

Leicester
City Council

MEETING OF THE GOVERNANCE AND AUDIT COMMITTEE

DATE: WEDNESDAY, 18 SEPTEMBER 2024

TIME: 5:30 pm

PLACE: Meeting Room G.01, Ground Floor, City Hall, 115 Charles Street, Leicester, LE1 1FZ

Members of the Committee

Councillor Kaur Saini (Chair)

Councillor Adam Clarke (Vice-Chair)

Councillors Adatia, Cassidy, Joel, Kitterick and Rae Bhatia.

Independent Member Mr Bipun Bhakri

One unallocated Labour Group place

Members of the Committee are invited to attend the above meeting to consider the items of business listed overleaf.

For Monitoring Officer

Officer contact: Sharif Chowdhury
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Governance Services, Leicester City Council,
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PUBLIC SESSION

AGENDA

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1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

Members will be asked to declare any interests they have in the business to be discussed.

3. MINUTES FROM THE PREVIOUS MEETING

Item 3

(Pages 1 - 10)

The minutes of the meeting held on 10th of July 2024 are attached and Members will be asked to confirm them as a correct record.

The minutes of the meeting held on 7th of August 2024 are attached and Members will be asked to confirm them as a correct record.

4. THIRD PARTY RELATIONSHIPS AND GOVERNANCE UPDATE

Item 4

(Pages 11 - 20)

The Monitoring Officer submits a report to the Governance and Audit Committee which presents the Third Party Relationships and Governance Update report.

The Committee is recommended to note the report.

5. INTERNAL AUDIT PLAN 2024/25

Item 5

(Pages 21 - 52)

The Head of Internal Audit submits a report to the Governance and Audit Committee which presents the Internal Audit Plan 2024/25.

The Committee is recommended to note the report.

6. LOCAL GOVERNMENT & SOCIAL CARE OMBUDSMAN AND HOUSING OMBUDSMAN COMPLAINTS & CORPORATE COMPLAINTS 2023/24

Item 6

(Pages 53 - 106)

The Director of Corporate Services submits a report to the Governance and Audit Committee which presents the Local Government & Social Care Ombudsman and Housing Ombudsman Complaints & Corporate Complaints

2023/24.

The Committee is recommended to note the report.

7. FINANCE UPDATE, INCLUDING 2023/24 EXTERNAL AUDIT PROGRESS **Item 7**
(Pages 107 - 112)

The External Auditors, Grant Thornton, and Head of Finance submits a report to the Governance and Audit Committee which presents the Finance update, including 2023/24 External progress.

The Committee is recommended to note the report.

8. FINANCIAL SUSTAINABILITY **Item 8**
(Pages 113 - 120)

The Monitoring Officer submits a report to the Governance and Audit Committee which presents the Financial Sustainability report.

The Committee is recommended to note the report.

9. PRIVATE SESSION

MEMBERS OF THE PUBLIC TO NOTE

Under the law, the Committee is entitled to consider certain items in private where in the circumstances the public interest in maintaining the matter exempt from publication outweighs the public interest in disclosing the information. Members of the public will be asked to leave the meeting when such items are discussed.

The Committee is recommended to consider the following reports in private on the grounds that they contain 'exempt' information as defined by the Local Government (Access to Information) Act 1985, as amended, and consequently that the Sub-Committee makes the following resolution:-

“that the press and public be excluded during consideration of the following reports in accordance with the provisions of Section 100A(4) of the Local Government Act 1972, as amended, because they involve the likely disclosure of 'exempt' information, as defined in the Paragraphs detailed below of Part 1 of Schedule 12A of the Act, and taking all the circumstances into account, it is considered that the public interest in maintaining the information as exempt outweighs the public interest in disclosing the information.”

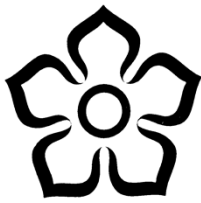
Paragraph 7 Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

10. CYBER SECURITY INCIDENT REPORT

The Director of Corporate Services intends to submit a report to the Governance and Audit Committee which presents the Cyber Security Incident Report.

This report is awaiting approval and is not currently included within the agenda reports pack and will be circulated imminently.

The Committee is recommended to note the report.



Leicester
City Council

Item 3

Minutes of the Meeting of the
GOVERNANCE AND AUDIT COMMITTEE

Held: WEDNESDAY, 10 JULY 2024 at 5:30 pm

P R E S E N T :

Councillor Kaur Saini (Chair)
Councillor Adam Clarke (Vice Chair)

Councillor Adatia
Councillor Osman

Councillor Cassidy
Councillor Kitterick

Also Present:

Mr Bipun Bhakri – Independent Member

* * * * *

1. APOLOGIES FOR ABSENCE

The Chair welcomed all to the meeting and led on introductions.

Apologies were received from Cllr Joel.

2. DECLARATIONS OF INTEREST

Members were invited to declare any interests they had in the business to be discussed.

There were no declarations were made.

3. MINUTES OF THE PREVIOUS MEETING

AGREED:

That the Minutes of the meeting held 13th March 2024 and 18th April 2024 was a true and accurate record.

4. HEALTH & SAFETY ANNUAL REPORT 2023/24

The Director of Corporate Services submitted a report to the Governance and Audit Committee which presents the Health and Safety Report 2023-24.

The Corporate Health and Safety Manager presented the Health and Safety Report for 2023/24, detailing safety management systems and audit outcomes.

Members discussed the report and the following points were raised:

- Members discussed the 8% improvement in corporate-level performance.
- Concerns were raised regarding mental health-related absences, accounting for 15,000 lost days and a cost of £1.9 million. Members requested a more detailed report on mental health issues in future reports.
- Members requested for more narrative on actions being taken in future reports and additional details on gas safety checks.

AGREED:

The Committee noted the report.

5. COMMITTEE'S ANNUAL WORK PERFORMANCE REPORT

The Director of Finance submits a report to the Governance and Audit Committee which presents the Committee's Annual Work Performance Report.

The Head of Finance presented the Committee's Annual Work Performance Report.

- Members discussed the ongoing police investigation into a cyber security attack and its financial implications, the Director of Finance noted that a paper on Cyber Security would go to the next Committee meeting.
- It was noted that some reporting requirements were unmet due to a report pending until September.
- Members were informed that an Outturn paper would be going to the Overview Select Committee and a briefing will be sent to councillors updating on reserve positions on the week commencing 22nd of July.
- Members requested to ensure the inclusion of financial sustainability in the work plan for each meeting.

AGREED:

The Committee approved the report.

6. ANNUAL NATIONAL FRAUD INITIATIVE 2023/24

The Director of Finance submits a report to the Governance and Audit Committee which presents the Annual National Fraud Initiative for 2023-24.

The Corporate Investigations Manager presented the Annual National Fraud Initiative report, noting the data sets reviewed and instances of suspected fraud.

- Members discussed issues related to small business rates relief and duplicate payments, which had been recovered.

AGREED:

The Committee noted the report.

7. COUNTER FRAUD ANNUAL REPORT 2023/24

The Director of Finance submitted a report to the Governance and Audit Committee which presents the Counter Fraud Annual Report for 2023-24

The Corporate Investigations Manager presented the annual report provided insight into proactive and reactive fraud prevention activities.

- Members discussed the impact of business rate reliefs and the need for future government policies.
- Members requested that there is a process of checking a verifying non-students in student accommodation and provide feedback.

AGREED:

The Committee noted the report.

8. HEAD OF INTERNAL AUDIT SERVICE ANNUAL REPORT 2023/24

The Director of Finance submitted a report to the Governance and Audit Committee which presents the Head of Internal Audit Service Annual Report for 2023-24.

The Head of Internal Audit presented the annual report, which included an assessment of governance frameworks and systems.

- Members discussed that although the report highlighted positive performance, areas for improvement were identified.
- Members raised questions about the substantial value of contract rollovers and their potential impact, particularly in light of issues faced by schools with financial troubles. He expressed concerns about the committee's role in overseeing these contracts and preventing micromanagement, while ensuring proper accountability.
- The Director of Finance explained the measures in place to oversee contract spending, including corporate dashboards and procurement controls that ensure contracts go through the finance system for monitoring.
 - Members requested more detailed report on contract rollovers, particularly in housing, and further clarification on the role of the committee in addressing these issues.
- The Head of Internal Audit noted the positive outcomes from external quality assessments, with the council retaining a "generally conforms" rating, reflecting good practices. Despite a slight drop in the number of audits undertaken due to capacity, the team exceeded targets for audit

input, with a high percentage of time contributed by senior auditors and managers.

- Members suggested that contract waivers be brought as a specific item to the committee in August for further discussion.
- Members raised questions regarding the granularity of the audit data, particularly on page 55, and noted the importance of accountability mechanisms to ensure follow-up on audit recommendations.

AGREED:

The Committee noted the report.

9. INSURANCE ANNUAL REPORT 2023/24

The Director of Finance submitted a report to the Governance and Audit Committee which presents the Insurance Annual Report for 2023-24.

The Head of Finance presented the Insurance Annual Report, highlighting trends in public liability claims, particularly related to highway maintenance.

AGREED:

The Committee noted the report.

10. SCHEDULE OF MEETINGS AND WORKPLAN

The Director of Finance provided the current work programme to the Governance and Audit Committee.

The Director of Finance provided the current work programme, with an addition to include financial sustainability in every meeting.

AGREED:

The Committee considered and amended the workplan as necessary.

11. PRIVATE SESSION

RESOLVED:

That the press and public be excluded during consideration of the following reports in accordance with the provisions of Section 100A(4) of the Local Government Act 1972, as amended, because they involve the likely disclosure of 'exempt' information, as defined in the Paragraphs detailed below of Part 1 of Schedule 12A of the Act, and taking all the circumstances into account, it was considered that the public interest in maintaining the information as exempt outweighed the public interest in disclosing the information. Paragraph 3 - Information relating to the financial or business affairs of any particular person. (including the authority).

12. FUTURE PROVISION OF THE INTERNAL AUDIT SERVICE

The Director of Finance submits a report to update the Committee with the progress being made to engage a new internal audit service provider.

The Director of Finance updated the Committee on the progress in engaging a new internal audit service provider. Members of the Committee discussed the report and raised a number of points to which officers provided further explanations and assurances.

AGREED:

The Committee noted the report and agreed to the planned transition.

13. ANY OTHER BUSINESS

There was no further business.



Leicester
City Council

Minutes of the Meeting of the
GOVERNANCE AND AUDIT COMMITTEE

Held: WEDNESDAY, 7 AUGUST 2024 at 5:30 pm

P R E S E N T :

Councillor Kaur Saini (Chair)
Councillor Clarke (Vice Chair)

Councillor Adatia
Councillor Ted Cassidy

Councillor Westley

Councillor Joel
Councillor Kitterick

* * * * *

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillor Rae Bhatia and Bipun Bhakri.

2. DECLARATIONS OF INTEREST

Members were asked to declare any interests they had in the business on the agenda.

Councillor Clarke declared an interest in the Draft Statement of Accounts report as he currently sat on the Pensions Committee.

3. EXTERNAL AUDIT PLAN 2023/24

The Director of Finance submitted a report to the Governance and Audit Committee which presented the External Audit Plan Report 2023-24.

The External Auditor presented the report, Attention was drawn to the significant risks identified and they were briefly explained. It was noted that risks relating to the recent cyber incident were not included in the report as the Council was still forming a response to that risk with the Auditor.

In response to Members questions it was noted that:

- Everything in the financial statement was tested so it wasn't a case of any areas in particular being picked out with regard to significant risk.

- The issue of journals being done retrospectively was picked up last year. Recommendations had been made on this and Finance Officers had been issued guidance to avoid in happening in future.
- With regard to leases, most leases the Council had would be captured with the new format of the financial statement for next year.
- The value for money assessment was done through set criteria, any concerns brought up in the assessment would go through management and internal audit.
- Members had been asked to detail any related party transactions they had, the register of interests was also used to determine this.

The management response to enquiries was also noted.

AGREED:

That the report be noted.

4. DRAFT STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT 2023/24

The Director of Finance presented the Draft Statement of Accounts and Annual Governance Statement 2023/24. It was noted that the performance against budget had been taken to the Overview Select Committee the previous week, and the performance across the two presentations was consistent.

It was noted there was no update on the pension fund as it was still going through the audit process at the County Council. Pension accounts across the country were struggling with audit backlogs.

It was suggested that unringfenced reserves could be used to fill funding gaps elsewhere. Officers noted that this was a possibility, and that the Overview Select Committee was responsible for scrutinising the use of departmental budgets.

The Annual Governance Statement was noted.

AGREED:

The report was noted.

5. REGULATION OF INVESTIGATORY POWERS ACT 2000 - BI-ANNUAL REPORT JANUARY - JUNE 2024

The Monitoring Officer presented the Regulation of Investigatory Powers Act 2000 - Bi-Annual Report January – June 2024.

It was noted that the Council had not applied for any authorisations falling under the report's remit for the period in question.

AGREED:

The report was noted.

6. ANY OTHER URGENT BUSINESS

The Committee entered private session to hear a point of information from a Member.

There being no further business the meeting closed at 6.12pm.

LCC Interests in Third Parties

Governance and Audit Committee

Date of meeting: 18 September 2024

Lead director: Kamal Adatia

Useful information

- Ward(s) affected: All
- Report author: Kevin Carter
- Author contact details: kevin.carter@leicester.gov.uk
- Report version number: v1.0

1. Summary

- 1.1 There has been much focus on the failure of local authority companies which have identified problems in governance and oversight and resulted in financial and reputational damage to the authorities concerned. There are also, of course, local authority companies that are operating successfully and are aligned with the parent authority's purpose and objectives.
- 1.2 The range of the Council's current interests in third parties spans a wide range of companies and organisations, which are summarised in the Appendix.
- 1.3 It should be recognised that councillors and officers are able to bring great value to the third parties to which they are appointed, bringing knowledge and experience of their relevant specialisms, of the Council and its services. Councillors also bring their insight and status as democratically elected community representatives.
- 1.4 Being a director or trustee, however, requires councillors and officers appointed to those roles to operate in a completely different legal and philosophical framework to that which they are used to inside the Council. Such appointments can lead to conflicts between the duty owed to the third party and the interests of the Council. It is therefore important that councillors and officers are provided with appropriate advice and support and this paper includes actions which ensures this happens.

2. Recommended actions/decision

It is recommended that the Committee notes the report, supports the proposed actions and makes any comments they consider relevant.

3. Scrutiny / stakeholder engagement

None.

4. Background and options with supporting evidence

- 4.1 A paper was brought to Audit & Risk Committee on 17th March 2021 regarding the governance of wholly or partly owned companies together with the level of oversight exercised by the Council. This was at a time of well-publicised and significant concerns at other councils about the governance of wholly or partly owned companies. The report sought to offer assurance that the Council had appropriate governance arrangements in place to manage the involvement in third parties, whilst making some recommendations for improvement.

- 4.2 This report is a follow-up to that paper and its purpose is to provide an overview of the Council's interests in third parties, including where councillors and officers are undertaking roles in third parties of behalf of the Council. It also provides fresh assurance that the Council has appropriate governance arrangements in place to manage current involvement in third parties.
- 4.3 The complexities of considering the interests which the Council has across third parties include the variety of the organisations in which the Council holds an interest as well as the reasons behind, or purpose of, the Council doing so. In the previous paper to the Committee, the following steps (each underlined and in Roman numerals below) were proposed to be taken to ensure appropriate governance arrangements were put in place. Actions taken against each are identified along with proposed further steps.
- (I) Formalised training for officers & councillors acting as directors and/or trustees, covering key areas such as legal requirements, best practice and conflicts of interest.
- 4.4 Training was delivered by an external firm of solicitors in October 2022 on the topic "Formal Duties of a Director or Trustee under the Companies Act & Charities Act". It was delivered for those councillors and officers appointed by the Council to act as directors or trustees in third parties, and covered legal requirements, best practice, and conflicts of interests, as well as providing practical case studies and opportunities for questions. Further external legal training will be organised this year and it is proposed that training will continue to be delivered periodically. The Committee is asked to endorse the importance of training and is also invited to put forward any topics or themes which the training should cover.
- (II) Where we are a member of a Company or Shareholder (and it is not wholly owned) ensuring those companies have an appointed Council officer (who is not a director) who will receive communications intended for shareholders/members, and where appropriate may attend the Annual General Meeting to represent the Council's interests.
- 4.5 Issues of governance and oversight have resulted in high-profile failures. One way of gaining greater insight on company performance is via reviewing information which is available to the Council by virtue of its role in third parties, and the most appropriate approach will also be influenced by the level of risk which the Council bears in relation to each interest. The Committee can be assured that individual arrangements are being addressed, including the use of a single repository for relevant information.
- (III) If a dormant partly or wholly owned company were to become active, then the governance arrangements would require review and a report back to the Committee.
- 4.6 In this scenario the relevant company would already have governance documents in place, which would require review and officers are developing relevant guidance to support this review process. This includes ensuring the strategic rationale for the company, clarity on the required roles and responsibilities and ensuring sufficient skills are held for commercial decision-making.

4.7 Re-activating a company may justify a new business case. Where changes are recommended to a partly-owned company, the Council would not of course be the sole decision-maker and therefore negotiations with the other stakeholders would be required.

4.8 Such a change in the status of a company in which the Council has an interest would be reported back to this Committee for information to aid transparency around the decision and to enable review of the risk assessment and governance arrangements.

(IV) A register of third parties in which the Council has an interest is established and maintained.

4.9 The register is in place and maintained within Legal Services. An extract from the register is set out in the Appendix and shows that the Council currently has interests in thirty different organisations, including non-profit making companies and registered charities. It also shows that there is a mix of councillors and officers in roles. The register has been split into two sections between organisations in which officers or members have been appointed to decision-making roles and those where the roles are non-decision making, such as where the Lord Mayor holds honorary positions. It should be noted that this second section is not necessarily complete at this stage.

4.10 The governance structure of each organisation is set out in the column headed "Governance" and it should be noted that those identified as a "Charitable Company" are dual registered with Companies House (as companies limited by guarantee) and the Charity Commission (as a registered charity). It should also be noted for completeness that any subsidiaries of these companies are not included in the list. Some charitable companies, for example, have wholly owned 'trading arms' for their non-charitable activities, such as Firebird Trading Ltd which is a wholly owned subsidiary company of Leicester Arts Centre Ltd through which activities such as the café, bar, confectionary counter and venue hire are routed.

4.11 Five companies - Forge Health Ltd (which is wholly owned by the Combined Fire Authority), Fosse Energy Ltd, Housing Leicester Ltd, the Leicester and Leicestershire Enterprise Partnership Ltd and The Leicester DNA Centre Ltd - are expected to be wound up this year as they are no longer required.

(V) Ensure we have appropriate indemnity cover for appointed directors/trustees to protect against potential liability claims.

4.12 Where councillors and officers act within the Council, and within their powers and in good faith, they have statutory immunity from personal liability. When involved in third parties the issue of personal liability becomes relevant and Insurance Services can provide support and advice through the Council's insurance broker and insurer on transfer of insurable risks to be indemnified under our current insurance arrangements, where possible. The first step will be to check whether a suitable indemnity is provided by the third party. If not, the applicability of the Council's insurance policy can be considered and, ordinarily, an indemnity for third party work will be in place provided the Council is entitled to make the appointment or nomination and the councillor's/ officer's role in the third party is strictly in accordance with their role with the Council.

4.13 Indemnities will not, however, cover every situation. For example, there are limited circumstances in which directors can be liable for company debts, whereas trustees may be personally liable for liabilities incurred which exceed the trust assets. Liability will depend on the terms of the trust deed, general trust law and the relevant circumstances.

4.14 Appointments to unincorporated associations can present more risk as an association has no legal identity separate from its members and therefore the liability of members is not limited. Each member can incur personal responsibility for liabilities incurred on behalf of the association and relies on the membership agreement to be able to recover his/her costs from the other members. However, that can be of little comfort if neither the organisation nor the other members have sufficient assets.

4.15 Given different types of third parties carry different types and levels of risk it is important that appointments are considered on a case-by-case basis, an assessment of the legal nature of the third party is made and, if a decision is made to proceed, for checks to be carried out with Insurance Services' support to ensure appropriate protection or insurance is in place.

(VI) Ensure there is a formal process to approve new organisations that the council wishes to establish (whether it is wholly or partly owned) or join (where it is an existing company) or appoint trustees/directors to. Including ensuring we have appropriate governance arrangements.

4.16 Should the Council wish to establish a new organisation or join an existing one in which it is going to have a formal governance role, it is proposed there will be a business case process subject to the approval of the Chief Operating Officer in consultation with the Section 151 Officer and Monitoring Officer, and internal guidance will be developed to support the proposed process and decision-making. If appropriate, an Executive Decision will be sought and decisions to establish a new organisation or join an existing one will be reported back to this Committee for information to support transparency. A recent example, with which the Committee will be familiar, is the Council becoming a member of Veritau Public Sector Ltd. This was the subject of a formal Executive Decision, informed by a report and business case.

4.17 To develop a sufficiently robust business case, it would be expected that finance, legal, HR and other specialist internal advice would be obtained to ensure all relevant factors are properly considered, including the proposed organisation's purpose and objectives (including whether these can be achieved via a better alternative), affordability, governance controls, risk management and other implications on the Council. This process need not be followed if the Council is simply going to be a corporate member of a subscription organisation or a regulatory body, or similar.

4.18 It should be noted from the Appendix that there is a real mix of appointments between councillors and officers. The appointment, or revocation, by the Council of a councillor to any third party office is made by the City Mayor. Appointments of officers are made by the Chief Operating Officer or relevant director, following appropriate consultation.

4.19 For clarity, this is not intended to cover situations such as where councillors or officers become school governors or undertake other voluntary roles in the community where such appointments and roles are in a personal capacity rather than being appointed on behalf of the Council. In such circumstances, councillors need to comply with their Code of Conduct, including declaring the interest on appointment, and officers remain subject to their employment contract and HR policies.

4.20 For councillors and officers who hold roles as directors it is important to note that they carry a number of statutory duties to their company under the Companies Act 2006 and they are expected to be familiar with these duties, particularly those which could lead to a potential, actual or perceived conflict with their role as councillor/officer (e.g. the duties to promote the success of the company, to exercise independent judgement, and to avoid conflicts of interest). Similarly, trustees of charities are subject to separate, albeit sometimes overlapping, duties.

5. Financial, legal, equalities, climate emergency and other implications

5.1 Financial implications

There are no financial implications arising directly from this report. However, good governance of the Council's third-party interests will minimise any associated risks.

Signed: Colin Sharpe, Head of Finance

Dated: 25.07.24

5.2 Legal implications

5.2.1 As noted earlier in the report, there is a wide variety of organisations in the Appendix and it should be noted that the nature of them will dictate the extent to which the Council has a role or control of the organisation. The report does not provide a detailed legal position on each.

5.2.2 There are a range of statutory powers available to the Council to participate in third parties, including councillor or officer participation including:

- general power of competence in Section 1 of the Localism Act 2011,
- power to trade in Section 95 of the Local Government Act 2003,
- 'incidental' power in Section 111 of the Local Government Act 1972, and
- other powers to participate in companies for specific purposes.

5.2.3 In addition, local authorities are empowered by Section 139 of the Local Government Act 1972 to receive and hold gifts on charitable trusts.

5.2.4 Further legal implications are set out in the body of this report.

Signed: Kevin Carter, Head of Law (Commercial, Property & Planning)

Dated: 29.08.24

5.3 Equalities implications

- 5.3.1 Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.
- 5.3.2 Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.
- 5.3.3 It is important to recognise the risk of conflicts of interest and their impact on how decisions and operations are perceived. There are no equality impacts arising directly from the recommendations in this report. It is important to ensure the Council is transparent and is as open and engaging with all its local communities through in its governance practices.

Signed: Kalvaran Sandhu, Equalities Manager

Dated: 23.08.24

5.4 Climate Emergency implications

There are no significant climate emergency implications directly associated with this report.

Signed: Aidan Davis, Sustainability Officer

Dated: 27.08.24

5.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

None.

6. Background information and other papers:

'LCC Interests in Third Parties' paper to Audit & Risk Committee, 17th March 2021:
[Executive decisions \(leicester.gov.uk\)](https://www.leicester.gov.uk/Executive%20decisions)

7. Summary of appendices:

Appendix - Leicester City Council's interest in third parties.

8. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No.

9. Is this a "key decision"? If so, why?

No.

Third Party	Name	Officer/Member	Role in third party	Governance
DECISION-MAKING ROLES				
BID Leicester Limited	Sarah Harrison	Officer	Director	Company Limited by Guarantee (CLG)
Bradgate Park & Swithland Wood Charity (The)	Clr Sir Peter Soulsby, Clr Elly Cutkelvin and Sean Atterbury	Member	CM is Vice Chair; Trustees	Charitable Trust
CLETA (City of Leicester European Twinning Association)	The Lord Mayor and Ellie Woodward (as Director of Finance's rep)	Member and Officer	Lord Mayor is President & Director of Finance is Honorary Treasurer	Unincorporated Association
Craven Recreation Ground	Leicester City Council	Council	Corporate Trustee	Charitable Trust
Forge Health Limited	Colin Sharpe	Officer	Director	Company Limited by Shares (Ltd. Co.)
Fosse Energy Limited	Colin Sharpe and Matthew Wallace	Officers	Directors	Company Limited by Shares (Ltd. Co.)
Friends of the Museum of Technology for the East Midlands Trust	Leicester City Council	Member	Corporate Trustee	Charitable Trust
Fullhurst Co-operative Learning Partnership	Vacant	Vacant	Director & Trustee	Company Limited by Guarantee (CLG)
Great Central Railway	Leicester City Council	Council	Shareholder	Public Limited Company (PLC)
Homecome Limited	Clr Elly Cutkelvin	Member	Director	Company Limited by Guarantee (CLG)
Housing Leicester Limited	Chris Burgin and Colin Sharpe	Officers	Directors	Company Limited by Shares (Ltd. Co.)
Leicester And Leicestershire Enterprise Partnership Limited (LLEP)	Clr Adam Clarke	Member	Director	Company Limited by Guarantee (CLG)
Leicester Arts Centre Limited (Phoenix Cinema)	Clr Adam Clarke and Colin Sharpe	Member and Officer	Directors & Trustees	Company Limited by Guarantee (CLG)
Leicester DNA Centre Limited (The)	Colin Sharpe and Mike Dalzell	Officers	Directors	Company Limited by Guarantee (CLG)
Leicester Theatre Trust Limited (Curve Theatre)	Clr Adam Clarke and Mike Dalzell	Member and Officer	Directors & Trustees	Charitable Company
Leicestershire County Cricket Club	Ruth Lake	Officer	Director	Registered Society
National Space Centre	Andrew Shilliam	Officer	Director & Trustee	Charitable Company
New College Leicester Trust	Clr Elly Cutkelvin	Member	Director & Trustee	Foundation School
Newarke Houses Museum	Leicester City Council	Council	Corporate Trustee	Charitable Trust
North Memorial Homes City of Leicester (The)	The Lord Mayor	Member	The Lord Mayor is an Honorary (Ex-Officio) Governor.	Charitable Trust
Procon Leicestershire Limited	Andrew L Smith	Officer	Director	Company Limited by Guarantee (CLG)
School Development Support Agency (The)	Sophie Maltby	Officer	Director	Company Limited by Guarantee (CLG)
SDSA Leicester	Sophie Maltby	Officer	Director	Company Limited by Guarantee (CLG)
SDSA Foundation	Sophie Maltby	Officer	Trustee	Charitable Company
Wyggestons and Trinity Almshouse (aka Wyggestons Hospital)	The Lord Mayor, Clr Adam Clarke and Clr Dr Susan Barton	Members	Governors; the Lord Mayor is the Honorary (Ex-Officio) Governor.	The Corporate Trustee is a CLG.
Veritau Public Sector Ltd	TBC	TBC	Director	Company Limited by Guarantee (CLG)
ADVISORY/ NON DECISION-MAKING ROLES -				
NOT NECESSARILY COMPLETE				
Leicester Cathedral Revealed	Stuart McAvoy	Officer	Advisory	Project Management Board
Leicester Community Sports Arena Ltd	Vacant	Officer	May attend board meetings as an observer	Company Limited by Shares (Ltd. Co.)
Leicester Literary and Philosophical Society	The Lord Mayor	Member	Honorary role	Unincorporated Charitable Association
Leicestershire Archaeological and Historical Society	The Lord Mayor	Member	Honorary role	Charitable Incorporated Organisation (CIO)

Internal audit work programme 2024/25

Governance & Audit Committee

Decision to be taken by: N/A

Date of meeting: 18 September 2024

Lead director/officer: Amy Oliver, Director of Finance

Useful information

- Ward(s) affected: All
- Report author: Connor Munro, Assistant Director – Audit Assurance (Veritau)
- Author contact details: connor.munro@veritau.co.uk
- Report version number: 1.0

1. Summary

- 1.1 This report presents the draft programme of internal audit work to be undertaken in 2024/25, and seeks the Governance & Audit Committee's approval of this programme.
- 1.2 Also contained within this report is a draft internal audit charter. The report seeks the committee's approval of the internal audit charter. The charter sets out the internal audit service's purpose, mandate, and position within the organisation.

2. Recommended actions/decision

- 2.1 The Governance & Audit Committee is recommended to:
 - 2.1.1 Approve the 2024/25 internal audit work programme.
 - 2.1.2 Approve the draft internal audit charter.

3. Scrutiny / stakeholder engagement

- 3.1 In preparing the internal audit work programme, consultation has taken place with key officers from across the council and, through presentation of this report, with members of the Governance & Audit Committee.
- 3.2 The council's Director of Finance has been consulted in the development of the draft internal audit charter. Through presentation of this report, members of the Governance & Audit Committee are also being consulted.

4. Background and options with supporting evidence

- 4.1 The council's internal audit service must comply with the Public Sector Internal Audit Standards ('the standards'), and the council's own internal audit charter.
- 4.2 The standards require that the Head of Internal Audit provides an annual opinion on the adequacy and effectiveness of the council's framework of governance, risk management, and control. The basis for the opinion is the programme of work that internal audit carries out.
- 4.3 From 1 August 2024, Veritau has taken over the role of the council's internal audit provider from Leicestershire County Council.

- 4.4 Veritau’s work programme is required to be approved by this committee as part of its responsibility for overseeing the work of internal audit. The programme of internal audit work for the remainder of 2024/25 is attached as appendix 1.
- 4.5 The draft internal audit charter provides the agreed framework for the management and delivery of the council’s internal audit service. An internal audit charter is a mandatory requirement under the standards. The draft internal audit charter is attached as appendix 2.
- 4.6 There are no alternative options relating to this report. Approval of both the internal audit charter and work programme is required to ensure that the council’s internal audit service conforms to the standards.

5. Financial, legal, equalities, climate emergency and other implications

5.1 Financial implications

There are no financial implications arising directly from this report. Internal audit work is expected to be completed within the budget available to the council.

Signed: Amy Oliver, Director of Finance

Dated: 9 September 2024

5.2 Legal implications

There are no legal implications arising directly from this report.

Signed: Kamal Adatia, City Barrister & Head of Standards

Dated: 9 September 2024

5.3 Equalities implications

There are equality implications arising directly from this report. People from across all protected characteristics should benefit from the work of the committee and the audits that are conducted and reported on by ensuring the effectiveness of the Council’s internal control system.

Signed: Kalvaran Sandhu, Equalities Manager

Dated: 9 September 2024

5.4 Climate Emergency implications

There are no implications linked to the climate emergency arising directly from this report.

Signed: Aidan Davis, Sustainability Officer

Dated: 9 September 2024

5.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

None.

6. Background information and other papers:

None

7. Summary of appendices:

Appendix 1 – Internal audit work programme 2024/25

Appendix 2 –Draft internal audit charter

8. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No

9. Is this a “key decision”? If so, why?

No



Internal Audit Work Programme 2024/25



CONTENTS

- 3** Introduction
- 3** Strategic context
- 4** Programme principles: development & delivery
- 9** 2024/25 internal audit work
- 12** Annex A: internal audit work programme
- 14** Draft internal audit charter

Introduction



- 1 This report sets out the proposed 2024/25 programme of internal audit work for Leicester City Council. It also introduces a proposed internal audit charter. Approval of the charter is required to ensure that the internal service is able to deliver its work in accordance with professional standards.
- 2 The work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS) and the council's audit charter. To comply with professional standards and the charter, internal audit work must be risk based and take into account the requirement to produce an evidence-based annual internal audit opinion. Accordingly, planned work should be reviewed and adjusted in response to changes to risks, operations, programmes, systems and internal controls.
- 3 Specifically, the PSIAS require that the Head of Internal Audit "*must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals. The risk-based plan must take into account the requirement to produce an annual internal audit opinion.*"
- 4 The Head of Internal Audit's annual opinion is formed following an independent and objective assessment of the effectiveness of the framework of risk management, governance and internal control. Our planned audit work includes coverage of all three areas to develop a wider understanding of the assurance framework of the council, and to produce a body of work which allows us to provide our opinion.
- 5 Responsibility for effective risk management, governance and internal control arrangements remains with the council. The Head of Internal Audit cannot be expected to prevent or detect all weaknesses or failures in internal control, nor can internal audit work cover all areas of risk across the organisation.

Strategic context



- 6 Leicester City Council is facing unprecedented challenges to its medium-term financial outlook, with a real prospect of being unable to balance its budget from 2025/26¹. Real terms reductions in central government funding for over a decade, coupled with unavoidable service growth of £48m, will likely see the council's managed reserves largely depleted by the end of the current financial year. This situation is becoming increasingly common across local government and is set to continue. This is illustrated in a February 2024 report from the Local Government Information Unit in which 51% of local authority survey respondents said it was likely they would issue a Section 114 notice within the next five

¹ Revenue Budget 2024/25: 21 February 2024 Council meeting.

years². The rising number of Section 114 notices issued over recent years, and of budgets being prepared with short- to medium-term outlooks forecasting effective bankruptcy, is a clear indication of the scale of the challenge the sector is facing.

- 7 The council is also experiencing similar demand and cost pressures as other authorities in the delivery of children's and adult social care services. Increasing cohorts of those requiring social care support, a rising complexity of need, and exposure to unfavourable market conditions combine to create a more challenging environment than ever. Again, in common with other local authorities, the council has a significant deficit on its Dedicated Schools Grant (DSG) reserve as the costs of delivering education services have exceeded available funding over multiple years. However, the council has not been prioritised by the Department for Education for inclusion in one of its improvement programmes. Instead, it is required to develop a deficit recovery plan (something all local authorities with a deficit on their DSG are expected to prepare) to move towards a stable financial footing.
- 8 At the same time, the city is battling a housing crisis, with insufficient affordable homes being available for its residents to live in. The number of residents presenting as homeless has increased significantly and the city is having to simultaneously accommodate asylum seekers who have been fast-tracked out of national support service accommodation.
- 9 Against the backdrop of all these critical pressures, the council needs to reach a sustainable financial position while still delivering on its statutory duties, and on the priorities set out for the city by its Mayor.
- 10 In short, the council is expected to deliver more with less. Maintaining effective operational arrangements is an essential building block in delivering the council's core functions and its strategic objectives. Internal audit contributes to overall objectives by helping to ensure that systems of governance, risk management and control that underpin operational arrangements are robust.
- 11 To maximise the value of internal audit, it is vital that we provide assurance in the right areas at the right time. We have designed the processes for developing the internal audit work programme, and refining it through the year, to do that.

Programme principles: development & delivery

Flexible, risk-based planning and the opinion framework












- 12 In order to best meet professional standards, internal audit is required to adopt flexible planning processes that are sensitive to risk. This flexibility

² The State of Local Government Finance in England 2024: Local Government Information Unit (February 2024).

and risk-based approach are driving principles for the delivery of the council's 2024/25 internal audit work programme.

- 13 Veritau uses what is known as the 'opinion framework' to identify, prioritise, and organise delivery of internal audit work. The opinion framework is comprised of three parts.
- 14 The main component of the framework is a definition of 11 key assurance areas. These represent areas of internal control that we believe to be essential to the proper functioning of the council. Systems and controls in each area need to be operating effectively to maximise the likelihood that the council's objectives are achieved without undue exposure to risk. The 11 key assurance areas are shown in figure 1 on the following page.

Figure 1: 11 key assurance areas.

11 key assurance areas	
Strategic planning	
Organisational governance	
Financial governance	
Risk management	
Information governance	
Performance management and data quality	
Procurement and contract management	
People management	
Asset management	
Programme and project management	
ICT governance	

- 15 Overlaid on the key assurance areas are two further components of the framework:
- ▲ Organisational risks
 - ▲ Organisational objectives
- 16 The risks that are most important for audit planning are those set out in the council's strategic risk register. Where appropriate, operational risks are considered as part of individual audit assignments. However, the risks on the strategic risk register are those considered most significant to the achievement of the council's objectives and therefore are the main focus

for internal audit planning. There are currently 15 risks on the strategic risk register³.

- 17 The council's priorities have been set by the City Mayor and are organised across a set of 10 thematic areas which address a number of socioeconomic challenges facing the city. The council's priorities are also articulated across its key strategy documents.
- 18 The council's strategic ambitions, and the mechanisms by which they are delivered, are a key consideration when identifying and prioritising engagements for inclusion in the internal audit work programme.

Identification of initial internal audit priorities

- 19 Internal audit maintains a long list of all areas within the council that could potentially be audited. It is not possible to review all areas in any one year. Instead, we prioritise audits by considering potential risks in each area at the time of the assessment and by considering requirements for assurance coverage.
- 20 The opinion framework provides the structure for internal audit to take informed decisions on priorities.
- 21 When identifying internal audit priorities, we apply the framework to determine whether planned work will, when taken as a whole, provide sufficient coverage to provide an informed annual opinion.
- 22 The process followed to determine audit priorities, and develop the internal audit work programme, is illustrated in figure 2 on the following page.

³ Strategic and operational risk registers update: 22 November 2023 Governance and Audit Committee meeting.

Figure 2: The opinion framework

THE OPINION FRAMEWORK

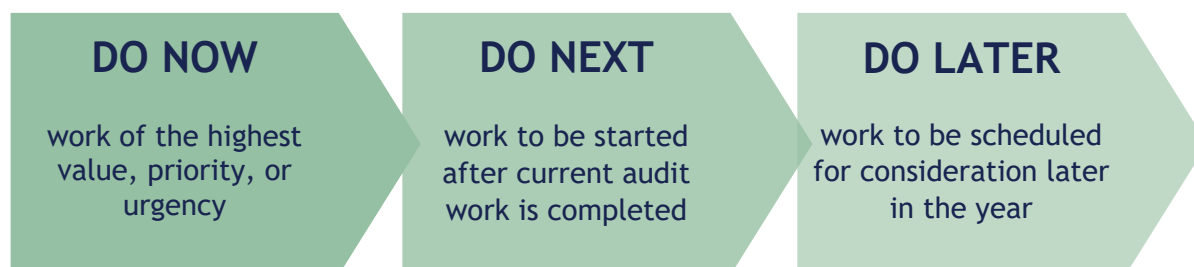


31

The 'do now', 'do next', 'do later' audit prioritisation system

- 23 Once initial internal audit priorities have been identified through the application of the opinion framework, we then overlay a second system of prioritisation. This system allows us to determine the relative priority of audits included in the indicative work programme.
- 24 This second prioritisation system sees audits assigned to one of three categories, as shown in figure 3 below.

Figure 3: 'do now', 'do next', 'do later' prioritisation system.



- 25 Decisions on which of the three categories internal audit work falls into will be based on judgement, and will be made having given consideration to the prioritisation factors in table 1 below. These will result in internal audit work being considered a relatively higher or lower priority at the time of assessment.

Table 1: Internal audit prioritisation factors.

Prioritisation factors	
▲ where we have no recent audit assurance, or other sources of information	▲ where controls are changing and / or risks are increasing
▲ where we are following up previous control weaknesses	▲ where specific issues are known to have arisen
▲ areas that are of significant importance to the council, for example they reflect key objectives or high priority projects	▲ areas that provide broader assurance, for example corporate policies and frameworks
▲ areas that need to be covered to enable us to provide an annual opinion	▲ where there are time pressures or scheduling requirements, for example grant deadlines, or where work is scheduled to minimise the impact on council service areas at busy times

- 26 The above factors will be used on an ongoing basis to decide what internal audit work will be carried out, and when, during the course of the year. These decisions will be made in consultation with the council through our ongoing dialogue with senior officers. Individual pieces of work will move

between the three categories, as required, based on their priority at the time of assessment.

- 27 For example, an audit scheduled for quarter two to minimise the impact on a service area may initially be classed as to 'do later' but will become 'do now' as we move into quarter two. Similarly, an audit of a council project classed as 'do now' because it represents an area of high importance may move from 'do now' to 'do next' or 'do later' if the project slips or planned work cannot be undertaken until a specific point is reached. Towards the end of the year, audits classed as 'do later' are likely to be deferred until the following year.
- 28 The committee will be provided with information on current internal audit priorities throughout the year as part of regular progress reporting.

2024/25 Internal audit work



- 29 Up to 31 July 2024, the council's internal audit service has been provided by Leicestershire County Council. From 1 August 2024, the internal audit service has been provided by Veritau. The proposed internal audit work programme for the remainder of 2024/25, to be delivered by Veritau, is included in annex A.
- 30 The overall level of service to be provided by Veritau is based on an indicative number of days, for planning purposes (533 for the remainder of 2024/25). The proposed areas of coverage in the 2024/25 work programme have been subject to consultation with strategic directors and their Directorate Management Teams, the Corporate Governance Panel, and with other senior officers from across the organisation.
- 31 Internal audit activity is organised into several functional programme areas. These areas are set out in table 2 below.

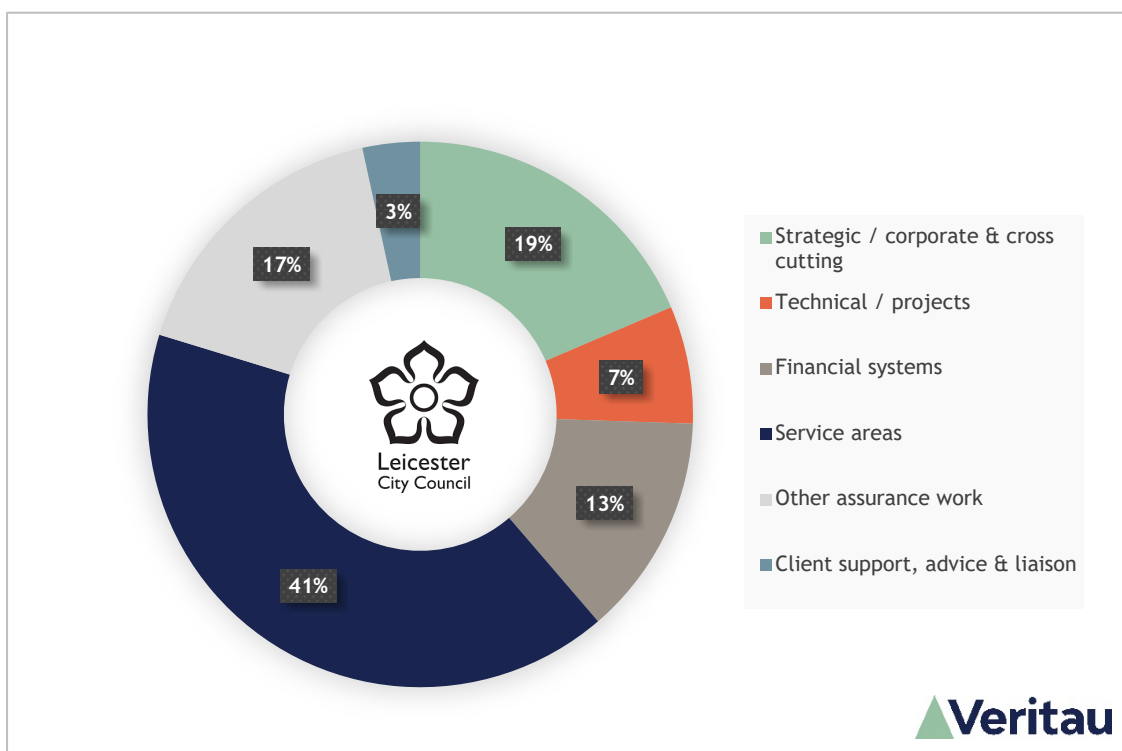
Table 2: Work programme functional areas.

Programme area	Purpose
▲ Strategic / corporate & cross cutting	To provide assurance on areas which, by virtue of their importance to good governance and stewardship, are fundamental to the ongoing success of the council.
▲ Technical / projects	To provide assurance on those areas of a technical nature and where project management is involved. These areas are key to the council as the risks involved could detrimentally affect the delivery of services.
▲ Financial systems	To provide assurance on the key areas of financial risk. This helps provide assurance to the council that risks of loss or error are minimised.
▲ Service areas	To provide assurance on key systems and processes within individual service areas. These areas face risks

	which are individually significant but which could also have the potential to impact more widely on the operations or reputation of the council if they were to materialise.
▲ Other assurance work	An allocation of time to allow for continuous audit planning and information gathering, grant certifications, unexpected work, and the follow up of work we have already carried out (ensuring that agreed actions have been implemented by management).
▲ Client support, advice & liaison	Work we carry out to support the council in its functions. This includes the time spent providing support and advice, and liaising with staff.

32 Figure 4 below shows the proportion of time we expect to spend delivering work across each area during the year.

Figure 4: 2024/25 work programme: indicative functional area split.



33 The committee should be aware that consultation on internal audit priorities within Public Health and adult social care is still ongoing. In the case of audit social care, initial consultation has been held with senior management, but priorities are likely to become clearer once a review of the savings programme has been concluded (expected by the end of September). The work programme will then be updated in October, with audit areas confirmed and scheduled.

34 It is important to re-emphasise two important aspects of the programme as a whole. Firstly, the audit activities included in annex A are not fixed.

As described earlier in this report, work will be kept under review to ensure that audit resources are deployed to the areas of greatest risk and importance to the council. This is to ensure the audit process continues to add value.

- 35 Secondly, it will not be possible to deliver all audit activities listed in the programme. The programme has been intentionally over-planned, to build in flexibility from the outset while also providing an indication of the priorities for work at the time of assessment. Over-planning the programme enables us to respond quickly if we need to commence work in other areas of importance to the council when risks and priorities change during the year.

ANNEX A: internal audit work programme 2024/25

Programme area	Internal audit activity
Strategic / corporate & cross cutting	<ul style="list-style-type: none"> ▲ Organisational development / workforce planning ▲ Risk management ▲ Strategic Procurement Panel and business case management ▲ Information governance: case management ▲ Agency staff ▲ Procurement compliance (inc. waivers) ▲ Contract management: City Development & Neighbourhoods ▲ Contract management: Social Care & Education
Technical / projects	<ul style="list-style-type: none"> ▲ ICT: network security ▲ ICT: access control
Financial systems	<ul style="list-style-type: none"> ▲ Sundry debtors ▲ Ordering and creditor payments ▲ Housing benefits ▲ Council Tax and NNDR: arrears management ▲ Housing rents ▲ Leaseholder statement of accounts
Service areas	<ul style="list-style-type: none"> ▲ School central finance ▲ School themed audit 1: purchasing and best value ▲ School themed audit 2: TBC

Programme area	Internal audit activity
	<ul style="list-style-type: none"> ▲ Traded services to schools (educational psychology) ▲ Element 3 (high needs) funding: Leicester College ▲ Children leaving care ▲ Adults commissioning: NHS ▲ Direct payments / short breaks (adults and children) ▲ Adult social care audit 3: TBC ▲ Homelessness (high-cost accommodation) ▲ Landlord regulatory services ▲ Asylum seekers ▲ Levelling Up projects ▲ Gladstone membership management system ▲ Concerto: system implementation support ▲ Concerto: post-implementation review ▲ Acquisitions and disposals
Other assurance work	<ul style="list-style-type: none"> ▲ Grant certifications ▲ Follow-up of previously agreed management actions ▲ Continuous audit planning and additional assurance gathering to help support our opinion on the framework of risk management, governance and internal control ▲ Attendance at, and contribution to, governance- and assurance-related working groups
Client support, advice & liaison	<ul style="list-style-type: none"> ▲ Committee preparation and attendance ▲ Key stakeholder liaison ▲ Support and advice on control, governance, and risk related issues

Proposed internal audit charter



- 36 As described previously, the work of internal audit is governed by the Public Sector Internal Audit Standards (PSIAS). These standards require that the purpose, authority, and responsibility of the internal audit service be defined in an internal audit charter.
- 37 The standards also require the Head of Internal Audit to periodically review the internal audit charter and present it to senior management and 'the board' for approval. The Governance and Audit Committee fulfils the role of 'the board' in relation to internal audit standards and activities.
- 38 Since 1 August 2024, the council's internal audit service has been provided by Veritau. A proposed new internal audit charter, reflecting the intended relationship between Veritau and the council, is included in appendix 2 for approval by the committee.
- 39 In January 2024, the professional body for internal audit, the Institute of Internal Auditors, released a new set of standards known as the Global Internal Audit Standards (GIAS). The GIAS will take effect from 9 January 2025. We expect CIPFA to issue an update to the PSIAS in autumn 2024 to reflect the GIAS, and to provide any local authority interpretations. The internal audit charter may therefore need to be revised following release of the new PSIAS.



Leicester City Council Internal Audit Charter

18 September 2024

1 Introduction

- 1.1 There is a statutory duty on the council to undertake an internal audit of the effectiveness of its risk management, control and governance processes. The Accounts and Audit Regulations 2015 also require that the audit takes into account public sector internal auditing standards or guidance. The Chartered Institute of Public Finance and Accountancy (CIPFA) is responsible for setting standards for the proper practice of local government internal audit in England.
- 1.2 From 1 April 2017, CIPFA adopted revised Public Sector Internal Audit Standards (PSIAS)¹ which are compliant with the Institute of Internal Auditors' (IIA) International Standards. The PSIAS and CIPFA's local government application note for the standards represent proper practice for internal audit in local government. This charter sets out how internal audit at Leicester City Council will be provided in accordance with this proper practice.
- 1.3 This charter should be read in the context of the wider legal and policy framework which sets requirements and standards for internal audit, including the Accounts and Audit Regulations, the PSIAS and application note, and the council's constitution and financial regulations.

2 Definitions

- 2.1 The standards include reference to the roles and responsibilities of the "board" and "senior management". Each organisation is required to define these terms in the context of its own governance arrangements. For the purposes of the PSIAS, these terms are defined as follows at Leicester City Council:

"Board" – the Governance and Audit Committee fulfil the responsibilities of the board, in relation to internal audit standards.

"Senior Management" – in the majority of cases, the term senior management in the PSIAS should be taken to refer to the Director of Finance in their role as Section 151 Officer. This includes all functions relating directly to overseeing the work of internal audit. In addition, senior management may also refer to any other director of the council individually or collectively as the Corporate Management Team (CMT) in relation to:

¹ The PSIAS were adopted jointly by relevant internal audit standard setters across the public sector.

- having direct and unrestricted access for reporting purposes
- consulting on risks affecting the council for audit planning purposes
- approving the release of information arising from an audit to any third party.

2.2 The standards also refer to the “chief audit executive”. This is taken to be the Head of Internal Audit (Veritau).

3 Application of the standards

3.1 In line with the PSIAS, the mission of internal audit at Leicester City Council is:

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

3.2 The council requires that the internal audit service aspires to achieve the mission through its overall arrangements for the delivery of the service. In aiming to achieve this, the council expects that the service:

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

3.3 The PSIAS defines internal audit as follows.

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

3.4 The council acknowledges the mandatory nature of this definition and confirms that it reflects the purpose of internal audit at the council. The council also requires that the service be undertaken in accordance with the code of ethics and standards set out in the PSIAS. To provide

optimum benefit, the council requires that internal audit work in partnership with management to improve the control environment and help the organisation to achieve its objectives.

4 Scope of internal audit activities

- 4.1 The scope of internal audit work will encompass the council's entire control environment², comprising its systems of governance, risk management, and control.
- 4.2 The scope of audit work also extends to services provided through partnership arrangements, irrespective of what legal standing or particular form these may take. The Head of Internal Audit, in consultation with all relevant parties, and taking account of audit risk assessment processes, will determine what work will be carried out by the internal audit service, and what reliance may be placed on the work of other auditors.

5 Responsibilities and objectives

- 5.1 The Head of Internal Audit is required to provide an annual report to the Governance and Audit Committee. The report will be used by the committee to inform its consideration of the council's annual governance statement. The report will include:
 - the Head of Internal Audit's opinion on the adequacy and effectiveness of the council's framework of governance, risk management, and control
 - any qualifications to the opinion, together with the reasons for those qualifications (including any impairment to independence or objectivity)
 - any particular control weakness judged to be relevant to the preparation of the annual governance statement
 - a summary of work undertaken to support the opinion including any reliance placed on the work of other assurance bodies
 - an overall summary of internal audit performance and the results of the internal audit service's quality assurance and improvement programme
 - a statement on conformance with the PSIAS (including the code of ethics and standards) and the results of the quality assurance and improvement programme.

² For example, the work of internal audit is not limited to the review of financial controls only.

5.2 To support the opinion, the Head of Internal Audit will ensure that an appropriate programme of audit work is undertaken. In determining what work to undertake the internal audit service should:

- adopt an overall strategy setting out how the service will be delivered in accordance with this charter
- draw up an indicative risk-based audit plan ('work programme') on an annual basis following consultation with the Governance and Audit Committee and senior management. The audit work programme will also reflect the requirements of the charter, the strategy, and proper practice
- consider trends and emerging issues that may impact the organisation

5.3 In undertaking this work, responsibilities of the internal audit service will include:

- providing assurance to the board and senior management on the effective operation of governance arrangements and the internal control environment operating at the council³
- objectively examining, evaluating and reporting on the probity, legality and value for money of the council's arrangements for service delivery
- reviewing the council's financial arrangements to ensure that proper accounting controls, systems and procedures are maintained and, where necessary, for making recommendations for improvement
- helping to secure the effective operation of proper controls to minimise the risk of loss, the inefficient use of resources and the potential for fraud and other wrongdoing

5.4 The Head of Internal Audit will ensure that the service is provided in accordance with proper practice as set out above and in accordance with any other relevant standards – for example, council policy and legal or professional standards and guidance.

5.5 In undertaking their work, internal auditors should have regard to:

- the mission of internal audit core principles and standards as set out in the PSIAS and reflected in this charter
- the code of ethics in the PSIAS⁴
- the codes of any professional bodies of which they are members
- standards of conduct expected by the council

³ Where third parties place reliance on the assurance provided then they do so at their own risk.

⁴ Veritau has adopted its own code of ethics which fulfil the requirements of the PSIAS.

- the Committee on Standards in Public Life's *Seven Principles of Public Life*.

6 Organisational independence

- 6.1 It is the responsibility of directors and service managers to maintain effective systems of risk management, internal control, and governance. Auditors will have no responsibility for the implementation or operation of systems of control and will remain sufficiently independent of the activities audited to enable them to exercise objective professional judgement.
- 6.2 Audit advice and recommendations will be made without prejudice to the rights of internal audit to review and make further recommendations on relevant policies, procedures, controls and operations at a later date.
- 6.3 The Head of Internal Audit will put in place measures to ensure that individual auditors remain independent of areas they are auditing for example by:
- rotation of audit staff
 - ensuring staff are not involved in auditing areas where they have recently been involved in operational management, or in providing consultancy and advice⁵

7 Accountability, reporting lines, and relationships

- 7.1 Internal audit services are provided under contract to the council by Veritau Public Sector Limited. The company is a separate legal entity. Staff undertaking internal audit work are employed by Veritau or are seconded to the company from the council. The Director of Finance (Section 151 Officer) acts as client officer for the contract, and is responsible for overall monitoring of the service.
- 7.2 In its role in providing an independent assurance function, Veritau has direct access to members and senior managers and can report uncensored to them as considered necessary. Such reports may be made to the:
- Council or any of its committees (including the Governance and Audit Committee)

⁵ Auditors will not be used on internal audit engagements where they have had direct involvement in the area within the previous 12 months.

- Chief Operating Officer
- Director of Finance (Section 151 Officer)
- City Barrister & Head of Standards (Monitoring Officer)
- other strategic directors, directors, heads of service, and managers.

7.3 The Director of Finance (Section 151 Officer) has specific responsibilities for ensuring that the council has effective systems of risk management and internal control. The role includes a responsibility to ensure that the council has put in place arrangements for effective internal audit. In recognition of the importance of the relationship between the Section 151 Officer and internal audit (recognised in the standards), a protocol has been drawn up setting out the relationship between them. This is included in Appendix 1.

7.4 The Head of Internal Audit will report independently to the Governance and Audit Committee⁶ on:

- proposed allocations of audit resources
- any significant risks and control issues identified through audit work
- their annual opinion on the council’s control environment.

7.5 The Head of Internal Audit will informally meet in private with members of the Governance and Audit Committee, or the committee as a whole, as required. Meetings may be requested by committee members or the Head of Internal Audit.

7.6 The Governance and Audit Committee will oversee (but not direct) the work of internal audit. This includes commenting on the scope of internal audit work and approving the annual work programme. The committee will also protect and promote the independence and rights of internal audit to enable it to conduct its work and report on its findings as necessary⁷.

8 Fraud, consultancy services and non-audit services

8.1 The primary role of internal audit is to provide assurance services to the council. However, the service may also undertake consultancy work to add value and help improve governance, risk management and control arrangements.

⁶ The committee charged with overall responsibility for governance at the council.

⁷ The relationship between internal audit and the Governance and Audit Committee is set out in more detail in Appendix 2.

- 8.2 The prevention and detection of fraud and corruption is the responsibility of directors and service managers. However, all instances of suspected internal fraud and corruption must be notified to the Head of Internal Audit, who will decide on the course of action to be taken in consultation with relevant service managers and/or other advisors (for example human resources). Where appropriate, cases of suspected fraud or corruption may be investigated by Veritau.
- 8.3 Where appropriate, Veritau may carry out other consultancy related work, for example specific studies to assess the economy, efficiency, and effectiveness of elements of service provision. The scope of such work will be determined in conjunction with service managers. Such work will only be carried out where there are sufficient resources and skills within Veritau and where the work will not compromise the assurance role or the independence of internal audit.
- 8.4 Where Veritau provides non-audit services, appropriate safeguards will be put in place to ensure audit independence and objectivity are not compromised. These safeguards include the work being performed by a separate team with different line management arrangements. Separate reporting arrangements will also be maintained. The Head of Internal Audit will report any instances where audit independence or objectivity may be compromised to the Director of Finance and the Governance and Audit Committee. The Head of Internal Audit will also take steps to limit any actual or perceived impairment that might occur (for example by arranging for the audit of these services or functional activities to be overseen externally).

9 Resourcing

- 9.1 As part of the audit planning process the Head of Internal Audit will review the resources available to internal audit, to ensure that they are appropriate and sufficient to meet the requirements to provide an opinion on the council's control environment. Where resources are judged to be inadequate or insufficient, recommendations to address the shortfall will be made to the Director of Finance and to the Governance and Audit Committee.

10 Rights of access

- 10.1 To enable it to fulfil its responsibilities, the council gives internal auditors employed by Veritau the authority to:
- enter all council premises or land, at any reasonable time

- have access to all data, records, documents, correspondence, or other information – in whatever form – relating to the activities of the council
- have access to any assets of the council and to require any employee of the council to produce any assets under their control
- be able to require from any employee or member of the council any information or explanation necessary for the purposes of audit.

10.2 Directors and service managers are responsible for ensuring that the rights of Veritau staff to access premises, records, and personnel are preserved, including where the council's services are provided through partnership arrangements, contracts or other means.

11 Review

11.1 This charter will be reviewed periodically by the Head of Internal Audit. Any recommendations for change will be made to the Director of Finance and the Governance and Audit Committee, for approval.

Relationship between the Director of Finance and internal audit

- 1 In recognition of the statutory duties and responsibilities of the council's Director of Finance in their role as Section 151 Officer, this protocol has been adopted to form the basis for a sound and effective working relationship between the Director of Finance and internal audit.
 - (i) The Head of Internal Audit (HoIA) will seek to maintain a positive and effective working relationship with the Director of Finance.
 - (ii) Internal audit will review the effectiveness of the council's systems of control, governance, and risk management and report its findings to the Director of Finance (in addition to the Governance and Audit Committee).
 - (iii) The Director of Finance will be asked to comment on those elements of internal audit's programme of work that relate to the discharge of their statutory duties. In devising the annual audit plan and in carrying out internal audit work, the HoIA will give full regard to the comments of the Director of Finance.
 - (iv) The HoIA will notify the Director of Finance of any matter that in the HoIA's professional judgement may have implications for the Director of Finance in discharging their statutory responsibilities.
 - (v) The Director of Finance will notify the HoIA of any concerns that they may have about control, governance, or suspected fraud and corruption and may require internal audit to undertake further investigation or review.
 - (vi) The HoIA will be responsible for ensuring that internal audit is provided in accordance with proper practice.
 - (vii) If the HoIA identifies any shortfall in resources which may jeopardise the ability to provide an opinion on the council's control environment, then they will make representations to the Director of Finance, and to the Governance and Audit Committee.
 - (viii) The HoIA will report to the Director of Finance (and to the Governance and Audit Committee) any instances where internal audit independence or objectivity is likely to be compromised, together with any planned remedial action.

- (ix) The HoIA will report to the Director of Finance (and to the Governance and Audit Committee) any instances where audit work has not conformed to the code of ethics and / or the standards. This includes the reasons for non-conformance and the possible impact on the audit opinion.
- (x) The Director of Finance will protect and promote the independence and rights of internal audit to enable it to conduct its work effectively and to report as necessary.

Relationship between the Governance and Audit Committee and internal audit

- 1 The Governance and Audit Committee plays a key role in ensuring the council maintains a robust internal audit service and it is therefore essential that there is an effective working relationship between the committee and internal audit. This protocol sets out some of the key responsibilities of internal audit and the committee.
- 2 The Governance and Audit Committee will seek to:
 - (i) raise awareness of key aspects of good governance across the organisation, including the role of internal audit and risk management
 - (ii) ensure that adequate resources are provided by the council so as to ensure that internal audit can satisfactorily discharge its responsibilities
 - (iii) protect and promote the independence and rights of internal audit to conduct its work properly and to report on its findings as necessary.
- 3 Specific responsibilities in respect of internal audit include the following:
 - (i) oversight of, and involvement in, decisions relating to how internal audit is provided
 - (ii) approval of the internal audit charter
 - (iii) consideration of the annual report and opinion of the Head of Internal Audit (HoIA) on the council's control environment
 - (iv) consideration of other specific reports detailing the outcomes of internal audit work
 - (v) consideration of reports dealing with the performance of internal audit and the results of its quality assurance and improvement programme
 - (vi) consideration of reports on the implementation of actions agreed as a result of audit work and outstanding actions escalated to the committee in accordance with the approved escalation policy
 - (vii) approval (but not direction) of the annual internal work programme.
- 4 In relation to the Governance and Audit Committee, the HoIA will:
 - (i) attend its meetings and contribute to the agenda

- (ii) ensure that overall internal audit objectives, workplans, and performance are communicated to, and understood by, the committee
- (iii) provide an annual summary of internal audit work, and an opinion on the council's control environment, including details of unmitigated risks or other issues that need to be considered by the committee
- (iv) establish whether anything arising from the work of the committee requires consideration of the need to change the audit programme or vice versa
- (v) highlight any shortfall in the resources available to internal audit or any instances where the independence or objectivity of internal audit work may be compromised (and to make recommendations to address these to the committee)
- (vi) report any significant risks or control issues identified through audit work which the HoIA feels necessary to specifically report to the committee. This includes risks which management are failing to address but which the HoIA considers are unacceptable for the council
- (vii) report any actual or attempted interference in the performance or reporting of internal audit work
- (viii) participate in the committee's review of its own remit and effectiveness
- (ix) discuss the outcomes of the quality assurance and improvement programme, and consult with the Governance and Audit Committee on how external assessment of the internal audit service will be conducted (required at least once every five years).

5 The HoIA will informally meet in private with members of the Governance and Audit Committee, or the committee as a whole, as required. Meetings may be requested by committee members or the HoIA.

Item 6

Governance & Audit Committee

**Local Government & Social Care and Housing Ombudsman
Annual Complaints Performance & Service Improvement
Report 23/24**

Date of Meeting: 18th September 2024

Lead Director: Andrew Shilliam, Director of Corporate Services

Useful information

- Ward(s) affected: All
- Report author: Andrew Shilliam
- Author contact details: andrew.shilliam@leicester.gov.uk
- Report version number: 0.1

1. Summary

- 1.1 This report updates the Governance & Audit Committee on our current arrangements for handling corporate complaints, and updates on our annual complaints performance and service improvement report 23/24 and associated Ombudsman complaints self-assessments.

2. Recommendations

The Committee is asked to:

- 2.1 Note the current complaints handling codes of the Local Government & Social Care (LGSCO) and Housing Ombudsmen, and our current approach to handling corporate and housing complaints, as summarised in the report.
- 2.2 Note and comment on the combined Local Government & Social Care and Housing Ombudsmen Annual Complaints Performance and Service Improvement Report 23/24 (Appendix 1).

3. Background

- 3.1. This report concerns complaints that are covered by the Council's Corporate Complaints Policy and Procedure, and in particular complaints that fall under the remit of the Local Government & Social Care Ombudsman (LGSCO) and the Housing Ombudsman (HO).

- 3.2. Because what we do is subject to the interests and remit of the Ombudsmen, and because the interests and remit of the Ombudsmen is recognised in law, this report is necessarily detailed and comprehensive.
- 3.3. The LGSCO is the final stage for complaints about councils, all adult social care providers (including care homes and home care agencies) and some other organisations providing local public services. It is a free service that investigate complaints in a fair and independent way and provides a means of redress to individuals for injustice caused by unfair treatment or service failure. The HO is the final stage for complaints about our housing services.
- 3.4. We are required to produce an annual report into complaints made by citizens about LGSCO matters that are covered by the Council's Corporate Complaints Policy and Procedure. We are also required to produce an annual report into complaints made by citizens who receive our housing services.
- 3.5. Leicester City Council operates a combined LGSCO and HO Corporate Complaints Policy, which is published on the Council's website at <https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/>.
- 3.6. This policy sets out how individual members of the public can complain to the Council about matters that are covered by the LGSCO and the HO, as well as how the Council handle compliments, comments and complaints. It also sets out what is not covered by this policy (and therefore is the responsibility of other teams and services at the Council).

Exclusions

- 3.7. As set out in our Corporate Complaints Policy, there are separate legal requirements for dealing with statutory services such as adult social care or children's social care. These service areas have their own separate complaints processes for complaints within their statutory remit and are not considered under the corporate complaints policy.
- 3.8. Complaints about adult social care, such as a delay in the Council making arrangements with a care agency following an assessment of social care needs, or if some information has not been taken into account as part of a care review, have a dedicated process and team in place so these can be handled.
- 3.9. Complaints about children's social care by or about children, such as where a social worker may have failed to progress actions recommended at a child protection conference within the specified timeframe, or a child who is looked after by the local authority has requested contact with family members on a number of occasions and this has not been progress, also have a dedicated process and team in place so these can be handled.
- 3.10. Complaints about elected officials are handled by the Council's Monitoring Officer and Standards Committee.

- 3.11. Complaints about school matters, such as those that relate to bullying, discipline, uniform or school outings, or the educational provision at school, should be lodged with the school leadership team, usually the headteacher.
- 3.12. The Corporate Complaints Team does not get involved in the processing of these complaints, nor any activity related to annual or otherwise reporting requirements in place. Because of that, complaints about these matters are outside the scope of this report.
- 3.13. The Council is also unable to deal with complaints that are considered outside of our control. This includes matters of law or central government policy, where the customer or the council has started legal proceedings on the matter, complaints that have already been decided by a court, independent tribunal or Ombudsman, or where another organisation is the key decision-maker in respect of a matter. Because of that policy provision, complaints about these matters are also outside the scope of this report.
- 3.14. The current arrangements for handling complaints activity across the Council are done on a fragmented basis, despite this activity and the necessary skills and capabilities being very similar from one area to the next.

LGSCO complaints.

- 3.15. The council currently defines a LGSCO related complaint as “An expression of dissatisfaction about the standards of our services; or lack of resolution by the council, its staff, contractors or volunteers that requires a response that you have been unable to resolve with the service directly in the first instance.”
- 3.16. This includes but is not limited to unreasonable behaviour or conduct by a council employee towards an individual, poor quality service provision, or where a stated Council policy or procedure has not been followed correctly.
- 3.17. If a complaint meets this complaint definition, we:
- Acknowledge the complaint within five working days and advise how we will deal with it.
 - Allocate the complaint to a complaints officer independent of the service in question.
 - An investigation will take place, conducted by the complaints officer, who will investigate with the service concerned.
 - Usually seek to conclude our investigation within 10 days of receiving the complaint.
 - Inform the complainant if we need to extend the response deadline where there is good cause to do so.

- Write to the complainant with the findings of our investigation and explain what we have done to resolve the matter.
 - Try to reach a resolution (i.e., where a solution has been actioned) within 10 weeks of the complaint being received.
- 3.18. Complaints of this nature currently only follow a one stage process and on conclusion, if the complainant is still dissatisfied, they must take the matter up with the LGSCO.

Housing complaints.

- 3.19. The council defines a housing complaint as “An expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the landlord, its own staff, or those acting on its behalf, affecting a resident or group of residents.” This is consistent with the recent HO complaints code requirement.
- 3.20. Unless there are good reasons not to, we only accept complaints referred to us within 12 months of the issue occurring. That is an explicit policy point for housing complaints, and though the same provision isn’t set out in the LGSCO provisions the same approach is applied.
- 3.21. Unlike LGSCO related complaints, housing complaints handling has a second stage prior to any HO involvement. If complainants opt for it to be considered further at stage two, we:
- Acknowledge that it will be handled in line with our second stage procedure.
 - Allocate it to another independent complaints officer within three working days.
 - Liaise directly with the Head of Service concerned.
 - Aim to conclude a full stage two investigation within 20 working days of the complaint being escalated.
 - Write to the complainant with the findings of our stage two investigation and, where necessary, explain what we have done to resolve the matter.
- 3.22. We have 19,358 housing properties, 19,126 housing tenants, and 6484 people on our housing register. And in 2023/24 we were contacted 131,000 times by citizens about housing repairs or tenancy related matters.

LGSCO and HO complaints handling codes.

- 3.23. After consultation last year into the possibility of creating a combined LGSCO and HO complaints code, they eventually opted for retaining separate codes but creating better alignment between the two. The expectation is that this should result in a clearer complaints process and more standardised experience by complainants.

- 3.24. The HO code came into force from April 2024, whilst the LGSCO code is likely to come into force from April 2026. The HO have compliance and monitoring powers in respect of how we handle housing complaints overall, but the LGSCO don't.
- 3.25. For both codes, citizen voice and being able to tell us when we don't quite get things right is the bedrock to these codes. Benefits include enabling issues to be resolved before they get worse, seeing what service improvements are required from feedback and complaints investigations, and better staff ownership when it comes to service delivery.
- 3.26. The principles, process and timescales in both codes are now aligned, meaning that organisations like the Council who fall under the jurisdiction of both Ombudsmen should be able to provide a co-ordinated complaint handling process across services.
- 3.27. This alignment is intended to help us to respond to complaints effectively and fairly and in a way that people can understand, resolve complaints promptly, use complaint information to improve our services, and create a complaint handling culture in the Council.
- 3.28. There's a built-in expectation that we should be able to put things right through normal service delivery processes in the first place, before they become a complaint.

Powers and statutory grounding.

- 3.29. The LGSCO code is issued under the Local Government and Social Care Ombudsman's powers to provide "guidance about good administrative practice" to organisations under section 23(12A) of the Local Government Act 1974. This is advice though, and we can choose to act differently where we have good reason to in relation to our complaints handling policy and practice.
- 3.30. There is no specific responsibility for monitoring compliance with the Code in addition to their ability to investigate complaints of maladministration and service failure. That said, there is currently no reason not to align with this guidance and their good practice recommendations in our policy and practices.
- 3.31. The Social Housing (Regulation) Act 2023 empowered the Housing Ombudsman to issue a code of practice about the procedures that we should have in place for considering complaints. It also placed a duty on the Ombudsman to monitor compliance with a code of practice that it has issued. The Housing Ombudsman can and will proactively monitor compliance.

Housing specific – points of difference.

- 3.32. Compliance with the code is a requirement. There is a legal duty placed on the Ombudsman to monitor compliance with the Code, and for the first time we were required to undertake and submit a self-assessment.

- 3.33. Were non-compliance to occur, the HO usually engages with us in the first instance to achieve compliance. If evidence of ongoing failures is present, the HO has wider powers, including making Complaint Handling Failure Orders against the Council.
- 3.34. The Housing Ombudsman monitors compliance in line with its Compliance Framework and will consider (1) scrutiny and oversight of complaints, (2) policy compliance, and (3) practice compliance.

Key features of the new Codes.

- 3.35. Definitions - a service request is defined as “a request that the organisation provides or improves a service, fixes a problem or reconsiders a decision.”
- 3.36. A complaint, on the other hand, is defined as “an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual or group of individuals.”
- 3.37. We have made changes to our current complaints policy to reflect this for housing related complaints and did so before the self-assessment submission. We now need to do the same for our LGSCO complaints.
- 3.38. Timeframe - we should accept complaints referred to us within 12 months of the issue occurring, or the individual becoming aware of the issue. This is now specified in our complaints policy.
- 3.39. In practice, we are still able to apply discretion when it comes to accepting complaints made outside this time limit and where there are good reasons to do so. We have made changes to our current complaints policy to reflect this for housing related complaints and did so before the self-assessment submission.
- 3.40. Complaint acceptance - citizens should be able to raise their complaints in any way and with any member of staff. All staff should be aware of the complaints process and be able to pass details of the complaint to the appropriate person within the organisation.
- 3.41. When we seek feedback about our services through a survey, we should provide details of how individuals can complain so they can pursue any dissatisfaction if they wish.
- 3.42. We need to do more to make sure that our workforce are aware of the right for citizens to complain and the way that they can go about doing it. We also need to make sure that significant customer satisfaction or customer experience activities that we undertake include information about what citizens can do when they're dissatisfied with services we provide.

- 3.43. Complaints stages - both the LGSCO and the Housing Ombudsman now have a two stage complaints process.
- 3.44. At Stage 1, complaints should be acknowledged and logged within five working days of the complaint being received, and we should provide a full response within 10 working days of the complaint being acknowledged. We can extend this but need to evidence our reason for doing so to the complainant and the Ombudsmen.
- 3.45. At Stage 2 – which is our final response – complaints should be acknowledged and logged within five working days of the complaint being received, and we should provide a full response within 20 working days of the complaint being acknowledged. We can extend this but need to evidence our reason for doing so to the complainant and the Ombudsmen.
- 3.46. Our complaints handling approach when it comes to housing complaints reflects the above so we are compliant. We have until April 2026 to align our complaint handling activity for corporate complaints with this requirement.

Learning, complaints reporting and self-assessment.

- 3.47. For both LGSCO and HO complaints we're required to produce, consider, and publish an annual complaints performance and service improvement report and which includes:
- An annual self-assessment against the codes to ensure our complaint handling policy remains in line with the requirements.
 - A qualitative and quantitative analysis of the organisation's complaint handling performance. This should also include a summary of the types of complaints the organisation has refused to accept.
 - Any findings of non-compliance.
 - The service improvements made as a result of the learning from complaints.
 - And any other relevant reports or publications produced by the Ombudsmen in relation to the work of the organisation.
- 3.48. As part of our own local good governance arrangements, we have elected to provide an annual report on complaints to the Governance & Audit Committee.

4. Details of Scrutiny

- 4.1. The Council's complaints handling arrangements and performance are reported to the Governance & Audit Committee, who are expected to provide the necessary checks and balances when it comes to the arrangements in place. It is therefore not currently a matter for consideration by our Scrutiny function, nor reflected in any of the existing work programmes.

5. Financial, legal and other implications

5.1 Financial implications

There are no direct financial implications arising from this report. For information, if the Council accepts fault for any complaints, an appropriate remedy may be financial compensation to the complainant. Likewise, in cases where either Ombudsmen find that Council at fault, we may be required to make compensation payments to the complainant. In 23/24 the Housing and Local Government & Social Care Ombudsmen required us to pay £8.5k and £7k respectively. It is therefore essential that we learn from any mistakes and service delivery failings that result in compensation arrangements being required.

Martin Judson, Head of Finance

5.2 Legal implications

Reporting on complaints in the manner covered by this report is a requirement of the Housing and Local Government & Social Care Ombudsmen, who have various powers that are enshrined in law. Whilst there are no legal implications flowing directly from the content of this report, there are legal, reputational and resource implications in complaints that are taken through the corporate process and in addressing and resolving those complaints.

Kevin Carter, Head of Law – Commercial, Property & Planning

5.3 Climate Change and Carbon Reduction implications

N/A

5.4 Equalities Implications

When responding to complaints, the Council must ensure that people are treated fairly and that we comply with the Equality Act 2010, making reasonable adjustments where necessary. This may include providing responses in large font, using coloured paper, or communicating by specific means such as email only. There may also be a need to consider translation in different languages to ensure people fully understand how the complaint is being handled. Where adjustments are made, these should be documented by the complaints team, to be compliant with the LGSCO and HO requirements.

Kalvaran Sandhu, Equalities Manager

5.5 Other Implications

N/A

6. Background information and other papers:

N/A

7. Summary of appendices:

Appendix 1 – Leicester City Council Annual Complaints Performance and Service Improvement Report.

8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

9. Is this a “key decision”?

No

10. If a key decision please explain reason

N/A

Annual Complaints Performance & Service Improvement Report 23/24

Leicester City Council

Introduction

Leicester City Council serves circa 368,000 citizens and manages high levels of customer contact. In 2023/24, the organisation received nearly 426,000 calls and handled nearly 90,000 emails or webforms in respect of providing support and assistance through our customer services function. There are other services who manage their own contact directly and on which we don't hold data and information about.

During the same period, the Council received 2,023 corporate complaint related contacts. As the Council takes its responsibility for managing complaints very seriously, this annual report not only sets out how those contacts have been handled, but also explores the reasons behind the complaints and makes recommendations around future service improvements.

This is the first annual report of this nature and in the current format, and therefore no information exists from previous years that can be used to create a reliable point in time by which the current performance can be compared.

The Council's Executive Team, including Assistant City Mayor Councillor Vi Dempster with responsibility for the handling of complaints, have noted the report, the self-assessments, and the proposed improvement actions (page 8).

Complaints handling

The council operates a corporate complaints policy which can be found here - <https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/>.

This policy sets out how individual members of the public can complain to the council about matters that are covered by the Local Government & Social Care Ombudsman and the Housing Ombudsman, as well as how the Council handles compliments, comments and complaints.

It also sets out what is not covered by this policy. This includes the following:

- Complaints about adult social care, such as a delay in the Council making arrangements with a care agency following an assessment of social care needs, or if some information has not been taken into account as part of a care review, have a dedicated process and team in place so these can be handled.
- Complaints about children's social care by or about children, such as where a social worker may have failed to progress actions recommended at a child protection conference within the specified timeframe, or a child who is looked after by the local authority has requested contact with family members on a number of occasions and this has not been progress, also have a dedicated process and team in place so these can be handled.
- Complaints about elected officials are handled by the Council's Monitoring Officer and Standards Committee.

- Complaints about school matters, such as those that relate to bullying, discipline, uniform or school outings, or the educational provision at school, should be lodged with the school leadership team, usually the headteacher.

The Council is also unable to deal with complaints that are considered outside of our control. This includes matters of law or central government policy, where the customer or the council has started legal proceedings on the matter, complaints that have already been decided by a court, independent tribunal or Ombudsman, or where another organisation is the key decision-maker in respect of a matter.

Because of that policy provision, complaints about these matters are also outside the scope of this report.

Complaints definition and procedures

Corporate complaints covered by the Local Government and Social Care Ombudsman

The council currently defines a corporate complaint as:

“An expression of dissatisfaction about the standards of our services; or lack of resolution by the council, its staff, contractors or volunteers that requires a response that you have been unable to resolve with the service directly in the first instance.”

This may include but is not limited to things like unreasonable behaviour or conduct by a council employee towards an individual, poor quality service provision, or where a stated policy or procedure has not been followed correctly.

Generally, issues brought to the council for the first time are dealt with as a service request and are not processed as a complaint. However, these are escalated to a formal complaint if the resident/customer remains unsatisfied.

For these complaints we have a one-stage process in place, and which means that we:

- Acknowledge the complaint within five working days and advise how we will deal with it.
- Allocate the complaint to a complaints officer independent of the service in question.
- An investigation will take place, conducted by the complaints officer, who will investigate with the service concerned.
- Usually seek to conclude our investigation within 10 days of receiving the complaint.
- Inform the complainant if we need to extend the response deadline where there is good cause to do so.
- Write to the complainant with the findings of our investigation and explain what we have done to resolve the matter.
- Try to reach a resolution (i.e., where a solution has been actioned) within 10 weeks of the complaint being received.

Housing complaints covered by the Housing Ombudsman

The council currently defines complaints of this nature as:

“An expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the landlord, its own staff, or those acting on its behalf, affecting a resident or group of residents.”

For these complaints we have a two-stage process in place, and which means that at stage one we:

- Acknowledge the complaint within five working days and advise how we will deal with it.
- Allocate the complaint to a complaints officer independent of the service in question.
- An investigation will take place, conducted by the complaints officer, who will investigate with the service concerned.
- Usually seek to conclude our investigation within 10 days of receiving the complaint.
- Inform the complainant if we need to extend the response deadline where there is good cause to do so.
- Write to the complainant with the findings of our investigation and explain what we have done to resolve the matter.

At stage two we:

- Acknowledge that it will be handled in line with our second stage procedure.
- Allocate it to another independent complaints officer within three working days.
- Liaise directly with the Head of Service concerned.
- Aim to conclude a full stage two investigation within 20 working days of the complaint being escalated.
- Write to the complainant with the findings of our stage two investigation and, where necessary, explain what we have done to resolve the matter.

If the complainant remains dissatisfied, they can escalate their complaint to the relevant Ombudsman.

2023/24 corporate and housing complaints overview

In summary:

- A total of 2023 complaint enquiries were received by the Corporate Complaints team.
- Of those, 1055 (%) were about housing ombudsman related matters and 923 (%) were corporate or LGSCO related matters.
- The remaining 45 (%) are comments or compliments.
- 1,025 of those were triaged as service requests and matters that could be immediately actioned, comments or compliments about the council and our services, or not suitable for the complaints procedure for some other reason consistent with our policy position.

- The remaining 999 were accepted as complaints. Of which, 609 (%) were about housing ombudsman related matters and 390 (%) were about LGSCO related matters.
- Of these 609 housing related complaints, 116 of these were escalated to Stage Two.

The council further sub-categorises these complaints as follows:

	Corporate Complaint	Housing Complaint - Stage 1	Housing Complaint - Stage 2
Anti-social behaviour	3	11	3
Blue badges	2		
Bus passes	2		
Cemeteries	0		
Council premises	4	11	2
Council vehicles and drivers	1		
Culture, leisure centres and library services	10		
Customer services	6	5	0
Housing applications and homelessness	8	87	4
Housing benefits and council tax support	27	5	0
Housing rent	1	9	2
Housing repairs	5	186	34
Member of staff	12	27	6
Parking and permits	16	3	0
Parks and green spaces	2	1	0
Pest control	1	4	1
Planning	11	2	0
Plants, trees and verges	4	1	0
Right to buy	1	5	3
Roads, pavements, streetlights	6		
Street cleaning and litter collection	4		
Vehicle fines and enforcement	4		
Waste collection, rubbish, and recycling	8		
Other	252	252	60
Totals	390	609	115

The council aims to acknowledge all complaints within no more than 5 days of receipt. The table below shows our performance towards that requirement.

	Acknowledged		
	Complaints Received	On Time	%
Housing Complaint	609	586	96.2
Corporate Complaint	390	366	93.8

The council aims to have investigated and responded to all stage 1 complaints within 10 working days, or by the agreed extended deadline. The table below shows our performance towards that requirement.

	Stage 1 - Complaint Responses		
	Complaints Received	On Time	%
Corporate Complaint	390	333	85.4
Housing Complaint	609	499	81.9

The council aims to have investigated and responded to all stage 2 complaints within 20 working days, or by the agreed deadline. The table below shows our performance towards that requirement.

	Stage 2 - Complaint Responses		
	Complaints Received	On Time	%
Housing Complaint	114	95	83.3

Complaints upheld

Our current case management software, together with our complaints handling arrangements, mean that we are not able to reliably report on the number of complaints upheld.

Measuring upheld complaints would allow the council to be more focused and targeted in directing improvement actions where service faults have been identified, therefore enhancing the efficiency and effectiveness of actions identified to provide better quality customer experience.

2023/24 Ombudsman complaints overview

The LGSCO and the HO are independent organisations providing impartial reviews of citizen complaints. Whilst most complaints come under the LGSCO's remit, the HO deals with social housing related complaints. The Ombudsman decision is final, bringing the complaint to a close. There are 2 stages for Ombudsman complaints:

- Preliminary Enquiry: Ombudsman requests original complaint and LCC responses (first and final stages). Depending on their findings they may decide to investigate the complaint further (see below).
- Investigation Request: Ombudsman conducts investigation (often escalation from Preliminary Enquiry stage) resulting in Ombudsman final decision, actions for Local Authority etc.

Every year, the LGSCO issues an annual letter to the Council summarising the number and trends of complaints dealt with in each Council that year. The latest letter covers complaints to Leicester City Council between April 2022 and March 2023 (2022/23), though it should be noted one is due imminently for the 2023/24 period. That letter can be found in Appendix 3.

Our own held data for the 2023/24 period indicates that 99 complaints were investigated and responded to by the Ombudsmen, though that is not to say they all come from complaints received by the council in 23/24. That is because ombudsmen complaints often run across multiple years depending on the time taken by them for assessment and (where relevant) investigation of the complaint.

Of the 99 ombudsmen complaints received in 2023/24, 20 of those are from the HO. 7 of those complaints were upheld in favour of the complainant, 8 not upheld, and 5 are still outstanding. A total of nearly £7,000 was ordered to be paid in compensation. The remaining 79 were from the LGSCO, with 16 upheld in favour of the complainant, 54 not upheld, and 8 are still outstanding. A total of nearly £8.5k was ordered to be paid in compensation.

The upheld HO and LGSCO complaints related to the following matters – the condition of property on allocation, delays in completing housing repairs, delays in assessing homelessness circumstances, housing register applications, complaints handling delays, the handling of Anti-Social Behaviour reports, outdated Anti-Social Behaviour policies, and the handling of a Right To Buy application. Where the HO instructed resolutions, these have been completed. Mostly, these related to resolutions in-service.

It should be noted that a significant proportion of the LGSCO complaints related to matters outside the scope of this report, and in particular matters of Childrens and Adults Social Care, or Schools.

Improvement actions

Processing

- Consider setting a KPI target for the handling of all Stage 1 and Stage 2 complaints.
- Refresh the way complaints are allocated, preferably by council Division and Service area so the recording of complaints better reflects the way the council is structured.
- Create improved complaints handling sub-categories so more meaningful management information can be captured that tells us more about the nature of the complaints we receive.
- Update the council's complaints policy so it reflects the HO and LGSCO complaints handling code requirements regarding the complaint definition and stages of complaint handling.
- Standardise the use of the complaints system so that all complaints officers follow the same processes, which in turn gives more reliability to the management information extracted from it.
- Ensure all our main council satisfaction surveys include, where possible, information about how to complain.

Governance

- Make clear the councils Executive Team lead for all corporate complaints related matters.

Behaviours & Improvements

- Immediately review the learning possible from all Ombudsmen complaints that have been upheld against us.
- Put a plan in place that shows how we will improve the qualitative analysis of complaints that we receive.
- Agree and document a proper approach to reviewing service improvement and learning opportunities that arise from complaint investigations.
- Develop and implement a standardised arrangement for the recording, tracking, and monitoring of the completion of complaint resolutions.
- Provide updated guidance to all Divisions and services regarding the council's complaints policy, including best practice information regarding complaint recording, investigation, and resolution (including the award of compensation).
- Develop a Council wide acceptable behaviour policy for customers so they're clear about the standards of expected behaviour.
- Put in place regular arrangements within the service for reviewing Ombudsman guidance, attending training, and sharing any learning across the organisation.

Housing Ombudsman Self-assessment

This self-assessment form should be completed by the complaints officer and it must be reviewed and approved by the landlord's governing body at least annually.

Once approved, landlords must publish the self-assessment as part of the annual complaints performance and service improvement report on their website. The governing body's response to the report must be published alongside this.

Landlords are required to complete the self-assessment in full and support all statements with evidence, with additional commentary as necessary.

We recognise that there may be a small number of circumstances where landlords are unable to meet the requirements, for example, if they do not have a website. In these circumstances, we expect landlords to deliver the intentions of the Code in an alternative way, for example by publishing information in a public area so that it is easily accessible.

Section 1: Definition of a complaint

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
1.2	<p>A complaint must be defined as:</p> <p><i>‘an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the landlord, its own staff, or those acting on its behalf, affecting a resident or group of residents.’</i></p>	Yes	<p>The Council currently defines a corporate complaint as:</p> <p><i>“An expression of dissatisfaction about the standards of our services; or lack of resolution by the council, its staff, contractors, or volunteers that requires a response that you have been unable to resolve with the service directly in the first instance.”</i></p> <p>The Council defines a housing specific complaint as:</p> <p><i>‘An expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the landlord, its own staff, or those acting on its behalf, affecting a resident or group of residents.’</i></p>	
1.3	<p>A resident does not have to use the word ‘complaint’ for it to be treated as such. Whenever a resident expresses dissatisfaction landlords must give them the choice to make complaint. A complaint that is submitted via a third</p>	Yes	<p>The Council recognises that a complainant or someone acting on their behalf does not have to use the word ‘complaint’ for something to be treated as a complaint. The Council’s</p>	

	party or representative must be handled in line with the landlord's complaints policy.		Complaints Team are aware of this approach/requirement.	
1.4	Landlords must recognise the difference between a service request and a complaint. This must be set out in their complaints policy. A service request is a request from a resident to the landlord requiring action to be taken to put something right. Service requests are not complaints, but must be recorded, monitored and reviewed regularly.	Yes	<p>The Council recognises that there is a difference between a complaint and a request for service. Initial requests for service when it comes to tenancy management, housing repairs, etc. are all handled by our Customer Services team or done through Housing Online, and where action is required a work item is recorded and action is taken. These work items are reviewed within the service by Management.</p> <p>Our complaints policy outlines what will be dealt with during our day-to-day activities and includes initial requests for service.</p>	
1.5	A complaint must be raised when the resident expresses dissatisfaction with the response to their service request, even if the handling of the service request remains ongoing. Landlords must not stop their efforts to address the service request if the resident complains.	Yes	<p>See our Corporate Complaints Policy:</p> <p>https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/.</p> <p>To accept and investigate something as a complaint, that is done based on</p>	

			<p>having had the opportunity to resolve whatever the matter is that is being brought to our attention in the first place i.e., through a request for service, such as a housing repair.</p> <p>As landlord, we do not usually withdraw support or services whilst complaints are investigated and responded to.</p>	
1.6	<p>An expression of dissatisfaction with services made through a survey is not defined as a complaint, though wherever possible, the person completing the survey should be made aware of how they can pursue a complaint if they wish to. Where landlords ask for wider feedback about their services, they also must provide details of how residents can complain.</p>	Yes	<p>All main surveys of Council tenants will include information about how to complain. No surveys have been issued since the new code has been in place.</p>	<p>Action: Management to ensure all our main tenants surveys include, where possible, information about how to complain.</p>

Section 2: Exclusions

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
2.1	Landlords must accept a complaint unless there is a valid reason not to do so. If landlords decide not to accept a complaint they must be able to evidence their reasoning. Each complaint must be considered on its own merits	Yes	This is set out in our Corporate Complaints Policy at 2.3 and 2.4 - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	
2.2	<p>A complaints policy must set out the circumstances in which a matter will not be considered as a complaint or escalated, and these circumstances must be fair and reasonable to residents. Acceptable exclusions include:</p> <ul style="list-style-type: none"> • The issue giving rise to the complaint occurred over twelve months ago. • Legal proceedings have started. This is defined as details of the claim, such as the Claim Form and Particulars of Claim, having been filed at court. • Matters that have previously been considered under the complaints policy. 	Yes	This information is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	

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2.3	Landlords must accept complaints referred to them within 12 months of the issue occurring or the resident becoming aware of the issue, unless they are excluded on other grounds. Landlords must consider whether to apply discretion to accept complaints made outside this time limit where there are good reasons to do so.	Yes	We currently accept complaints referred to us within 12 months of the issue occurring and if there are good reasons to do so will consider complaints beyond that date.	
2.4	If a landlord decides not to accept a complaint, an explanation must be provided to the resident setting out the reasons why the matter is not suitable for the complaints process and the right to take that decision to the Ombudsman. If the Ombudsman does not agree that the exclusion has been fairly applied, the Ombudsman may tell the landlord to take on the complaint.	Yes	<p>This is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/.</p> <p>All complaints are reviewed to see if they meet our policy requirements. Where they don't, the complainant is notified.</p>	
2.5	Landlords must not take a blanket approach to excluding complaints; they must consider the individual circumstances of each complaint.	Yes	All complaints are dealt with on an individual basis. This is set out in our Corporate Complaints Policy: https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	

Section 3: Accessibility and Awareness

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
3.1	Landlords must make it easy for residents to complain by providing different channels through which they can make a complaint. Landlords must consider their duties under the Equality Act 2010 and anticipate the needs and reasonable adjustments of residents who may need to access the complaints process.	Yes	Complaints can be made by phone, by email, through our complaint's portal, in writing, in person at our customer service centre, or through their local Councillor. We also accept complaints made by social media.	
3.2	Residents must be able to raise their complaints in any way and with any member of staff. All staff must be aware of the complaints process and be able to pass details of the complaint to the appropriate person within the landlord.	Yes	Staff are aware of the Corporate Complaints process or can seek advice from management if they are unsure.	Action: to put in place a regular whole-service staff training/communication session re corporate complaints (including Housing).
3.3	High volumes of complaints must not be seen as a negative, as they can be indicative of a well-publicised and accessible complaints process. Low complaint volumes are potentially a sign that residents are unable to complain.	Yes	The Council's complaints position is set out here - Comments, compliments and complaints (leicester.gov.uk) – and includes information about how complaints can be made. We share information with tenants about how to complain in the event that they are dissatisfied with the service they receive.	

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3.4	Landlords must make their complaint policy available in a clear and accessible format for all residents. This will detail the two stage process, what will happen at each stage, and the timeframes for responding. The policy must also be published on the landlord's website.	Yes	Our complaints policy is available here: https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	
3.5	The policy must explain how the landlord will publicise details of the complaints policy, including information about the Ombudsman and this Code.	Yes	Our complaints policy is available here: https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	
3.6	Landlords must give residents the opportunity to have a representative deal with their complaint on their behalf, and to be represented or accompanied at any meeting with the landlord.	Yes	The Council's complaints policy allows someone to act on behalf of someone else with their permission, such as friends, family members or representatives. Those acting on behalf of someone must provide written authorisation that will then be retained on file and provide ID to ensure they are the person authorised. https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	

3.7	Landlords must provide residents with information on their right to access the Ombudsman service and how the individual can engage with the Ombudsman about their complaint.	Yes	<p>The Council's complaints information and policy sets out how to complain to the Ombudsman.</p> <p>https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/.</p> <p>When complaints are acknowledged, investigated, and responded to, we include information about what to do if dissatisfied with the complaint handling and outcome.</p>	
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Section 4: Complaint Handling Staff

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
4.1	Landlords must have a person or team assigned to take responsibility for complaint handling, including liaison with the Ombudsman and ensuring complaints are reported to the governing body (or equivalent). This Code will refer to that person or team as the 'complaints officer'. This role may be in addition to other duties.	Yes	The Council has a Corporate Complaints team that is responsible for handling complaints that are set out in this policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ . The processing of complaints is currently the responsibility of the Director of Corporate Services.	
4.2	The complaints officer must have access to staff at all levels to facilitate the prompt resolution of complaints. They must also have the authority and autonomy to act to resolve disputes promptly and fairly.	Yes	The Complaints Team report to the Director of Corporate Services and are able to escalate things as required.	
4.3	Landlords are expected to prioritise complaint handling and a culture of learning from complaints. All relevant staff must be suitably trained in the importance of complaint handling. It is important that complaints are seen as a core service and must be resourced to handle complaints effectively.	No	We comply with this in part but there is room for improvement. We do prioritise complaint handling and have in place a policy, processes, and team to do that. However, we need to do more to make sure that we learn from complaints into the service, especially where there are commonly occurring themes etc. Learning takes place operationally	Action: to agree and document a proper approach to reviewing service improvement opportunities that arise from complaint investigations.

			when complaints are investigated and failure revealed, but this behaviour needs to be standardised and whole-service learning needs to be facilitated.	
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Section 5: The Complaint Handling Process

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
5.1	Landlords must have a single policy in place for dealing with complaints covered by this Code. Residents must not be treated differently if they complain.	Yes	https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	
5.2	The early and local resolution of issues between landlords and residents is key to effective complaint handling. It is not appropriate to have extra named stages (such as 'stage 0' or 'informal complaint') as this causes unnecessary confusion.	Yes	Our two-stage process is set out clearly in our complaints policy, which can be found here: https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	
5.3	A process with more than two stages is not acceptable under any circumstances as this will make the complaint process unduly long and delay access to the Ombudsman.	Yes	Our two-stage process is set out clearly in our complaints policy, which can be found here: https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	
5.4	Where a landlord's complaint response is handled by a third party (e.g. a contractor or independent adjudicator) at any stage, it must form part of the two stage complaints process set out in this Code.	Yes	Our complaints are not handled by a third-party.	

	Residents must not be expected to go through two complaints processes.			
5.5	Landlords are responsible for ensuring that any third parties handle complaints in line with the Code.	Yes	Our complaints are not handled by a third-party.	
5.6	When a complaint is logged at Stage 1 or escalated to Stage 2, landlords must set out their understanding of the complaint and the outcomes the resident is seeking. The Code will refer to this as “the complaint definition”. If any aspect of the complaint is unclear, the resident must be asked for clarification.	Yes	In our stage 1 and stage 2 responses, we set out what the complainant was complaining about.	
5.7	When a complaint is acknowledged at either stage, landlords must be clear which aspects of the complaint they are, and are not, responsible for and clarify any areas where this is not clear.	Yes	In our stage 1 and stage 2 responses, we set out what the complainant was complaining about and what we have accepted to investigate.	
5.8	At each stage of the complaints process, complaint handlers must: <ul style="list-style-type: none"> a. deal with complaints on their merits, act independently, and have an open mind; b. give the resident a fair chance to set out their position; c. take measures to address any actual or 	Yes	This is in line with our complaints policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	

	perceived conflict of interest; and d. consider all relevant information and evidence carefully.			
5.9	Where a response to a complaint will fall outside the timescales set out in this Code, the landlord must agree with the resident suitable intervals for keeping them informed about their complaint.	Yes	This is set out in our Corporate Complaints Policy – https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	
5.10	Landlords must make reasonable adjustments for residents where appropriate under the Equality Act 2010. Landlords must keep a record of any reasonable adjustments agreed, as well as a record of any disabilities a resident has disclosed. Any agreed reasonable adjustments must be kept under active review.	Yes	The Council welcomes complaints from all sections of the community. The Council is committed to ensuring all individuals are dealt with on an equal basis and are treated with respect and courtesy at all times. To achieve this, we will deal with complaints fairly and impartially. If customers have particular needs we will do our best to meet these needs to ensure our complaints procedure is accessible and non-discriminatory.	
5.11	Landlords must not refuse to escalate a complaint through all stages of the complaints procedure unless it has valid reasons to do so. Landlords must clearly set out these reasons, and they	Yes	This is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	

	must comply with the provisions set out in section 2 of this Code.			
5.12	A full record must be kept of the complaint, and the outcomes at each stage. This must include the original complaint and the date received, all correspondence with the resident, correspondence with other parties, and any relevant supporting documentation such as reports or surveys.	Yes	Information about complaints are both recorded in the Council's complaints system and held in service.	
5.13	Landlords must have processes in place to ensure a complaint can be remedied at any stage of its complaints process. Landlords must ensure appropriate remedies can be provided at any stage of the complaints process without the need for escalation.	Yes	We apply a variety of different remedies at the different stages of the complaints process. These remedies vary because each case is considered in its own merits, and the nature and circumstances of the complaints vary from one to the next.	Action: to put in place guidance for investigating managers re complaint investigation and the variety of different resolution remedies that could be considered.
5.14	Landlords must have policies and procedures in place for managing unacceptable behaviour from residents and/or their representatives. Landlords must be able to evidence reasons for putting any restrictions in place and must keep restrictions under regular review.	Yes	We expect our tenants to behave appropriately and set out what these expectations are in different ways. The Conditions of Tenancy outline what is considered to be good tenant like behaviour - section 4. A risk register exists in service whereby any unreasonable tenant	Action: to develop a Council wide acceptable behaviour policy.

			conduct is recorded, as are any special arrangements necessary when it comes to providing services safely.	
5.15	Any restrictions placed on contact due to unacceptable behaviour must be proportionate and demonstrate regard for the provisions of the Equality Act 2010.	Yes	The individual needs of tenants are considered when reviewing behaviour. Any equalities related matters are considered as part of that process, especially matters related to their special or protected characteristics. That said, the Council has a duty of care as an employer towards the wellbeing of our workforce and will take firm action where necessary to protect our staff from all forms of abuse.	Action: to create and share guidance and a process approach in respect of the review of unacceptable behaviour and any resulting action to amend service arrangements.

Section 6: Complaints Stages

Stage 1

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
6.1	Landlords must have processes in place to consider which complaints can be responded to as early as possible, and which require further investigation. Landlords must consider factors such as the complexity of the complaint and whether the resident is vulnerable or at risk. Most stage 1 complaints can be resolved promptly, and an explanation, apology or resolution provided to the resident.	Yes	This is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	
6.2	Complaints must be acknowledged, defined and logged at stage 1 of the complaints procedure <u>within five working days of the complaint being received.</u>	Yes	This is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	
6.3	Landlords must issue a full response to stage 1 complaints <u>within 10 working days</u> of the complaint being acknowledged.	Yes	This is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	

6.4	Landlords must decide whether an extension to this timescale is needed when considering the complexity of the complaint and then inform the resident of the expected timescale for response. Any extension must be no more than 10 working days without good reason, and the reason(s) must be clearly explained to the resident.	Yes	This is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	
6.5	When an organisation informs a resident about an extension to these timescales, they must be provided with the contact details of the Ombudsman.	Yes	This information is included in current template responses.	
6.6	A complaint response must be provided to the resident when the answer to the complaint is known, not when the outstanding actions required to address the issue are completed. Outstanding actions must still be tracked and actioned promptly with appropriate updates provided to the resident.	No	We are partially compliant with this requirement and are working to become fully compliant. How and when we respond to complainants is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ . It sets out that we will respond to the complaint when we've investigated it, not at the point that we have acted on the resolutions identified/agreed.	Action: to develop and implement a standardised arrangement in service to record, track and monitor the completion of complaint resolutions.

			To be fully compliant, we do not currently have in place a method of centrally documenting and reviewing completion of agreed service resolutions. Any resolutions are implemented by the relevant services, and only Ombudsman specific resolutions are tracked for completion.	
6.7	Landlords must address all points raised in the complaint definition and provide clear reasons for any decisions, referencing the relevant policy, law and good practice where appropriate.	Yes	This is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	
6.8	Where residents raise additional complaints during the investigation, these must be incorporated into the stage 1 response if they are related and the stage 1 response has not been issued. Where the stage 1 response has been issued, the new issues are unrelated to the issues already being investigated or it would unreasonably delay the response, the new issues must be logged as a new complaint.	Yes	This is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	
6.9	Landlords must confirm the following in writing to the resident at the	Yes	This is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-	

	<p>completion of stage 1 in clear, plain language:</p> <ul style="list-style-type: none"> a. the complaint stage; b. the complaint definition; c. the decision on the complaint; d. the reasons for any decisions made; e. the details of any remedy offered to put things right; f. details of any outstanding actions; and g. details of how to escalate the matter to stage 2 if the individual is not satisfied with the response. 		us/comments-compliments-and-complaints/corporate-complaints-policy/ .	
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Stage 2

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
6.10	If all or part of the complaint is not resolved to the resident's satisfaction at stage 1, it must be progressed to stage 2 of the landlord's procedure. Stage 2 is the landlord's final response.	Yes	This is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	
6.11	Requests for stage 2 must be acknowledged, defined and logged at stage 2 of the complaints procedure within five working days of the escalation request being received.	Yes	This is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	

			complaints/corporate-complaints-policy/ .	
6.12	Residents must not be required to explain their reasons for requesting a stage 2 consideration. Landlords are expected to make reasonable efforts to understand why a resident remains unhappy as part of its stage 2 response.	Yes	This is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	
6.13	The person considering the complaint at stage 2 must not be the same person that considered the complaint at stage 1.	Yes	This is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	
6.14	Landlords must issue a final response to the stage 2 within 20 working days of the complaint being acknowledged.	Yes	This is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	
6.15	Landlords must decide whether an extension to this timescale is needed when considering the complexity of the complaint and then inform the resident of the expected timescale for response. Any extension must be no more than 20 working days without good reason, and the reason(s) must be clearly explained to the resident.	Yes	This is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	

6.16	When an organisation informs a resident about an extension to these timescales, they must be provided with the contact details of the Ombudsman.	Yes	This information is included in current template responses.	
6.17	A complaint response must be provided to the resident when the answer to the complaint is known, not when the outstanding actions required to address the issue are completed. Outstanding actions must still be tracked and actioned promptly with appropriate updates provided to the resident.	No	<p>We are partially compliant with this requirement and are working to become fully compliant.</p> <p>How and when we respond to complainants is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/. It sets out that we will respond to the complaint when we've investigated it, not at the point that we have acted on the resolutions identified/agreed.</p> <p>To be fully compliant, we do not currently have in place a method of centrally documenting and reviewing completion of agreed service resolutions. Any resolutions are implemented by the relevant services, and only Ombudsman specific resolutions are tracked for completion.</p>	Action: to develop and implement a standardised arrangement in service to record, track and monitor the completion of complaint resolutions.

6.18	Landlords must address all points raised in the complaint definition and provide clear reasons for any decisions, referencing the relevant policy, law and good practice where appropriate.	Yes	Point by point responses are provided back to complainants.	
6.19	Landlords must confirm the following in writing to the resident at the completion of stage 2 in clear, plain language: <ul style="list-style-type: none"> a. the complaint stage; b. the complaint definition; c. the decision on the complaint; d. the reasons for any decisions made; e. the details of any remedy offered to put things right; f. details of any outstanding actions; and g. details of how to escalate the matter to the Ombudsman Service if the individual remains dissatisfied. 	Yes	This is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	
6.20	Stage 2 is the landlord's final response and must involve all suitable staff members needed to issue such a response.	Yes	This is set out in our Corporate Complaints Policy - https://www.leicester.gov.uk/contact-us/comments-compliments-and-complaints/corporate-complaints-policy/ .	

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Section 7: Putting things right

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
95 7.1	<p>Where something has gone wrong a landlord must acknowledge this and set out the actions it has already taken, or intends to take, to put things right. These can include:</p> <ul style="list-style-type: none"> • Apologising; • Acknowledging where things have gone wrong; • Providing an explanation, assistance or reasons; • Taking action if there has been delay; • Reconsidering or changing a decision; • Amending a record or adding a correction or addendum; • Providing a financial remedy; • Changing policies, procedures or practices. 	Yes	Though each complaint is considered on its own merits, the examples given are exactly the sorts of resolutions that we would seek to put in place to make things right.	Action: to develop and implement a standardised arrangement in service to record, track and monitor the completion of complaint resolutions.
7.2	Any remedy offered must reflect the impact on the resident as a result of any fault identified.	Yes	Complaints are considered individually, as are suitable remedies.	Action: guidance document and training to be provided to investigating managers so we can make sure that remedies are appropriately determined and implemented in a standardised way across the Council.

7.3	The remedy offer must clearly set out what will happen and by when, in agreement with the resident where appropriate. Any remedy proposed must be followed through to completion.	Yes	This is included in our complaint responses.	
7.4	Landlords must take account of the guidance issued by the Ombudsman when deciding on appropriate remedies.	No	We do not periodically review and learn from Ombudsman guidance. This activity needs to be prioritised by the Complaints Team and done in partnership with the Housing Service.	Action: to put in place regular arrangements within the service for reviewing Ombudsman guidance, attending training, and sharing any learning across the organisation.

Section 8: Self-assessment, reporting and compliance

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
8.1	<p>Landlords must produce an annual complaints performance and service improvement report for scrutiny and challenge, which must include:</p> <ul style="list-style-type: none"> a. the annual self-assessment against this Code to ensure their complaint handling policy remains in line with its requirements. b. a qualitative and quantitative analysis of the landlord's complaint handling performance. This must also include a summary of the types of complaints the landlord has refused to accept; c. any findings of non-compliance with this Code by the Ombudsman; d. the service improvements made as a result of the learning from complaints; e. any annual report about the landlord's performance from the Ombudsman; and f. any other relevant reports or publications produced by the Ombudsman in relation to the work of the landlord. 	Yes	23/24 complaints performance is intended to be reported in September 2024 and will be in line with the requirements outlined here.	

8.2	The annual complaints performance and service improvement report must be reported to the landlord's governing body (or equivalent) and published on the on the section of its website relating to complaints. The governing body's response to the report must be published alongside this.	Yes	23/24 complaints performance is intended to be reported in September 2024 and will be in line with the requirements outlined here.	Action: to put in place and publish our arrangements for a standard annual reporting schedule as required.
8.3	Landlords must also carry out a self-assessment following a significant restructure, merger and/or change in procedures.	N/a	No such restructure, merger and/or change in procedures have taken place.	
8.4	Landlords may be asked to review and update the self-assessment following an Ombudsman investigation.	Yes	We would comply with any such Ombudsman investigation.	
8.5	If a landlord is unable to comply with the Code due to exceptional circumstances, such as a cyber incident, they must inform the Ombudsman, provide information to residents who may be affected, and publish this on their website Landlords must provide a timescale for returning to compliance with the Code.	Yes		

Section 9: Scrutiny & oversight: continuous learning and improvement

Code provision	Code requirement	Comply: Yes / No	Evidence	Commentary / explanation
9.1	Landlords must look beyond the circumstances of the individual complaint and consider whether service improvements can be made as a result of any learning from the complaint.	No	Whilst we do have a complaints team that process as required all incoming complaints so that they are properly recorded, investigated and responded to, we do not currently have standardised and mature arrangement for looking at and learning from complaints into the Council.	Action: to develop and put in place a proper process of review when it comes to continuous learning from incoming complaints and citizen voice.
9.2	A positive complaint handling culture is integral to the effectiveness with which landlords resolve disputes. Landlords must use complaints as a source of intelligence to identify issues and introduce positive changes in service delivery.	No	Whilst we do have a complaints team that process as required all incoming complaints so that they are properly recorded, investigated and responded to, we do not currently have standardised and mature arrangement for looking at and learning from complaints into the Council.	Action: to develop and put in place a proper process of review when it comes to continuous learning from incoming complaints and citizen voice.
9.3	Accountability and transparency are also integral to a positive complaint handling culture. Landlords must report back on wider learning and improvements from complaints to stakeholders, such as residents' panels, staff and relevant committees.	No	Whilst we do have a complaints team that process as required all incoming complaints so that they are properly recorded, investigated and responded to, we do not currently have standardised and mature	Action: to develop and put in place a proper process of review when it comes to continuous learning from incoming complaints and citizen voice.

			arrangement for looking at and learning from complaints into the Council.	
9.4	Landlords must appoint a suitably senior lead person as accountable for their complaint handling. This person must assess any themes or trends to identify potential systemic issues, serious risks, or policies and procedures that require revision.	No	<p>Whilst we do have a complaints team that process as required all incoming complaints so that they are properly recorded, investigated and responded to, we do not currently have standardised and mature arrangement for looking at and learning from complaints into the Council.</p> <p>The Director of Corporate Services and the Director of Housing have accountability for the complaints arrangements.</p>	Action: to develop and put in place a proper process of review when it comes to continuous learning from incoming complaints and citizen voice.
9.5	In addition to this a member of the governing body (or equivalent) must be appointed to have lead responsibility for complaints to support a positive complaint handling culture. This person is referred to as the Member Responsible for Complaints ('the MRC').	Yes	Currently, between them City Mayor and the Deputy City Mayor with responsibility for Housing have responsibility for Corporate Complaints and the Housing Service.	
9.6	The MRC will be responsible for ensuring the governing body receives regular information on complaints that provides insight on the landlord's complaint handling performance. This person must have access to suitable	Yes	Currently, between them City Mayor and the Deputy City Mayor with responsibility for Housing have responsibility for Corporate Complaints and the Housing Service.	

	information and staff to perform this role and report on their findings.			
9.7	<p>As a minimum, the MRC and the governing body (or equivalent) must receive:</p> <ul style="list-style-type: none"> a. regular updates on the volume, categories and outcomes of complaints, alongside complaint handling performance; b. regular reviews of issues and trends arising from complaint handling; c. regular updates on the outcomes of the Ombudsman's investigations and progress made in complying with orders related to severe maladministration findings; and d. annual complaints performance and service improvement report. 	Yes	<p>23/24 complaints performance is intended to be reported in September 2024 and will be in line with the requirements outlined here.</p> <p>We will also have in place arrangements that enable trends and issues to be shared.</p>	
9.8	<p>Landlords must have a standard objective in relation to complaint handling for all relevant employees or third parties that reflects the need to:</p> <ul style="list-style-type: none"> a. have a collaborative and co-operative approach towards resolving complaints, working with colleagues across teams and departments; b. take collective responsibility for any shortfalls identified through 	Yes	<p>This is expected of all Housing employees and third-party providers.</p>	

	complaints, rather than blaming others; and c. act within the professional standards for engaging with complaints as set by any relevant professional body.			
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Local Government & Social Care Ombudsman Self-Assessment against the requirements of the Code

Code section	Action	Do we follow the Code: Yes/No	Explanations and Commentary
1: Definition of a service request and complaint	We recognise the difference between a service request and a complaint, and these are defined in our policies and procedures.	Yes	<p>Leicester City Council corporate complaints policy</p> <p>We explain what matters will be considered as day-to-day duties.</p> <p>We define a complaint as “An expression of dissatisfaction about the standards of our services; or lack of resolution by the council, its staff, contractors or volunteers that requires a response that you have been unable to resolve with the service directly in the first instance.”</p> <p>The LGSCO suggest a complaint may be defined as “An expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual or group of individuals.”</p>
2: Exclusions	Our complaints policy sets out circumstances where we would not consider a complaint. These are reasonable and do not deny individuals access to redress.	Yes	<p>The code suggests that we should accept complaints referred to us within 12 months of the issue occurring, or the individual becoming aware of the issue. And we should use some discretion to accept complaints outside of this where there are good reasons.</p> <p>Our complaints handling practices are in line with this, but we could strengthen that position by including this in our policy.</p>

Code section	Action	Do we follow the Code: Yes/No	Explanations and Commentary
3: Accessibility and awareness	We provide different channels through which individuals can make complaints. These are accessible and we can make reasonable adjustments where necessary	Yes	We need to do more to make sure that all staff are aware of the complaints process and can pass details of the complaint to the appropriate person within the organisation. And to make sure they know that if someone wants to complain, staff should take the complaint on behalf of the person concerned and share with the complaints team.
4: Complaint handling resources	We have designated, sufficient resource assigned to take responsibility for complaint handling. Complaints are viewed as a core service and resourced accordingly.	Yes	We have a dedicated corporate complaints team who take responsibility for complaints handling. Though we are compliant, more regular updates to our Executive Lead and Executive Team (our Governing Body) are required, as is more activity on service improvement opportunities.
5: The complaint handling process	We have a single policy for dealing with complaints covered by the Code and individuals are given the option of raising a complaint where they express dissatisfaction that meets the definition of the complaint in our policy.	Yes	
6: Complaints stages (Stage 1)	We process stage 1 complaints in line with timescales and processes set out in the Code.	No	We are compliant with the requirements here, apart from not having a second stage in place right now. We go further and aim to get all resolutions actioned within 10 weeks of the complaint being raised.
6: Complaints stages (Stage 2)	We process stage 2 complaints in line with timescales and processes set out in the Code.	No	We do not have a second stage in place.

Code section	Action	Do we follow the Code: Yes/No	Explanations and Commentary
7: Putting things right	When something has gone wrong we take action to put things right.	Yes	We need to make sure we have guidance in place for complaints investigators and services when it comes to resolutions.
8: Performance reporting and self-assessment	We produce an annual complaints performance and service improvement report for scrutiny and challenge which includes a self-assessment against the Code.	Yes	
9: Scrutiny & Oversight	We have appropriate senior leadership and governance oversight of the complaints process and performance.	No	We need to clarify and document our “Member Responsible for Complaints”, and regular updates need to be provided on complaint handling performance, and any emerging issues and trends.

Finance Update

Governance & Audit Committee

Decision to be taken by: N/A

Date of meeting: 18 September 2024

Lead director: Amy Oliver, Director of Finance

Useful information

- Ward(s) affected: All
- Report author: Kirsty Cowell
- Author contact details: Kirsty.cowell@leicester.gov.uk
- Report version number: 1

1. Summary

- 1.1 To provide an update on the progress of the statement of account and present external audits findings for 2023/24.
- 2.1 To provide an update on the finalisation of 2021/22 and 2022/23 accounts

2. Recommended actions/decision

- 2.1 The Committee is asked to note the contents of the report and external audits findings.

3. Scrutiny / stakeholder engagement

N/A

4. Background and options with supporting evidence

- 4.1 The Accounts & Audit (England) Regulations 2015 require that the Council presents its audited Statement of Accounts along with its Annual Governance statement for approval annually by the 31 July. This is delegated to the Governance & Audit Committee by Council. For the 2023/24 accounts, this deadline was extended to the 30 September due to issues being experienced in the local authority audit sector.
- 4.2 The draft (unaudited) 2023/24 accounts were considered by the Governance & Audit Committee on the 7 August 2024.
- 4.3 The external audit commenced at the beginning of July, and officers are working through sample requests and queries, liaising with the external auditors where appropriate, with the overall aim of bringing the final audited set of accounts for the Committee to approve at the November meeting.
- 4.4 The Committee should however note that the national deadline of 30 September 2024 for the publication of 2023/24 audited accounts will be unlikely to be met. It is important to note there will not be any financial penalties incurred by the Council for not meeting the deadline, however we are endeavouring to complete as soon as possible.

Update on the finalisation of 2021/22 and 2022/23 accounts

- 4.5 Members will be pleased to note that the external auditor has issued in July the final audit certificate for 2021/22 and this has been published on our website, and is attached in Appendix A. This could not be issued until their work on the council's arrangements for securing economy, efficiency and effectiveness on our use of resources (VFM), and the work needed to issue their Whole of Government Accounts

(WGA) Component Assurance statement for the year had been completed. These elements of the work were impacted by the national issues relating to the technical accounting, resourcing and audit challenges across the sector. The VFM report for 2021/22 was presented to this committee on 27 September 2023.

4.6 The final certificate for 2022/23 remains outstanding and officers are working with the external auditors to enable the final certificate to be issued as soon as possible.

5. Financial, legal, equalities, climate emergency and other implications

5.1 Financial implications

The financial implications are contained in the report.

Signed: Kirsty Cowell

Dated: 3 September 2024

5.2 Legal implications

There are no direct legal implications arising from this report.

Signed: Kevin Carter – Head of Law (Commercial, Property & Planning)

Dated: 03.09.24

5.3 Equalities implications

There are no specific equality implications arising from this report.

Signed: Kalvaran Sandhu, Equalities Manager

Dated: 2nd September 2024

5.4 Climate Emergency implications

There are no significant climate emergency implications directly associated directly with this report.

Signed: Aidan Davis, Sustainability Officer

Dated: 3 September 2024

5.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

N/A

6. Background information and other papers:

- Draft Statement of Accounts & Annual Governance Statement 2023/24 presented to Governance & Audit Committee on 7 August 2024
- Statutory Statement of Accounts and Annual Governance Statement 2022/23 presented to Governance & Audit on 18 April 2024
- Statutory Statement of Accounts & Annual Governance Statements 2021/22 presented to Audit & Risk Committee on 15 March 2023

7. Summary of appendices:

Appendix A – Grant Thornton – Independent auditor’s report to the members of Leicester City Council 2021/22

8. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No

9. Is this a “key decision”? If so, why?

No

Independent auditor's report to the members of Leicester City Council

In our auditor's report issued on 17 March 2023, we explained that we could not formally conclude the audit and issue an audit certificate for the Authority for the year ended 31 March 2022, in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice, until we had:

- completed our work on the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have now completed this work, and the results of our work are set out below.
- completed the work necessary to issue our Whole of Government Accounts (WGA) Component Assurance statement for the year ended 31 March 2022. We have now completed this work.

Opinion on the financial statements

In our auditor's report for the year ended 31 March 2022 issued on 17 March 2023 we reported that, in our opinion the financial statements:

- give a true and fair view of the financial position of the Authority as at 31 March 2022 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2021/22; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Since issuing that report it has come to our attention that £17.0m of income disclosed as fees and charges in *Note 14 – Expenditure and Income Analysed by Nature* is better classified under Government grants and contributions.

Had we been aware of this information before giving our opinion, we would have requested that the Council adjust the financial statements for the year ended 31 March 2022. If the Council had declined to adjust the financial statements, we would have considered the impact on our opinion on the financial statements. These matters have been corrected retrospectively in the financial statements for the year ended 31 March 2023.

No other matters have come to our attention since that date that would have a material impact on the financial statements on which we gave this opinion.

Report on other legal and regulatory requirements - the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in respect of the above matter.

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in December 2021. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

Report on other legal and regulatory requirements – Audit certificate

We certify that we have completed the audit of Leicester City Council for the year ended 31 March 2022 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Patterson

Grant Patterson, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

8 August 2024

Legal Note: Financial Sustainability & Budget oversight by the Governance & Audit Committee

Decision to be taken by: N/A

Date of meeting: 18th September 2024

Lead director/officer: Kamal Adatia

Useful information

■ Ward(s) affected: All

- Report author: Kamal Adatia
- Author contact details: Kamal.Adatia@leicester.gov.uk
- Report version number: 1

1. Summary

1.1 This paper seeks to set out the role of the Governance & Audit Committee when it comes to Financial Sustainability and Budget oversight.

1.2 At the meeting on 10th July the following resolution was approved when the Committee considered the Annual Work Performance Report:

“Members requested to ensure the inclusion of financial sustainability in the work plan for each meeting”

1.3 This brief report does not purport to address the topic of financial sustainability, but rather to clarify the scope of the Committee’s remit to consider the topic so requested.

2. Recommended actions/decision

2.1 That the Committee notes and comments on the advice

3. Scrutiny / stakeholder engagement

3.1 N/A

4. Background and options with supporting evidence

4.1 Article 9 of the Constitution defines the nature of Regulatory Committees:

Article 9.01 – Regulatory and other committees

The Council will, at its Annual Meeting, review and determine the Regulatory and Other Committees it considers necessary, together with their Terms of Reference. The Council may amend these from time to time. The current Terms of Reference of these committees are detailed in Part 3 of the Constitution. These Regulatory and other committees are not Scrutiny Committees within the terms of the law. They undertake various decision-making and other functions on behalf of Council, rather than undertaking scrutiny of the Executive.

4.2 Article 4.03 of the Constitution defines as a matter for Full Council the following:

Budget - Budget means any of the Council's General Fund Revenue Budget, the Housing Revenue Account Budget, or the Capital Programme. There may be one or more reports seeking approval to the Capital Programme.

4.3 Part 4C of the Constitution - Budget and Policy Framework Rules state:

Rule 1 – The Council will be responsible for the adoption of plans and strategies comprising the policy framework, and budget (as defined in Article 4)

Rule 5 – Call-in rights under this Rule can be exercised by:

- a. A Scrutiny Committee or*
- b. Any five Councillors*

4.4 Part 4F of the Constitution – Finance Procedure Rules state:

Monitoring and Reporting Revenue Expenditure:

3.14 Each director shall put in place arrangements, through normal management, for monitoring expenditure and income, and holding cost centre managers to account.

3.15 The Director of Finance shall periodically report progress on implementation of the budget to the City Mayor/Executive and the relevant scrutiny committee during the financial year, and at outturn. Directors shall supply information and explanations as requested by the Director of Finance for these purposes.

4.5 In summary therefore:

- Agreeing the Budget is a function of Full Council
- Scrutiny of the Budget itself and the progress against the Budget is a matter for Scrutiny Commissions (or the exercise of call-in powers by five Members)
- Regulatory Committees are not Scrutiny Committees.

4.6 The question accordingly arises as to what is the proper scope for involvement of the Governance and Audit Committee in the Council's financial strategy. Here we turn to the Terms of Reference:

External Audit

- *To consider the External Auditor's ISA 260 Report to 'Those Charged with Governance'. This contains: -*
 - *key findings arising from the audit of the Council's financial statements*
 - *the Auditor's assessment of the Council's arrangements to secure value for money (VFM) in its use of resources; and*
 - *the requirement for members of the Committee to authorise the Director of Finance to sign the letter of representation to the External Auditor from the Council in connection with the audit of the Council's financial statements.*

Statutory Financial Reporting

- *To review and approve the annual statutory statement of accounts and the annual Letter of Representation on behalf of the Council.*
- *To bring to the attention of the Council any concerns arising from the financial statements or from the audit*
- *To receive periodic reports providing updates on accounting and financial developments.*

Governance and Assurance Frameworks

- *To satisfy itself that the Council's assurance statement including the Annual Governance Statement, properly reflect the risk environment*
- *Review reports in respect of the status of key current and emerging risks and internal controls relating to those risks, including the Operational and Strategic Risk Registers*

4.7 Each of the elements above relate to the Council's financial integrity, although they stop short of scrutiny of the Council's Budget proposals on any granular level.

4.8 Further insight can be gained from CIPFA - [Local authority audit committees \(cipfa.org\)](https://www.cipfa.org):

- *An audit committee provides a specialist forum to support and monitor the authority in the areas of governance, risk management, external audit, internal audit, financial reporting*
- *The audit committee should be able to provide an overall view on the adequacy of assurance arrangements and the outcome of assurances received. If the committee is not effective councillors, leaders and senior officers cannot place reliance on its work.*

4.9 It is therefore submitted that the scope of proper involvement of the Governance and Audit Committee is to be assured about:

- (i) the arrangements for financial reporting:
- (ii) the adequacy of financial statements so provided and
- (iii) oversight of key risks arising from those reports/statements

5. Financial, legal, equalities, climate emergency and other implications

5.1 Financial implications

This report is solely concerned with legal requirements and how the Council sets its budget. Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a S151 Officer, also known as a Chief Financial Officer (CFO), to have responsibility for those arrangements, In Leicester City Council this role is undertaken by the Director of Finance

Signed: Kirsty Cowell, Head of Finance (Strategy)

Dated: 10/09/2024

5.2 Legal implications

The legal requirements are covered in section 4 above.

Signed: Kamal Adatia

Dated: 10.09.2024

5.3 Equalities implications

N/A

Signed:

Dated:

5.4 Climate Emergency implications

N/A

Signed:

Dated:

5.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

None

6. Background information and other papers:

7. Summary of appendices:

8. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)? No

9. Is this a “key decision”? No

