit**

- 26 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments (PSAA).
- 27 To approve the external auditor's annual plan
- 28 To approve any revisions to the external auditor's plan
- 29 To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- 30 To consider specific reports as agreed with the external auditor.
- 31 To comment on the scope and depth of external audit work and to ensure it gives value for money.

- 32 To commission work from internal and external audit.
- 33 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

**Financial reporting**

- 34 To receive the draft annual statement of accounts following approval by the s151 Officer. Specifically, to consider whether appropriate accounting policies have been followed.
- 35 To approve the final audited annual statement of accounts for publication. Specifically to consider whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- 36 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.
- 37 To deal with any matters referred to the Committee by the Strategic Director Finance and Customer services in relation to his/her responsibilities under section 151 of the Local Government Act 1972.

**Treasury Management**

- 38 To review treasury management policy, strategy and procedures and to be satisfied that controls are satisfactory
- 39 To receive annual reports on treasury management, specifically the outturn report and the mid-year report
- 40 To review the treasury risk profile and adequacy of treasury risk management processes
- 41 To review assurances on treasury management, for example an internal audit report, external audit report or other review.

**Accountability arrangements**

- 42 To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.
- 43 To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- 44 To submit a report on the work of the committee to the Council on an annual basis.

**PROPOSED TERMS OF REFERENCE 2023/24****Committee Size**

To be comprised of:-

- Five Councillors, none of which are members of the Cabinet.
- Two people who are not councillors or officers of the Council (independent members).

**Statement of purpose**

- 1 The Committee's purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring there is sufficient assurance over governance, risk and control gives greater confidence to the Council that those arrangements are effective.
- 2 The Committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

**Governance, risk and control**

- 3 To review the Council's corporate governance arrangements against the Good Governance Framework, including the ethical framework and consider RMBC's Code of Governance.
- 4 To monitor the effective development and operation of risk management in the Council
- 5 To monitor progress in addressing risk-related issues reported to the Committee.
- 6 To review risk registers and consider their adequacy and effectiveness in capturing and assessing risks and completing mitigating actions.
- 7 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 8 To consider reports on the effectiveness of financial management arrangements, including compliance with CIPFA's Financial Management Code.
- 9 To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 10 To review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
- 11 To monitor the Counter-Fraud Strategy, actions and resources.
- 12 To review the governance and assurance arrangements for significant partnerships or collaborations.
- 13 To deal with any matters referred to the Committee by the Statutory Officers.

**Governance Reporting**

- 14 To review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account Internal Audit's opinion on the overall adequacy and effectiveness of the Council's Framework of Governance, risk management and control.
- 15 To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the Authority's objectives.
- 16 To approve the final AGS for publication.

## **Financial Reporting**

- 17 To monitor the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met.
- 18 To review the draft annual Statement of Accounts following approval by the s151 Officer. Specifically, to consider whether appropriate accounting policies have been followed.
- 19 To approve the final audited annual Statement of Accounts for publication. Specifically, to consider whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- 20 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

## **Arrangements for Audit and Assurance**

- 21 To consider the Council's framework of assurance and ensure that it adequately addresses the risks and priorities of the Council.
- 22 To consider reports on progress against actions from external inspections and audits.

## **External audit**

- 23 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments (PSAA).
- 24 To approve the external auditor's annual plan.
- 25 To approve any revisions to the external auditor's plan.
- 26 To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- 27 To consider specific reports as agreed with the external auditor.
- 28 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 29 To consider additional commissions of work from external audit.
- 30 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies
- 31 To provide free and unfettered access to the Audit Committee Chair for the auditors, including the opportunity for a private meeting with the Committee.

## **Internal Audit**

- 32 To approve the Internal Audit Charter.
- 33 To approve the risk-based Internal Audit plan, including Internal Audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 34 To approve significant interim changes to the risk-based Internal Audit plan and resource requirements.
- 35 To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.



- 36 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing and to approve and periodically review safeguards to limit such impairments.
- 37 To approve the internal or external assessments of Internal Audit against Public Sector Internal Audit Standards.
- 38 To consider reports from the Head of Internal Audit on Internal Audit's performance during the year. These will include:-
  - updates on the work of Internal Audit including progress against the plan; key findings and issues of concern; action in hand as a result of Internal Audit work; and performance indicators.
  - regular reports on the results of Quality Assurance and Improvement Programme.
  - reports on instances where the Internal Audit function does not conform to the PSIAS and LGAN, considering whether the non-conformance is significant enough that it must be included in the AGS
- 39 To approve the Head of Internal Audit's annual report including:-
  - The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement.
  - The opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control together with the summary of the work supporting the opinion.
- 40 To consider summaries of specific Internal Audit reports.
- 41 To receive reports outlining the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- 42 To contribute to the QAIP and in particular, to the External Quality Assessment of Internal Audit that takes place at least once every five years.
- 43 To provide free and unfettered access to the Audit Committee Chair for the Head of Internal Audit, including the opportunity for him/her to meet privately with the committee.

### **Treasury Management**

- 44 To review Treasury Management Policy, Strategy and procedures and to be satisfied that controls are satisfactory
- 45 To receive annual reports on Treasury Management, specifically the outturn report and the mid-year report
- 46 To review the treasury risk profile and adequacy of treasury risk management processes
- 47 To review assurances on Treasury Management, for example an Internal Audit report, external audit report or other review.

### **Accountability arrangements**

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

- 49 To report to full council on a regular basis on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.
- 50 To submit a report on the work of the Committee to the Council on an annual basis, including a conclusion on compliance with the CIPFA Position Statement on Audit Committees.

**Committee Name and Date of Committee Meeting**

Audit Committee – 27<sup>th</sup> July 2023.

**Title**

Internal Audit Progress Report for the period 1<sup>st</sup> May 2023 to 30<sup>th</sup> June 2023.

**Is this a Key Decision and has it been included on the Forward Plan?**

No.

**Strategic Director Approving Submission of the Report**

Judith Badger, Strategic Director, Finance and Customer Services.

**Report Author(s)**

David Webster, Head of Internal Audit

Tel: 01709 823282 Email: david.webster@rotherham.gov.uk

**Ward(s) Affected**

All wards.

**Report Summary**

This Progress Report provides the committee with an up to date position on the Internal Audit Plan, a summary of Internal Audit work completed during the period 1<sup>st</sup> May 2023 to 30<sup>th</sup> June 2023 and the key issues that have arisen from it, and the status of actions arising from audits. It also provides information regarding the performance of the Internal Audit function during the period.

**Recommendations**

The Audit Committee is asked to:

- 1) Note the Internal Audit work undertaken since the last Audit Committee, 1<sup>st</sup> May 2023 to 30<sup>th</sup> June 2023, and the key issues that have arisen from it.
- 2) Note the information contained regarding the performance of Internal Audit and the actions being taken by management in respect of their performance.

**List of Appendices Included**

Appendix A – Internal Audit Plan 2023/24

Appendix B – Summary of work completed since the last meeting

Appendix C – Internal Audit Performance Indicators

**Background Papers**

Public Sector Internal Audit Standards and Associated Local Government Application Note.

Accounts and Audit (England) Regulations 2015.

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**  
No.

**Council Approval Required**  
No.

**Exempt from the Press and Public**  
No.

## Internal Audit Progress Report for the period 1<sup>st</sup> May 2023 to 30<sup>th</sup> June 2023

### 1. Background

- 1.1 CIPFA guidance for Audit Committees in Local Authorities gives the Audit Committee a clear role in supporting the effectiveness of the internal audit process. This role is reflected in the Terms of Reference of the committee. To fulfil this role the committee receives updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work. In addition, it receives information on performance relative to the audit plan.
- 1.2 Public Sector Internal Audit Standards require that the Head of Internal Audit reports periodically to the Audit Committee. This is reflected in the Audit Charter which provides for Progress Reports to be presented to the Audit Committee regarding the audit plan and progress against it; resource requirements; the results of audit activities; the tracking of audit recommendations; and the performance of the audit team.
- 1.3 This report includes the position up to the end of June 2023 on the completion of the annual plan for 2023/24, the reports finalised in May and June 2023 and performance indicators for the team.

### 2. Key Issues

#### 2.1 Internal Audit Annual Plan

Internal Audit produced a risk based Annual Audit Plan for 2023/24 and presented it to the Audit Committee at its meeting on 14<sup>th</sup> March 2023. As a result of planning meetings with Directorate Leadership Teams several audits were added to the 2022/23, which meant some audits within that plan were delayed, with a knock-on effect on the 2023/24 plan. To account for this, a new plan has been produced for 2023/24 incorporating the remaining audits from 2022/23 and deferring some low priority reviews. The plan will be kept under review throughout the year. The revised plan will provide sufficient coverage for the Head of Internal Audit to provide their annual opinion at the end of the year. The new plan is attached, showing the position at the end of June 2023.

#### 2.2 Audit Work Undertaken During the Period

Internal Audit provides an opinion on the control environment for all systems or services which are subject to audit review. These are taken into consideration when forming our overall annual opinion on the Council's control environment. There are four possible levels of assurance for any area under examination, these being "Substantial Assurance", "Reasonable Assurance" "Partial Assurance" and "No Assurance". Audit opinions and a brief summary of all audit work concluded since the last Audit Committee are set out in **Appendix B**. Ten audits have been finalised since the last Audit Committee, eight with Substantial or Reasonable Assurance, one with Partial Assurance and one with No Assurance.

- 2.3 In addition to the planned audit assurance work, Internal Audit also carries out unplanned responsive work and investigations into any allegations of fraud,

corruption or other irregularity. There have been no investigation reports issued since the last committee meeting.

## 2.4 Internal Audit Performance Indicators

Internal Audit's performance against a number of indicators is summarised in **Appendix C**. Targets were met except for the time taken to issue draft reports, where two audits were marginally over the target time.

## 2.5 Management Response to Audit Reports

Following the completion of audit work, draft reports are sent to or discussed with the responsible managers to obtain their agreement to the report and commitment to the implementation of recommendations. This results in the production of agreed action plans, containing details of implementation dates and the officers responsible for delivery. Draft reports are copied to the relevant Head of Service and Assistant Director and final reports are also sent to the Strategic Director.

Confirmation of implementation of audit recommendations is sought from service managers when the implementation date is reached. This is automated, with alerts being sent out a week before the due date to the Responsible Manager and Head of Service, and overdue alerts sent out weekly, copied into the Assistant and Strategic Director. Managers should enter the system and provide an update on the action – either implemented or deferred.

Summary reports of outstanding actions are produced monthly and distributed to Strategic Directors. At the present time there are eleven actions that have been deferred from their original due dates, nine of which relate to Rothercare where the service is working on a new business operating model. The position will be monitored and any issues reported.

## 3. Options considered and recommended proposal

- 3.1 This report is presented to enable the Audit Committee to fulfil its responsibility for overseeing the work of Internal Audit. It provides a summary of Internal Audit work completed and the key issues arising from it for the period from 1<sup>st</sup> May 2023 to 30<sup>th</sup> June 2023 and information about the performance of the Internal Audit function during this period.

## 4. Consultation on proposal

- 4.1 The Internal Audit plan was produced after consultation with management teams. All Internal Audit reports referred to in this report have been discussed and agreed with management in the respective service areas.

## 5. Timetable and Accountability for Implementing this Decision

- 5.1 The Audit Committee is asked to receive this report at its 27<sup>th</sup> July 2023 meeting.

## 6. Financial and Procurement Advice and Implications

- 6.1 There are no direct financial or procurement implications arising from this report. The budget for the Internal Audit function is contained within the budget for the Finance and Customer Services Directorate.

## **7. Legal Advice and Implications**

- 7.1 The provision of Internal Audit is a statutory requirement for all local authorities that is set out in the Accounts and Audit (England) Regulations 2015. These state:

*“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.”*

- 7.2 Internal Audit also has a role in helping the Council to fulfil its responsibilities under s.151 of the Local Government Act 1972, which are:

*“each local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”*

## **8. Human Resources Advice and Implications**

- 8.1 There are no direct Human Resources implications arising from this report.

## **9. Implications for Children and Young People and Vulnerable Adults**

- 9.1 This document includes a report of progress against delivery of the Internal Audit Plan. A significant proportion of the Plan is devoted to the examination of risks facing Children and Young People’s Services and Adult Social Care.

## **10. Equalities and Human Rights Advice and Implications**

- 10.1 There are no direct Equalities and Human Rights Implications arising from this report.

## **11. Implications for CO2 Emissions and Climate Change**

- 11.1 There are no direct CO2 and Climate Change implications arising from the report.

## **12. Implications for Partners**

- 12.1 Internal Audit is an integral part of the Council’s Governance Framework, which is wholly related to the achievement of the Council’s objectives, including those set out in the Council Plan.

## **13. Risks and Mitigation**

- 13.1 An effective Internal Audit Department helps to minimise the Council’s exposure to risk.

## **14. Accountable Officer**

David Webster, Head of Internal Audit.

Tel 01709 823282 E mail [david.webster@rotherham.gov.uk](mailto:david.webster@rotherham.gov.uk)



Internal Audit Plan 2023/24

<b><u>CORPORATE</u></b>					
Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Contract Management		Risk Based	A review of the tracking and management of contract delivery by contract managers, to provide assurance on how outcomes and outputs are tracked.	15	2
<b>Total planned days – Corporate</b>				<b>15</b>	

<b><u>ASSISTANT CHIEF EXECUTIVE</u></b>					
Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Payroll 22/23	ACX20	Systems Based	Provide assurance on key processes for carrying out reconciliations and error resolution and prevention.	5	WIP
Big Hearts Big Changes (BHBC)	ACX23	Risk Based	Provide assurance on the governance arrangements to ensure the effective delivery of the BHBC programme.	9	2
Council Plan	ACX27	Risk Based	Provide assurance on the governance arrangements and that performance measures are being accurately reported.	7	WIP
Payroll 23/24	ACX20	Systems Based	Annual review of payroll as a fundamental system.	20	4

Workforce Plan	ACX32	Risk Based	Review of the impact of the Workforce Plan on the workforce	10	2
Establishment Control		Risk Based	Review of the management of vacancies and their disestablishment, and the match between HR and Finance establishments.	15	3
Risk Management		Risk Based	Review of the effectiveness of Risk Management.	15	4
Annual Governance Statement		Risk Based	Review of the process for the production of the AGS, after changes introduced in 2023.	10	4
Declarations of Interest		Risk Based	Review of officers' Declarations of Interest, after the introduction of new procedure.	10	2
<b>Total planned days – Assistant Chief Executive</b>				<b>101</b>	

<b><u>ADULT CARE HOUSING AND PUBLIC HEALTH</u></b>					
<b>Audit</b>	<b>Risk Register and Rating</b>	<b>Audit Classification</b>	<b>Auditable Area</b>	<b>Number of days</b>	<b>Planned Quarter</b>
Housing Management System		Risk Based	Review and provide assurance on the adequacy of the new housing management system.	1	DRAFT
Transition from Children's Care to Adult Care		Risk Based	Review progress in implementing the Ofsted action plan and provide an assurance on the processes taken to address the weaknesses highlighted within the action plan.	8	WIP
Waiting Lists		Risk Based	Management request – addition to the plan. Review of mechanisms in place for dealing with waiting lists for assessments for care.	1	DRAFT
Liberty Protection Safeguards.	ACHPH R3 (ACI R5)	Risk Based	Provide an assurance on the Council's readiness to transfer to the new Liberty Protection Safeguards regulations.	20	2

Health & Safety Legislation and Corporate Responsibilities for Council Homes.	ACHPH R9 (H-R12)	Risk Based	To review compliance with Health and Safety regulations with regard to smoke and carbon monoxide alarms.	10	4
Housing and Estates – Anti Social Behaviour	H – R10	Risk Based	Review of current procedures and to ensure compliance with legislation.	10	1
Housing and Estates – Management of Estate Environment	H – R11	Risk Based	Review of procedures in place to ensure effective management of the estate environment.	10	1
Local Government Ombudsman's Reports		Risk Based	Management request to examine Ombudsman's report for the last two years and report on how the Council responded to any findings and if any lessons learned were acted upon.	15	2
Public Health		Risk Based	Review of drug and alcohol working partnerships including needs assessments and plans.	15	3
Health Funded Clients		Follow Up	Follow up of Partial Assurance audit in 2022/23	5	2
Homes England		Risk Based	Review of grant funding drawdowns after new processes have been implemented.	5	2
<b>Total Planned Days – Adult Care and Housing</b>				<b>100</b>	

### **CHILDREN AND YOUNG PEOPLES SERVICE**

Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
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Commissioning Services	CPQ43	Risk Based	Review of commissioning policies in place to support safeguarding of children and young people; health and safety and Governance, which need to be in place by all contract holders. Assurance would assist Commissioning develop their quality assurance framework.	5	WIP
Youth Offending		Risk Based	Review of progress after HMIP review and peer review	1	DRAFT
Supporting Families		Risk Based	Management request – addition to the plan. Review of new systems being developed to prepare for changes to government requirements.	9	WIP
Early Years Education Provision	ES6	Risk Based	Examination of reasons for low take up of eligible 2- 3- and 4-year-old early years education with findings feeding into the Early Years Strategy.	10	4
Social; Emotional and Mental Health Needs (SEMH)	ES17	Risk Based	Scope of the audit to be finalised with CYPS, based upon Local Area Provision and inclusion pathways.	15	3
Safeguarding	SCF3	Risk Based	Review of procedures for placing 16+ children with external provider regulated accommodation	10	2
Unaccompanied Asylum-Seeking Children (UASC)	SCF6	Risk Based	Review of procedures for age assessments of UASC.	10	1
Special Education Needs and Disability (SEND)	CYPS03	Risk Based	Review of Education, Health and Care Plans (EHCP) across all the domains, including Health and Social Care Partners.	20	3
Schools CRSA		Risk Based	Conduct the annual school's Control and Risk Self-Assessment to form the basis for school visits.	10	2
Schools Themed Audits		Risk Based	Sample visits to schools, based on the results of the self-assessment.	20	4
<b>Total Planned Days - Children and Young People's Services</b>				<b>110</b>	

## **FINANCE AND CUSTOMER SERVICES**

### **Finance**

<b>Audit</b>	<b>Risk Register and Rating</b>	<b>Audit Classification</b>	<b>Auditable Area</b>	<b>Number of days</b>	<b>Planned Quarter</b>
NNDR	FCS2	Systems Based	Fundamental System. Review of new processes in respect of NNDR reliefs to provide a level of assurance of compliance with these.	1	DRAFT
Procurement Governance	Operational Risk.	Risk Based	Review procurement procedures and assess Directorate adherence to them. To include, where applicable, a review of Directorate procedures.	8	WIP
Debtors		Systems Based	Review debtors procedures and assess Directorate adherence to them. To include, where applicable, a review of Directorate procedures.	2	WIP
Rebate Scheme		System Based	To review the processes used to pay the one-off Council Tax Energy rebate payment to RMBC residents	1	DRAFT
Council Tax		Systems Based	Fundamental System. Scope of the audit to be agreed with Assistant Director Finance, to include core systems not currently being externally stored.	10	4
Contract Renewals and Expiry		Systems Based	Review of Directorate compliance with procedures for planning for renewing contracts, in line with Cabinet Office Best Practice.	20	1
Creditors		Systems Based	Fundamental System. Audit resources to examine procedures regarding move towards "faster payments", scope to be finalised with the Assistant Director Finance.	10	4
Rents		Systems Based	Fundamental system. Audit resources to examine changes to the rents settings in the system and ensure calculated rents are feeding through the system.	10	4

Capital Programme		Systems Based	Review the updated capital procedures and provide assurance that they are being complied with and that expenditure is appropriately approved, controlled and monitored.	15	2
<b><u>Customer Information &amp; Digital Services</u></b>					
Hosted & Cloud-based systems	Operational Risk	Risk Based	Provide assurance on the IG policies & procedures for cloud-based storage platforms, including recovery, protection & security arrangements.	1	DRAFT
Application Management	Salford Risk Assessment	Risk Based	Review of controls around access control, system availability. Specific applications to be agreed.	10	2
To be agreed			Technical audit to be carried out by Salford IAS	10	3
Customer Digital Programme			Audit contribution to projects designed to increase efficiency.	20	n/a
<b><u>Legal Services</u></b>					
Registrars		Risk Based	Review of processes and controls after external inspection	15	WIP
Litigation Service		Risk Based	Review of the legal support provided to Adult Care and Child Protection	20	1
Land Terrier		Risk Based	Review of the registration of Council land	10	3
Governance		Risk Based	Review of the operation of processes around decision-making within the Council.	15	4
<b>Total Planned Days – Finance and Customer Services</b>				<b>178</b>	

**REGENERATION AND ENVIRONMENT**

Audit	Risk Register and Rating	Audit Classification	Auditable Area	Number of days	Planned Quarter
Waste	CSS13	Risk Based	Scope to be confirmed / agreed.	17	WIP
Cash collection and income		Risk Based	Review the arrangements for the collection, monitoring, reconciliation of cash and other forms of income from various establishments.	13	WIP
Building Security Follow Up		Follow Up	Follow Up of Partial Assurance audit.	1	DRAFT
Home to School Transport	R&E 8 & CST 15	Risk Based	Provide assurance on the effectiveness of the Home to School Transport service.	10	1
Vehicle Operators Licence	R&E39 & CSS44	Risk Based	Review compliance with regulatory requirements	10	2
Fire Strategy	R&E25 & PRT38	Risk Based	Provide assurance that RMBC as the corporate landlord has an effective fire strategy.	10	2
Building Control		Risk Based	Provide assurance after changes in regulations around payments and inspection visits.	10	1
Trading Standards		Risk Based	Review of the operation of Trading Standards.	15	4
Green Spaces		Risk Based	Review over the Health and Safety controls around Green Spaces.	15	4
Tree Service follow-up	R&E52 & CST9	Risk Based	Follow up of No Assurance audit in 2022/23	10	3
Museum Collections follow-up	CST11	Risk Based	Follow up of Partial Assurance audit in 2022/23	5	3

Hand Arm Vibration		Risk Based	To review compliance with the Vibration at Work Guidance	10	1
Hellaby Stores		Risk Based	To assess the adequacy of the internal control arrangements surrounding the operation of the stores at Hellaby depot	10	DRAFT
<b>Total Planned Days – Regeneration and Environment</b>				<b>126</b>	

<b><u>OTHER</u></b>	<b>Provision</b>	<b>Used</b>
Grants	100	17
Provision for investigations	150	17
Pro-active fraud	40	3
Contingency	60	30
Follow Up	20	0
<b>Other Work Total</b>	<b>370</b>	<b>67</b>
<b>Overall Plan Total</b>	<b>1000</b>	



**Summary of Audit Work Completed since the last meeting**

Note:- Internal Audit uses an Executive Summary and reporting structure which gives four levels of overall assurance for areas under examination. Within each area audited an overall assurance opinion is assessed as being either “Substantial Assurance”, Reasonable Assurance”, “Partial Assurance” or “No Assurance”, taking into account the results of all the risks assessed.

Audit Area	Assurance Objective	Final Report to man't	Overall Audit Opinion	Summary of Significant Issues
<b>Assistant Chief Executive</b>				
Communications	To provide assurance on the effectiveness of the media enquiries protocol.	25.5.23	Substantial Assurance	Controls were found to be in place. No recommendations were made.
<b>Adult Care, Housing and Public Health</b>				
Health and Safety Legislation and Corporate Responsibility for Council homes	To provide assurance on compliance with Social Landlord health and safety responsibilities for Council housing in respect of mould and damp, fire safety, asbestos and legionella.	23.5.23	Reasonable Assurance	Controls were generally in place. Recommendations were made around documentation, the recording of checks, monitoring and training.
<b>Children and Young People’s Services</b>				
Schools themed Audit	To provide assurance on three key areas identified from discussions and the CRSA	10.5.23	Reasonable Assurance	Controls were generally in place. Recommendations were made for all three areas. CYPS management agreed to send updates to all schools so that they could be actioned.

Audit Area	Assurance Objective	Final Report to man't	Overall Audit Opinion	Summary of Significant Issues
	returns – VAT & Taxation, Asset Management and Safeguarding.			
Joint Funding of Care Packages	To review the new Joint Funding Strategy and provide assurance on compliance with it.	26.5.23	Partial Assurance	Recommendations were made to improve the recording of care packages and care actions and provide training to staff.
Special Education Needs and Disability (SEND)	To review the progress in implementing the Written Statement Of Action relating to the SEND Local Offer	21.6.23	Substantial Assurance	The review found that all the actions had been completed or were on track. No recommendations were made.
<b>Finance and Customer Services</b>				
Council Tax Support	To review the changes in the Council tax Support system and provide assurance on compliance with it.	5.5.23	Substantial Assurance	Controls were in place. Two minor recommendations were made regarding documentation.
Insurance	To provide assurance that the Insurance Service is fulfilling its requirements to the Council	31.5.23	Reasonable Assurance	Controls were generally in place. Recommendations were made around the need for procedure notes and to improve checks on some claims.
Backup Management	To review the controls surrounding IT backups.	31.5.23	Substantial Assurance	Controls were in place. No recommendations were made.

## Definitions

Rating	Definition
Substantial Assurance	<p>Substantial assurance that the system of internal control is designed to achieve the service's objectives and this minimises risk.</p> <p>The controls tested are being consistently and effectively applied. Recommendations, if any, are of an advisory nature (1 star) to further strengthen control arrangements.</p>
Reasonable Assurance	<p>Reasonable assurance that the system of internal control is designed to achieve the service's objectives and minimise risk. However, some weaknesses in the design or inconsistent application of controls put the achievement of some objectives at risk.</p> <p>There are some areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations are no greater than medium (2 star) priority.</p>
Partial Assurance	<p>Partial assurance where weaknesses in the design or application of controls put the achievement of the service's objectives at risk in a significant proportion of the areas reviewed.</p> <p>There are significant numbers of areas where controls are not consistently and effectively applied and / or are not sufficiently developed. Recommendations may include high priority (3 star) and medium priority (2 star) matters.</p>
No Assurance	<p>Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes service objectives to an unacceptable level of risk.</p> <p>There is significant non-compliance with basic controls which leaves the system open to error and / or abuse. Recommendations will include high priority (3 star) matters and may also include medium priority (2 star) matters.</p>

## Internal Audit Performance Indicators

Performance Indicator	Target	April to June 2023
Draft reports issued within 15 working days of field work being completed.	90%	80%
Chargeable Time / Available Time.	80%	83%
Audits completed within planned time	90%	90%
Client Satisfaction Survey.	100%	100%

### Comments received in the Client Satisfaction Surveys

Two surveys received during May and June.

#### Good

'Early face to face discussion about scope of audit with clear questions at the discovery stage. Auditor interacted with the service throughout and when officer help was needed the auditor fitted in with times that suited the service. This gave assurance that the service was constructively involved in the audit and not that the audit was being imposed on them.'

'The auditor was very professional and was very helpful in putting colleagues at ease. The consultation on the draft report was crucial to ensure recommendations were appropriate. I appreciated having the opportunity to review and feedback on the final report as updates could be fed into it before it was formally distributed.'

#### Improvement needed

None.

**Committee Name and Date of Committee Meeting:**

Audit Committee – 27<sup>th</sup> July 2023

**Report Title:**

Audit Committee Forward Work Plan

**Is this a Key Decision and has it been included on the Forward Plan?**

No

**Strategic Director Approving Submission of the Report:**

Judith Badger, Strategic Director of Finance and Customer Services

**Report Author(s):**

David Webster (Head of Internal Audit).

Tel: 01709 823282 Email david.webster@rotherham.gov.uk

**Ward(s) Affected:**

Borough-Wide.

**Executive Summary:**

The report presents to the Audit Committee a forward work plan covering the next year. The plan shows how the agenda items relate to the objectives of the Committee. It is presented for review and amendment as necessary.

**Recommendation:**

That Audit Committee review the Forward Work Plan and suggest any amendments to it.

**List of Appendices Included**

Audit Committee Forward Work Plan.

**Background Papers**

Audit Committee Terms of Reference – Constitution, Appendix 9 Responsibilities and Functions, Section 5 Terms of Reference for Committees, Boards and Panels.

**Consideration by any other Council Committee, Scrutiny or Advisory Panel:**

No

**Council Approval Required:**

No

**Exempt from the Press and Public:**

No

## **Audit Committee Forward Work Plan**

### **1. Background**

- 1.1 The Audit Committee's Terms of Reference are published in the Constitution. The attached Forward Work Plan details how the Committee meets those Terms of Reference.

### **2. Key Issues**

- 2.1 Local Government Audit Committees should comply with the Chartered Institute of Public Finance and Accountancy's Position Statement and Practical Guidance for Audit Committees. The Terms of Reference for the Audit Committee are designed to ensure the Committee meets the CIPFA standards.
- 2.2 The forward work plan is designed to ensure that the key Audit Committee responsibilities are fulfilled.

### **3. Options considered and recommended proposal**

- 3.1 The work plan for the Audit Committee is a helpful guiding document for the Committee itself and other stakeholders with an interest in the Committee's activities. The work plan for the coming year by date is presented to each Committee meeting for review and amendment.

### **4. Consultation on Proposal**

- 4.1 Relevant officers and the Audit Committee were consulted in producing the work plan.

### **5. Timetable and Accountability for Implementing this Decision**

- 5.1 The Forward Plan comprises a schedule of reports to be presented to the Audit Committee at each of its meetings during the year. Various reports have to be presented at specified meetings in order to comply with statutory requirements (for example relating to the statement of accounts and annual governance statement).

### **6. Financial and Procurement Advice and Implications**

- 6.1 There are no financial or procurement issues arising from this report.

### **7. Legal Advice and Implications**

- 7.1 There are no direct legal implications associated with this report.

### **8. Human Resources Advice and Implications**

- 8.1 There are no Human Resources implications arising from the report.

### **9. Implications for Children and Young People and Vulnerable Adults**

9.1 The Audit Committee reviews the management of risks across the Council including those relating to Children's and Adult Services. Review of the management of risks helps to ensure the risks are mitigated.

## **10. Equalities and Human Rights Advice and Implications**

10.1 There are no direct Equalities or Human Rights implications arising from this report.

## **11. Implications for CO2 Emissions and Climate Change**

11.1 There are no direct CO2 and Climate Change implications arising from the report.

## **12. Implications for Partners**

12.1 Partners will be able to take assurance on the Control's application of governance controls and management of risks from the work of the Audit Committee.

## **13. Risks and Mitigation**

13.1 The Audit Committee aims to comply with standards established by the Chartered Institute of Public Finance and Accountancy (CIPFA). The maintenance of a work plan is consistent with the CIPFA standards. The production of a work plan also helps the Audit Committee to ensure it achieves its terms of reference.

## **14. Accountable Officer:**

David Webster, Head of Internal Audit  
01709 823282 – [david.webster@rotherham.gov.uk](mailto:david.webster@rotherham.gov.uk)

Audit Committee Forward Work Plan

Meeting Date	Key Responsibility	Agenda Item	Author
26 <sup>th</sup> September 2023	Financial Reporting	Training	Rob Mahon
	Governance Risk and Control	Final Statement of Accounts	Judith Badger
	Internal Audit / Governance Risk and Control	Final AGS	Head of IA
	Governance Risk and Control	IA Progress Report	Jo Brown
	Governance Risk and Control	Risk Management Directorate Presentation – Assistant Chief Executive	Head of IA
	Audit Committee Accountability	Audit Committee Forward Work Plan	Head of IA



<b>Meeting Date</b>	<b>Key Responsibility</b>	<b>Agenda Item</b>	<b>Author</b>
November 2023		Training	
	Governance Risk and Control	Chief Executive Presentation	Sharon Kemp
	Financial Reporting	Audited Final Statement of Accounts	Rob Mahon
	Governance Risk and Control	Audited Final AGS	Judith Badger
	External Audit	External Audit Findings (ISA 260)	GT / Rob Mahon
	Treasury Management	Mid-Year Report on Treasury Management	Rob Mahon
	Governance Risk and Control	Information Governance Annual Report	Paul Vessey
	Governance Risk and Control	Code of Corporate Governance	Simon Dennis
	Governance Risk and Control	Risk Management Strategy and Policy	Simon Dennis
	Governance Risk and Control	Risk Management Directorate Presentation – Regeneration and Environment	Paul Woodcock
	Internal Audit	IA Charter review and update	Head of IA
	Internal Audit / Governance Risk and Control	IA Progress Report	Head of IA
Audit Committee Accountability	Audit Committee Forward Work Plan	Head of IA	

Meeting Date	Key Responsibility	Agenda Item	Author
January 2024	External Audit	Training Value for Money Opinion	Grant Thornton / Rob Mahon
	Financial Reporting	Final Accounts closedown and accounting policies	Rob Mahon
	Governance Risk and Control	External Audit and Inspection recommendations	Simon Dennis
	Governance Risk and Control	Strategic Risk Register	Simon Dennis
	Governance, Risk and Control	Risk Management Directorate Presentation – Finance and Customer Services	Judith Badger
	Internal Audit / Governance Risk and Control	IA Progress Report	Head of IA
	Audit Committee Accountability	Audit Committee Forward Work Plan	Head of IA

Meeting Date	Key Responsibility	Agenda Item	Author
March 2024	Internal Audit	Training – Internal Audit	
	Internal Audit	IA Annual Plan	Head of IA
	Internal Audit / Governance Risk and Control	IA Progress Report	Head of IA
	Governance Risk and Control	Procurement Update	Karen Middlebrook
	Governance Risk and Control	Risk Management Directorate Presentation – Children and Young People’s Service	Nicola Curley
	Internal Audit	Public Sector Internal Audit Standards	Head of IA
	Internal Audit	Internal Audit Quality Assurance and Improvement Plan	Head of IA
Audit Committee Accountability	Audit Committee Forward Work Plan	Head of IA	

Meeting Date	Key Responsibility	Agenda Item	Author
May 2024	External Audit	Training – Statement of Accounts	Grant Thornton
	Financial Reporting	External Audit Progress Update	Grant Thornton
	Governance Risk and Control	Draft Statement of Accounts	Rob Mahon
	Governance Risk and Control	Draft Annual Governance Statement	Judith Badger
	Internal Audit / Governance Risk and Control	External Audit Plan	Grant Thornton / Rob Mahon
	Internal Audit / Governance Risk and Control	IA Progress Report	Head of IA
	Internal Audit / Governance Risk and Control	Internal Audit Annual Report	Head of IA
	Governance Risk and Control	Risk Management Directorate Presentation – Adult Care Housing and Public Health	Ian Spicer
Audit Committee Accountability	Audit Committee Forward Plan	Head of IA	

Meeting Date	Key Responsibility	Agenda Item	Author
July 2024		Training	
	Treasury Management	Annual Treasury Management	Rob Mahon
	Governance Risk and Control	Dedicated Schools Grant	Neil Hardwick
	Governance Risk and Control	Risk Management Annual Report and Strategic Risk Register	Simon Dennis
	Governance Risk and Control	External Audit and Inspection Recommendations	Simon Dennis
	Governance Risk and Control	Review of Surveillance and use of Regulation of Investigatory Powers	Bal Nahal
	Audit Committee Accountability	Audit Committee Annual Report	Head of IA
Audit Committee Accountability	Audit Committee Forward Work Plan	Head of IA	

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