



Telford & Wrekin  
C O U N C I L

Addenbrooke House Ironmasters Way Telford TF3 4NT

## AUDIT COMMITTEE

Date **Thursday, 28 January 2021**

Time **6.30 pm**

Venue **Remote Meeting**

### Enquiries Regarding this Agenda

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### Committee

Councillors N A M England (Chair), V J Holt, J E Lavery, A Lawrence, K S Sahota, C F Smith (Vice-Chair) and W L Tomlinson

### Membership:

## AGENDA

1. **Apologies for Absence**
2. **Declarations of Interest**
3. **Minutes of the Previous Meeting** 3 - 6  
To confirm the minutes of the previous meeting.
4. **2020/21 Treasury Update Report and 2021/22 Treasury Management Strategy** 7 - 52
5. **Annual Audit Letter**  
To follow
6. **Internal Audit Update Report and Internal Audit Charter** 53 - 68
7. **Updated position of the AGS Action Plan 2019/2020**  
To follow
8. **Strategic Risk Register**  
To follow
9. **Annual Customer Feedback Report and assurance on lessons learnt 2019/2020** 69 - 142

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## **AUDIT COMMITTEE**

### **Minutes of a meeting of the Audit Committee held on Thursday, 1 October 2020 at 6.00 pm in Remote Meeting**

**Present:** Councillors N A M England (Chair), A Lawrence, K S Sahota, C F Smith (Vice-Chair) and W L Tomlinson

**In Attendance:** R Percival (Grant Thornton), D Rowley (Grant Thornton), S Barnard (Grant Thornton) and D Rowley (Grant Thornton). A Lowe (Associate Director: Policy & Governance), K Clarke (Director: Finance & Human Resources), P Harris (Finance Manager), E Rushton (Group Accountant), R Montgomery (Audit & Governance Team Leader), T Drummond (Principal Auditor).

**Apologies:** Councillors V J Holt and J E Lavery

#### **AU52      Declarations of Interest**

None.

#### **AU53      Minutes of the Previous Meeting**

**RESOLVED** – that the minutes of the meeting held on 14 July 2020 be confirmed and signed by the Chair.

#### **AU54      External Audit Letter**

A copy of the External Audit Letter had been sent to the Chair and this would be signed by the Chair and returned after the meeting.

#### **AU55      Report to those Charged with Governance 2019/20 - Full Audit Findings Report**

Grant Thornton presented the report to those Charged with Governance for 2019/20 and the Final Audit Findings Report.

The majority of work on the Interim Audit was completed on site from January to March 2020 which enabled the remainder of the audit work to be completed remotely. The Accounts and papers were provided to Grant Thornton on the 8 June 2020 in line with the timescales agreed prior to Covid-19 which was a big achievement for the Finance Team. Although some amendments were needed the accounts and working papers were of a good standard. There was regular communication between both sides which enabled the majority of the audit to be delivered without undue delay.

With regard to the Audit approach, Covid 19 was a key factor and discussions were held regarding the working arrangements and additional information was required with regard to governance arrangements, controls and sustainability.

Material assessment and Material misstatement were considered and tested. Shropshire Pension Fund auditor's IAS19 Report would be available shortly although there were some final assurances needed. Significant risks such as stock markets, land and buildings, pension liability, material misstatement had been considered and no significant issues found although some adjustment to entries had been made based on audit procedures. With regard to NuPlace, additional assurances had been sought regarding value of properties due to the uncertainty of the property market and this had been consolidated into the group financial statement. The Audit Opinion would emphasise the importance of material uncertainty that existed around the valuation of properties at 31 March. The deadline for the Accounts was 30 November as required by ISA 260 but there was nothing major to draw out. It was extremely important that the Auditors remained independent and sufficient safeguards were in place and there were no issues to draw to Members' attention. Additional non-audit services were required with regard to the certification of teachers pensions return and housing benefit would take place later in the year with additional fees. Within the audit standards action plan there were some recommendations on how to improve which were around the receipt of Declarations of Interest Forms that had not been received in 2019/20 and in relation to the 2018/19 financial statements and creditor/debtor balances which had proved challenging but had improved during this audit. The issue around the VAT had now been brought to a satisfactory resolution. A clerical issue had been identified regarding PPE but this was an isolated clerical error and had been satisfactorily resolved.

As part of the Value for Money audit the external Auditors were required to look at financial sustainability and the going concern due to the pressures some Local Authorities were facing and the uncertain financial outlook. Key achievements were the budget savings during 2019/20 which put the Council in a strong financial position to deal with the upcoming challenges. Key pressure points were social care costs, loss of income such as fees and charges, the impact on local taxation and the collection of deficits, business rates and council tax. Looking forward to 2020/21 the pressure would continue, although a spending review was in progress and additional funding from the Government had kept things going, there was uncertainty as to whether the funding would be extended. Financial resilience would be tested over the next two years with the key areas being budgetary management, central government funding and the duration of the pandemic. The emphasis of the audit opinion would be land and building valuations as this was the default position for all audits undertaken this year. Assurance was awaited on the pension fund and a report was due to be released shortly. The opinion would show how well the audit had gone the support received, the quality of the accounts and that the Council was in a good financial position in the unusual circumstances.

During the discussion some Members queried the type of declarations that had not been received and it was confirmed that this was the Declarations of Interest form that members completed and that not all declarations had been received. Members thanked the finance team for their accurate and swift work in getting the accounts completed especially in the light of the pandemic.

**AU56      Audited Annual Statement of Accounts 2019/20**

The Finance Manager gave an overview of the Statement of Accounts which followed on from Grant Thornton's audit findings report. There was still some work to be done and it was asked that delegated authority be given to the Director: Finance & Human Resources to finalise the accounts. The changes to accounts included reclassification of assets, pension valuation adjustment, revaluation of fix assets, material misstatement and remunerated parties. The deadline for publication of the accounts had been moved to 30 November 2020 and if the Committee approved the accounts a hard copy of the accounts would be sent to the Chair for signature and then following approval published on the website.

**RESOLVED – that**

- a) the 2019/20 Statement of Accounts be approved; and**
- b) delegated authority be given to the Director: Finance & HR to make any financial changes required to the Statement of Accounts prior to publication be approved.**

**AU57      Publication of Information on Councillors who Traded with the Council during 2019/20**

The Audit & Governance Team Leader gave a brief overview with regard to the Councillors who traded with the Council during 2019/20. It had previously been agreed that to improve transparency that any Councillors who have an interest in a company that receive a payment from the Council should be reported separately to the Council through the Audit Committee. During 2019/20 three Councillors were associated with companies that received payments from the Council.

During the discussions some Members asked if it was necessary to include within the report a former Councillor. The Audit & Governance Team Leader explained that as the payment was made during the reporting year it was necessary to include this reference.

**RESOLVED – that the information contained in the report be published on the Council's website and that the report be noted.**

**AU58      Update report on the work of Internal Audit**

The Principal Auditor gave a brief overview of the work of Internal Audit and gave an update on the amber and red reports.

Firewall Security – this had been delayed due to a delay in the new system being put in place. The audit would be starting shortly.

Ice Rink – this was in progress and had just been completed and it was hoped to be a green report.

ContrOCC Financial Management Process – this had moved to yellow and there was now reasonable assurance.

S17 Payments – this was now reported as a reasonable assurance.

ICT Asset Management – this audit had been delayed slightly as a new system was being implemented and a follow up would take place.

The Place – this was now assessed as reasonable assurance and a further follow up would take place in October 2020.

**RESOLVED – that the report be noted.**

**AU59      Public Sector Internal Audit Standards - Self Assessment**

The Audit & Governance Team Leader gave a brief update on the Public Sector Internal Audit Standards – Self Assessment which had been reported to the Audit Committee in October 2019 which set out the internal audit standards that needed to be adhered to. That report had indicated that some developments were needed to meet some of the requirements. An action plan had been drawn up and it was confirmed that the current position was that virtually all of the actions had been completed or would be completed by year end.

**AU60      Strategic Risk Register Update**

The Audit & Governance Team Leader gave a brief verbal update on the strategic risk register. This function has just moved over as a responsibility of the Audit & Governance Team who were looking and reviewing and refreshing the risk register. An update will be brought to the next meeting as to the status of the risk register. Due to the challenging year with Covid 19 and severe flooding, risk management planning has held the Council in good stead and both challenges have been handled well but they would look to develop this going forward.

The meeting ended at 6.51 pm

**Chairman:** .....

**Date:**            Thursday, 28 January 2021

**TELFORD & WREKIN COUNCIL**

**AUDIT COMMITTEE – 28 JANUARY 2021**

**CABINET – 18 FEBRUARY 2021**

**COUNCIL – 4 MARCH 2021**

**2020/21 TREASURY UPDATE REPORT AND 2021/22 TREASURY MANAGEMENT STRATEGY**

**REPORT OF THE CHIEF FINANCE OFFICER (DIRECTOR: FINANCE & HUMAN RESOURCES)**

**LEAD CABINET MEMBER – CLLR RAE EVANS**

## **PART A – SUMMARY REPORT**

### **1. SUMMARY OF MAIN PROPOSALS**

- 1.1** The report updates members on Treasury Management activities during 2020/21 to-date and details the Treasury Strategy recommended to be adopted for 2021/22.

The strategy in 2020/21 and recent years has been to limit investments in third parties, which reduces the Council's exposure to counterparty risk, and to take advantage of lower interest rates for borrowing. Maintaining high levels of very cheap temporary financing has generated surplus treasury management returns of more than £20.7m in over the past 5 years which has reduced the impact of Government cuts to the Council's grants and therefore helped to protect front line services.

In November 2020 the Public Works Loan Board (PWLB) (currently the main source of long-term lending for Local Authorities), following consultation, removed the 100 basis points increase imposed from October 2019. However, in conjunction with this the Government has also published revised lending terms for the PWLB which stipulate that PWLB loans will no longer be available to local authorities planning to buy investment assets primarily for yield. This strategy is based on the premise that the authority intends to avoid this activity in order to retain access to PWLB loans.

It should be noted that the Council's budget for 2020/21 and the Cabinet's proposals issued for consultation in January 2021 for 2021/22 include an allowance for locking in all the anticipated financing requirement at fixed interest rates that are higher than current PWLB rates for any duration (from 1 year to 50 years) which ensures that the Council's budget in relation to Treasury Management is robust. The Council will continue to receive regular advice from a firm of independent expert advisors specialising in all aspects of local government treasury management and we will act in accordance with the advice received.

The report also sets out expected external financing requirements. We have an excellent track record of complying with all the prudential indicators and limits agreed by Council and are operating well within the overall approved credit ceiling. The proportion of the Council's net revenue budget used to service loan repayment is 9.7% in the current financial year. This compares to 10.1% for the average unitary authority.

The Council has increased its external financing requirements in recent years to include investment in NuPlace which provides high quality homes for rent from a reliable landlord, mainly at market rent levels and has enabled brownfield sites to be brought back in to use. The council has also expanded the Property Investment Portfolio (the PIP) to attract and retain jobs for local people and to provide other regeneration benefits for our residents. An ancillary consequence of these investments is that it is anticipated they will bring long term capital growth which will strengthen the Council's balance sheet as well as generating revenue returns well in excess of the associated loan repayment charges. They will also bring other direct and indirect financial and other benefits to the residents of the Borough including additional income from council tax, business rates and new homes bonus which will be used to help support front line services such as Adult Social Care, as well as protecting and creating jobs for local people. The Council's solar farm generates an index linked surplus of around £200k pa which is also used to help support front line services.

This report, and the Prudential Indicators report, which will be considered by Cabinet on 18<sup>th</sup> February and Full Council on 4<sup>th</sup> March, set out our overall approach to treasury management and the controls that are put in place to ensure that council taxpayers' interests are protected and risks are managed as effectively as possible.

## **1.2 2020/21 TREASURY MANAGEMENT UPDATE**

The treasury portfolio at the end of December 2020 showed overall net indebtedness of £242.5m (borrowing: £267.9m less investments: £25.4m). Base rates have remained at 0.10% throughout 2020/21 and are not expected to increase in the short term.

The borrowing strategy for 2020/21 is a continuation of that used for recent years which has provided considerable benefits to the Council, i.e. to:-

- take new borrowing within shorter maturities before gradually lengthening maturities, and
- take advantage of longer term loans when opportunities arise.

The Authority has previously raised the majority of its long-term borrowing from the PWLB but the government increased PWLB rates by 1% in October 2019 making it a relatively expensive option. A HM Treasury consultation exercise on lowering PWLB rates concluded in July 2020 and new lending terms were published in November 2020. These confirmed a reduction of 1% in all Standard Rate and Certainty Rate PWLB loans but with a condition of accessing the PWLB being that local authorities will be asked to confirm that there is no intention to buy investment assets primarily for yield in the current or next two financial years.

To date in 2020/21 part of our Equal Instalment of Principal PWLB loans have matured. No new PWLB loans have been taken in 2020/21. Instead, short term borrowing has been used to fund short term cash flow requirements and take advantage of low interest rates.

As referred to above, a large part of the Council's total existing borrowing and planned further borrowings relates to funding projects which will deliver important and significant housing and regeneration benefits as well as generating some income.



These are budgeted to generate returns in excess of the annual loan repayment charges and other operating costs.

The overall investment strategy for 2020/21 is to gain maximum benefit but with security of the principal sum invested being the primary consideration. The weighted average return on internal investments at the end of December 2020 was 0.0% compared to a negative benchmark return for the period based on the average UK Debt Management Office's Debt Management Account Deposit Facility overnight rate.

A schedule of short-term investments is shown at Appendix F.

The Markets in Financial Instruments Directive II (MIFID II) came into place on 3 January 2018 and the Council has opted to be categorised as a professional client which allows access to financial services and advice it may otherwise be unable to obtain (such as advice from our treasury advisors). As part of the regulations, the authority must hold a minimum investment balance which is currently set at £10m.

### **1.3 TREASURY MANAGEMENT STRATEGY 2021/22**

The Council's Treasury Management Strategy is set within the parameters of the relevant statute, guidance and accounting standards which include the Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services and the Prudential Code.

The Council is currently expected to need to borrow up to £60.2m in 2021/22 based on the current capital programme plans and will adopt a flexible approach to borrowing. In consultation with its treasury management advisors consideration will be given to affordability, maturity profile of existing external financing, interest rate and refinancing risk as well as borrowing source, which is usually expected to be other local authorities or the Public Works Loan Board, but may also include the LGA Municipal Bonds Agency, European Investment Bank or commercial sources, and any new opportunities which may arise.

The strategy for any investments will generally be to reduce investments in order to reduce counter-party risk and to reduce net interest costs as longer-term borrowing rates will tend to be greater than we are able to earn on new investments, but we will look to lengthen investment periods, where cash flow permits, to achieve higher interest rates within acceptable risk parameters. We would generally anticipate holding investments equal to the requirements set out under MIFID II, currently £10m. Maximum investment levels with counterparties will be set to ensure prudent diversification is achieved whilst recognising that the strict investment criteria that the Council applies severely reduces the number of suitable available counterparties and therefore sums with individual counterparties may be up to £15m at any one time.

The report also includes: the Council's Minimum Revenue Provision Statement - the policy is in line with that previously agreed and the Prudential Indicators associated with Treasury Management for 2021/22.

## 2. RECOMMENDATIONS

### 2.1 Members are asked to

1. Note the treasury management activities for the first half year,
2. Note the Treasury Management Policy Statement (Appendix A) and
3. Recommend, by way of vote, that Cabinet and Full Council approve the Treasury Strategy, including the Annual Investment Strategy for 2021/22 together with the associated Treasury Prudential Indicators and the Minimum Revenue Provision Statement, which will apply from 2020/21 onwards.

## 3. SUMMARY IMPACT ASSESSMENT

<b>COMMUNITY IMPACT</b>	Do these proposals contribute to specific priority plan objectives?	
	Yes	Maximisation of investment income whilst managing risks and minimising borrowing costs helps to support the Council's overall financial position and therefore the delivery of all service and policy objectives.
	Will the proposals impact on specific groups of people?	
	No	
<b>TARGET COMPLETION / DELIVERY DATE</b>	Part of ongoing Treasury Management Activities within the Treasury Management Strategy and Policy approved by Council.	
<b>FINANCIAL / VALUE FOR MONEY IMPACT</b>	Yes	Where appropriate these are detailed in the body of the report.
<b>LEGAL ISSUES</b>	Yes	<p>The Council's Treasury Strategy has to comply with the relevant statute, codes and guidance which are set out both in the main body of this report and its appendices. This reports demonstrates that the Council has had regard to the CIPFA guidance as required by the Local Government Act 2003.</p> <p>The Director: Finance &amp; Human Resources (Section 151 Officer) has responsibility for the administration of the financial affairs of the Council. In providing this report the Director: Finance &amp; Human Resources is meeting one of the responsibilities of the post contained within the Council's Constitution at Part 2, Article 12, paragraph 12.04(f) which states "The Chief Financial Officer will contribute to the promotion and maintenance of high standards of governance, audit, probity and propriety, risk management and the approval of the statement of accounts through provision of support to the Audit Committee." This requirement within the Constitution reflects the requirements of the Local Government Finance act</p>

		1988 to appoint an officer who is responsible for the good financial administration of an authority.  The Local Government Finance Act 1992 requires authorities to set a balanced budget; the proposals in this report, together with other budget-related reports, demonstrates that the Council meets this requirement. AL 10/1/2021
<b>OTHER IMPACTS, RISKS AND OPPORTUNITIES</b>	Yes	The key opportunities and risks associated with treasury management activities are set out in the body of the report and in the Treasury Management Strategy and Policy approved by Council and will be regularly monitored throughout the year.
<b>IMPACT ON SPECIFIC WARDS</b>	No	

## PART B – ADDITIONAL INFORMATION

### 4. 2020/21 TREASURY MANAGEMENT UPDATE

#### 4.1 CURRENT PORTFOLIO POSITION

	<i>31 March 2020</i>	<i>31 Dec 2020</i>
	<b>Principal £m</b>	<b>Principal £m</b>
Fixed Rate Borrowing – PWLB	176.637	169.838
Fixed Rate Borrowing – LOBO	25.000	25.000
Fixed Rate Borrowing – Market	15.000	15.000
Variable Rate Borrowing – Temporary Market	59.548	58.048
<b>Total External Financing</b>	<b>276.185</b>	<b>267.886</b>
Investments (excl. NuPlace share capital)	30.583	25.384
<b>Total Investments</b>	<b>30.583</b>	<b>25.384</b>
<b>Net Indebtedness (excl. NuPlace)</b>	<b>245.602</b>	<b>242.502</b>
Investment in NuPlace	13.300	14.800
	<b>232.302</b>	<b>227.702</b>

#### 4.2 Interests Rates

UK interest rates have remained at 0.10% throughout 2020/21 to date. On the 5th November 2020 the Bank of England increased its Quantitative Easing programme to £895bn. This is an increase of £460bn since the beginning of the financial year, in response to the UK Government's increase in borrowing to fund the fight against COVID19. Our treasury management advisors, are forecasting the Bank Rate to remain at the current 0.1% level until the first quarter of 2024, but further cuts to zero or possibly negative cannot be ruled out. Gilt yields are expected to remain very low in the medium-term while short-term yields are likely to remain below or at zero until

such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

### **4.3 Borrowing & Rescheduling**

The borrowing strategy for the current year has been to borrow temporarily to take advantage of low interest rates where possible and to undertake new longer term borrowing initially in shorter maturities before gradually extending maturities.

#### Rescheduling

During 2020/21 no rescheduling of debt has taken place as market conditions have not been favourable, however the scope for opportunities is regularly monitored.

#### New Borrowing

Between the period 1 June 2020 (previous Member update) and 31 December 2020, £68.0m of temporary loans have been raised in order to fund short-term cash flow requirements at various points. Interest rates have ranged from 0.05% to 0.33% - interest rates have remained low during this time. Outstanding temporary borrowing at 31 December 2020 was £58.0m

To date in 2020/21 part of our Equal Instalment of Principal PWLB loans have matured. No new PWLB loans have been taken in 2020/21.

### **4.4 Investments**

The strategy for the current year is: The Authority's objective when investing money is to strike an appropriate balance between risk and return.

The majority of the Council's investments are internally managed – currently just temporary investments for cash flow purposes.

#### Temporary Investments

The majority of funds are invested following consideration by Council officers in order to maximise returns from day to day cash flows. In total £5,783m of investments were placed between 1 June and 31 December. Interest rates have ranged from -0.095% to +0.24% and periods ranged from overnight deposits to 3 days. £25.384m temporary investments were held at 31 December 2020.

The Council have placed investments using the UK DMO Debt Management Account Deposit Facility when interest rates associated with this counterparty have been negative. This effectively means that the Council has paid (albeit a very small amount) to ensure that investments have maximum security, in line with the CIPFA Prudential Code.

#### Longer Term Investments

We currently hold no longer term investments.

It should be noted that under the current guidance from our Treasury Advisors our investment policy would mean that new deposits with financial institutions should not be placed for longer than 13 months

Overall the weighted average return on all internal investments for the year to date was 0% compared to a negative benchmark return for the period due to the COVID19 pandemic.

#### Overall Position and Exposure

A full analysis of all Council investments at the end of December 2020 is shown in Appendix F.

Our current counterparty limit and maximum exposure is £15.0m for the current year with any one counterparty, with exception of the DMO which is unlimited as it is Government guaranteed. At the end of December the greatest exposure with a single counterparty was £16.8m with UK DMO (66.2% of the total portfolio).

The Council is guided by its Treasury advisers in assessing investments.

#### **4.5 Leasing**

Each year the Council arranges operating and finance leases for assets such as vehicles, computers and equipment. This helps to spread the cost over a number of years.

There have been no drawdowns to date in 2020/21.

### **5. TREASURY STRATEGY FOR 2021/22**

#### **5.1 Background**

##### **5.1.1 The CIPFA Treasury Management Code of Practice**

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore potentially exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit (if any) are considered in a different report, the Investment Strategy, which is also part of the Service & Financial Planning suite of reports considered by Cabinet and full Council.

### 5.1.2 External Context

**Economic background:** The impact on the UK from coronavirus, lockdown measures, the rollout of vaccines, as well as the new trading arrangements with the European Union (EU), will remain major influences on the Authority's treasury management strategy for 2021/22.

The Bank of England (BoE) maintained Bank Rate at 0.10% in December 2020 and Quantitative Easing programme at £895 billion having extended it by £150 billion in the previous month. The Monetary Policy Committee (MPC) voted unanimously for both, but no mention was made of the potential future use of negative interest rates. In the November Monetary Policy Report (MPR) forecasts, the Bank expects the UK economy to shrink -2% in Q4 2020 before growing by 7.25% in 2021, lower than the previous forecast of 9%. The BoE also forecasts the economy will now take until Q1 2022 to reach its pre-pandemic level rather than the end of 2021 as previously forecast. By the time of the December MPC announcement, a COVID-19 vaccine was approved for use, which the Bank noted would reduce some of the downside risks to the economic outlook outlined in the November MPR.

UK Consumer Price Inflation (CPI) for November 2020 registered 0.3% year on year, down from 0.7% in the previous month. Core inflation, which excludes the more volatile components, fell to 1.1% from 1.5%. The most recent labour market data for the three months to October 2020 showed the unemployment rate rose to 4.9% while the employment rate fell to 75.2%. Both measures are expected to deteriorate further due to the ongoing impact of coronavirus on the jobs market, particularly when the various government job retention schemes start to be unwound in 2021, with the BoE forecasting unemployment will peak at 7.75% in Q2 2021. In October, the headline 3-month average annual growth rate for wages were 2.7% for total pay and 2.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up by 1.9% while regular pay was up 2.1%.

GDP growth rebounded by 16.0% in Q3 2020 having fallen by -18.8% in the second quarter, with the annual rate rising to -8.6% from -20.8%. All sectors rose quarter-on-quarter, with dramatic gains in construction (41.2%), followed by services and production (both 14.7%). Monthly GDP estimates have shown the economic recovery slowing and remains well below its pre-pandemic peak. Looking ahead, the BoE's November MPR forecasts economic growth will rise in 2021 with GDP reaching 11% in Q4 2021, 3.1% in Q4 2022 and 1.6% in Q4 2023.

GDP growth in the euro zone rebounded by 12.7% in Q3 2020 after contracting by -3.7% and -11.8% in the first and second quarters, respectively. Headline inflation, however, remains extremely weak, registering -0.3% year-on-year in November, the fourth successive month of deflation. Core inflation registered 0.2% y/y, well below the European Central Bank's (ECB) target of 'below, but close to 2%'. The ECB is expected to continue holding its main interest rate of 0% and deposit facility rate of -0.5% for some time but expanded its monetary stimulus in December 2020, increasing the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

The US economy contracted at an annualised rate of 31.4% in Q2 2020 and then rebounded by 33.4% in Q3. The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% and announced a change to its inflation targeting regime to a more flexible form of average targeting. The Fed also provided strong indications that interest rates are unlikely to change from current levels over the next three years.

Former vice-president Joe Biden won the 2020 US presidential election. Mr Biden is making tackling coronavirus his immediate priority and will also be reversing several executive orders signed by his predecessor and take the US back into the Paris climate accord and the World Health Organization.

**Credit outlook:** After spiking in late March as coronavirus became a global pandemic and then rising again in October/November, credit default swap (CDS) prices for the larger UK banks have steadily fallen back to almost pre-pandemic levels. Although uncertainly around COVID-19 related loan defaults lead to banks provisioning billions for potential losses in the first half of 2020, drastically reducing profits, reported impairments for Q3 were much reduced in some institutions. However, general bank profitability in 2020 and 2021 may be significantly lower than in previous years.

The credit ratings for many UK institutions were downgraded on the back of downgrades to the sovereign rating. Credit conditions more generally though in banks and building societies have tended to be relatively benign, despite the impact of the pandemic.

Looking forward, the potential for bank losses to be greater than expected when government and central bank support starts to be removed remains a risk, suggesting a cautious approach to bank deposits in 2021/22 remains advisable.

**Interest rate forecast:** The Authority's treasury management adviser Arlingclose is forecasting that BoE Bank Rate will remain at 0.1% until at least the first quarter of 2024. The risks to this forecast are judged to be to the downside as the BoE and UK government continue to react to the coronavirus pandemic and the new EU trading arrangements.

The BoE extended its asset purchase programme to £895 billion in November while keeping Bank Rate on hold and maintained this position in December. However, further interest rate cuts to zero, or possibly negative, cannot yet be ruled out but this is not part of the Arlingclose central forecast.

Gilt yields are expected to remain very low in the medium-term while short-term yields are likely to remain below or at zero until such time as the BoE expressly rules out the chance of negative interest rates or growth/inflation prospects improve. The central case is for 10-year and 20-year to rise to around 0.60% and 0.90% respectively over the time horizon. The risks around the gilt yield forecasts are judged to be broadly balanced between upside and downside risks, but there will almost certainly be short-term volatility due to economic and political uncertainty and events.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 0.06%, and that new long-term loans will be borrowed at an average rate of 2.5%.

### 5.1.3 Local Context

The Authority's current level of external financing and investments is set out at Appendix B.

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR, together with Usable Reserves, are the core drivers of the Authority's Treasury Management activities.

The Authority is able to borrow funds in excess of the current level of its CFR up to the projected level in 2023/24. The Authority is likely to only borrow in advance of need if it felt the benefits of borrowing at interest rates now compared to where they are expected to be in the future, outweighs the current cost and risks associated with investing the proceeds until the borrowing was actually required.

The forecasted movement in the CFR in coming years is one of the Prudential Indicators (PIs). The estimates, based on the current Revenue Budget and Capital Programmes, are:

#### Capital Financing Requirement (CFR)

	<b>31/03/20 Actual £m</b>	<b>31/03/21 Estimate £m</b>	<b>31/03/22 Estimate £m</b>	<b>31/03/23 Estimate £m</b>	<b>31/03/24 Estimate £m</b>
Capital Financing Requirement	460.087	481.408	541.572	573.530	590.381
Less: Other long term liabilities (e.g. PFI)	-51.288	-50.046	-50.895	-48.009	-44.837
<b>Borrowing CFR</b>	<b>408.799</b>	<b>431.362</b>	<b>490.677</b>	<b>525.521</b>	<b>545.544</b>
Less: External Borrowing	-276.185	-299.533	-359.746	-395.552	-416.409
<b>Internal Borrowing</b>	<b>132.614</b>	<b>131.829</b>	<b>131.829</b>	<b>129.969</b>	<b>129.135</b>

The table above shows an increasing Capital Financing Requirement and will require the Council to undertake additional longer term borrowing. Conversion from temporary borrowing to fixed long-term borrowing may also be required at the most appropriate time for the Council dependent on market conditions.

The row relating to external borrowing includes debt associated with funding the Council's Housing Investment Programme through NuPlace, the Telford Growth Fund/PIP investments, solar farm and other investments that have an element of income generation. The anticipated income from these projects is projected to



generate a surplus after funding the debt and operational costs which will be used to support front line services. The outstanding debt relating to the Housing Investment Programme could be repaid by the eventual sale, in many years' time, of some or all of the properties held by the Council's wholly owned company.

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. The CFR Table above shows that the Authority expects to fully comply with this recommendation.

#### 5.1.4 Borrowing Strategy

The Authority currently holds £267.886m of loans, a decrease of £8.299m on the previous year, due to positive cash flow and as part of its strategy for funding previous years' capital programmes. The balance sheet forecast included in the CFR Table above shows that the Authority expects total cumulative borrowing to be up to £299.533 by the end of 2021/22 in line with the approved Capital Programme. The Authority may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.

**Objectives:** The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

**Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. Whilst such a strategy is most likely to be beneficial over the next 1 – 2 years as official interest rates remain low, it is unlikely to be sustainable in the medium-term. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. External advisors will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2021/22 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Authority has previously raised the majority of its long-term borrowing from the PWLB but the government increased PWLB rates by 1% in October 2019 making it a relatively expensive option. A HM Treasury consultation on lowering PWLB rates concluded in July 2020 and new lending terms were published in November 2020. These confirmed a reduction of 1% in all Standard Rate and Certainty Rate PWLB loans but with a condition of accessing the PWLB being that local authorities will be asked to confirm that there is no intention to buy investment assets primarily for yield in the current or next two financial years. The Authority may also consider alternative

options for borrowing any long-term loans, such as banks, pension funds and local authorities, and the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

Alternatively, the Authority may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages.

**Sources of Borrowing:** The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly PWLB)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- Registered Housing providers
- Capital market bond investors

**Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

**Municipal Bonds Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to meet its obligations for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable.

**LOBOs:** The Authority holds £25.0m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. £20m of these LOBOs have remaining options prior to the end of the financial year, and although the Authority understands that lenders are very unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. Rates payable were competitive compared to PWLB rates at the time that the loans were taken out. The

Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Total borrowing via LOBO loans will not increase from the current £25.0m.

**Short-term and variable rate loans:** These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk.

**Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

## 5.2 Investment Strategy

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the current financial year, the Authority's investment balance has ranged between £13.6m and £70.6m. We expect to maintain an investment balance of between £10.0m and £20.0m in the forthcoming year – unless the MIFID requirement is relaxed in which case the amount of investment held may reduce.

**Objectives:** The CIPFA Code requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

**Negative Interest Rates:** The COVID-19 pandemic has increased the risk that the Bank of England will set its Base Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. Since investments cannot pay negative income, negative rates will be applied by reducing the value of investments. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested. In this event, the Council would seek, to the extent possible, to minimise and keep the impact of negative rates as low as possible within the framework of the Council's creditworthiness policy.

**Strategy:** All of the Authority's surplus cash remains invested in the UK Government through the Debt Management Account Deposit Facility (DMADF), short-term unsecured bank deposits and money market funds. This diversification of investments will represent a continuation of the strategy adopted in 2020/21.

**Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its internally managed treasury investments by a

business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

**Approved counterparties:** The Authority may invest its surplus funds with any of the counterparty types listed in the table below, subject to the cash limits (per counterparty) and the time limits shown.

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£15.0m	Unlimited
Secured investments*	25 years	£15.0m	Unlimited
Banks (unsecured)*	13 months	£15.0m	Unlimited
Building societies (unsecured)*	13 months	£15.0m	Unlimited
Registered providers (unsecured)*	5 years	£15.0m	Unlimited
Money market funds*	n/a	£10.0m	Unlimited
Strategic pooled funds	n/a	£10.0m	Unlimited
Real estate investment trusts	n/a	£10.0m	Unlimited
Other investments*	5 years	£7.5m	Unlimited

This table must be read in conjunction with the notes below

**Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

**Government:** Loans to, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is a lower risk of insolvency, although they are not without risk. Investments with the UK Government may be made in unlimited amounts for up to 50 years.

**Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments.

**Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than

multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

**Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

**Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

**Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

**Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

**Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Authority's investment at risk.

**Operational bank accounts:** The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £15.0m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

**Risk assessment and credit ratings:** Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,

- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

**Other information on the security of investments:** The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority’s treasury management adviser. No investments will be made with an organisation if officers working on treasury management issues have substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

**Investment Limits:** The Authority has revenue reserves, which could be used to cover investment losses which were £114.988m on 1<sup>st</sup> April 2020 although not all of these are available. In order that no more than 50% of reserves (as recommended by the code) will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £15 million, which is clearly well within the limit. A group of banks under the same ownership or a group of funds under the same management will be treated as a single organisation for limit purposes.

Limits will also be placed on investments in brokers’ nominee accounts (e.g. King & Shaxson), foreign countries and industry sectors. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Approved Instruments: The Authority may lend or invest money using any of the following instruments:

- interest-bearing bank accounts

- fixed term deposits and loans
- callable deposits and loans where the borrower may repay before maturity, but subject to a maximum of £5 million in total
- certificates of deposit
- bonds, notes, bills, commercial paper and other marketable instruments, and shares in money market funds and other pooled funds,

Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR, subject to the limits on interest rate exposures below.

**Liquidity management:** The Authority uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium term financial plan and cash flow forecast.

### 5.3 Ethical Investments

The Council will not knowingly directly invest in organisations whose activities include practices which directly pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the mission and values of the Council. At the same time the Council will take full responsibility for proper management of risk and safeguarding its investments by ensuring that they are diversified and made with organisations suitably credit assessed.

The Council's lending activity will be subject to (in order of rank)

- the assessment of meeting the minimum lending criteria as specified in the current Treasury Management Strategy and the minimum credit ratings as outlined in the Strategy.
- meeting the Security, Liquidity & Yield (SLY) criteria as set out in the current Treasury Management Strategy, and
- investments are not contrary to the values outlined in the Ethical Investment Framework (Appendix G)

### 5.4 Related Matters

**Financial derivatives:** Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such

as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

In line with CIPFA Code, the Authority will seek external advice and will consider that the advice before entering into financial derivatives to ensure that it fully understands the implications.

**Markets in Financial Instruments Directive (MIFID):** The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but with the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

## **5.5 Financial Implications**

The budget for investment income in 2021/22 is £0.02m, based on an average investment portfolio of £31.25m at an interest rate of 0.06%. The budget for debt interest paid in 2021/22 is £9.14m, based on an average debt portfolio of £325.2 at an average interest rate of 2.81%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

## **5.6 Balanced Budget Requirement**

The Authority complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

## **6.0 2021/22 MRP STATEMENT**

**6.1** The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 08 (SI 08/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

The four MRP options available are:

Option 1: Regulatory Method

Option 2: CFR Method

Option 3: Asset Life Method

Option 4: Depreciation Method

NB This does not preclude other prudent methods.

MRP in 2021/22: Options 1 and 2 may be used only for supported expenditure.



Methods of making prudent provision for self-financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).

The MRP Statement will be submitted to Council before the start of the 2021/22 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

The Council will calculate MRP by the following methods –

Historic MRP (re pre 2007/08 borrowing). This will be calculated by dividing the balance at 31/3/07 (calculated in accordance with regulations) by 50 for an annual charge that charges over a finite period rather than a 4% reducing balance. Broadly in line with option 3.

MRP in respect of prudential borrowing, government supported allocations since 2007/08 and PFI will be charged over the life of the asset on an annuity basis (option 3 in the regulations).

MRP for borrowing in respect of NuPlace is set at £0 due the expectation that the value will appreciate over time and that the houses could all eventually be sold in which case the Council would apply the capital receipts arising to reduce the Capital Financing Requirement until the original principal borrowed had been fully repaid.

Along the same lines as NuPlace, MRP for borrowing in respect of the Council's Property Investment Portfolio will be calculated as 20% of the value of the annuity MRP to reflect that although there will normally be capital appreciation, although a downturn in the economy could result in reductions in value of commercial/industrial investment properties.

Also MRP in respect of leases brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability which is broadly in line with the life of the asset.

Capital expenditure incurred during 2021/22 will not be subject to a MRP charge until 2022/23.

## **7. OTHER ITEMS**

### **7.1 Monitoring and Reporting on the Treasury Outturn and Prudential Indicators**

The Director: Finance & Human Resources will report to the Audit Committee on treasury management activity / performance and Performance Indicators as follows -

- Half yearly against the strategy approved for the year. The authority will produce an outturn report on its treasury activity no later than 31<sup>st</sup> July after the financial year end and an update report alongside the Treasury Strategy in the last quarter of the financial year, and

Audit Committee will be responsible of the scrutiny of treasury management activity and practices rather than the Budget & Finance Scrutiny Committee.

## **7.2 Training**

CIPFA's Code of Practice requires the responsible officer to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

Reviewing and addressing training needs: The authority regularly reviews the training needs of its staff involved with treasury management and ensures that staff are appropriately trained.

## **7.3 Investment Consultants / Treasury Advisors**

The Council uses Arlingclose as its external treasury management advisers.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times.

## **8. BACKGROUND PAPERS**

CIPFA Code of Practice for Treasury Management in Local Authorities  
Temporary Borrowing Records  
PWLB records  
Investment records  
Draft Treasury Strategy provided by Arlingclose  
Local Government Act 2003  
CLG Guidance on Local Authority Investments  
Audit Commission – Risk and Return

### **Report prepared by**

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## TREASURY MANAGEMENT POLICY STATEMENT

### 1. INTRODUCTION AND BACKGROUND

- 1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.
- 1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:-
  - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities
  - Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 1.3 The Council will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.
- 1.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Audit Committee and for the execution and administration of treasury management decisions to Director: Finance & Human Resources, who will act in accordance with the organisation's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
- 1.5 The Council nominates Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

### 2. POLICIES AND OBJECTIVES OF TREASURY MANAGEMENT ACTIVITIES

- 2.1 The Council defines its treasury management activities as:

"The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

This Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

This Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management."

- 2.2 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt. The Council will look to minimise borrowing through the use of maturing investments to fund capital expenditure rather than reinvestment.
- 2.3 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations. Generally as investments mature they will not be reinvested but be used to minimise borrowing.

## EXISTING PORTFOLIO PROJECTED FORWARD

	Current Portfolio £m	%	31/03/21 Estimate £m	31/03/22 Estimate £m	31/03/23 Estimate £m	31/03/24 Estimate £m	31/03/25 Estimate £m
<b>External Borrowing:</b>							
Fixed Rate – PWLB	169.8	53.5	169.0	224.7	260.6	281.4	275.4
Fixed Rate – LOBO	25.0	7.9	25.0	25.0	25.0	25.0	25.0
Fixed Rate – Market	15.0	4.7	15.0	15.0	15.0	15.0	15.0
Variable Rate – PWLB	0	0.0	0	0	0	0	0
Variable Rate – Market	58.0	18.3	90.5	95	95	95	95
<b>Total External Borrowing</b>	<b>267.8</b>	<b>84.4</b>	<b>299.5</b>	<b>359.7</b>	<b>395.6</b>	<b>416.4</b>	<b>410.4</b>
<b>IFRS Long Term Liabilities:</b>							
PFI	49.7	15.6	49.7	50.6	47.7	44.5	41.1
Finance Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Gross External Debt</b>	<b>317.5</b>	<b>100.0</b>	<b>349.2</b>	<b>410.3</b>	<b>443.3</b>	<b>460.9</b>	<b>451.5</b>
<b>Investments:</b>							
Managed in-house	0	0.0	0	0	0	0	0
Short-term monies (Deposits / monies on call / MMFs)	25.4	100.0	20.0	20.0	20.0	20.0	20.0
Long-term investments (maturities over 12 months)	0	0.0	0	0	0	0	0
<b>Total Investments</b>	<b>25.4</b>	<b>100.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>20.0</b>
<b>(Net Borrowing Position) / Net Investment Position</b>	<b>-292.1</b>		<b>-329.2</b>	<b>-390.3</b>	<b>-423.3</b>	<b>-440.9</b>	<b>-431.5</b>

## Prudential Indicators 2020/21 to 2024/25

### 1 Background:

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

### 2. Gross debt and the Capital Financing Requirement:

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and next two financial years.

The Director: Finance & Human Resources reports that the authority had no difficulty meeting this requirement in 2019/20, nor are there any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

### 3. Estimates of Capital Expenditure:

- 3.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

	20/21 Approved £m	20/21 Revised £m	21/22 Estimate £m	22/23 Estimate £m	23/24 Estimate £m
<b>Total</b>	<b>83.854</b>	<b>63.701</b>	<b>101.855</b>	<b>41.619</b>	<b>21.357</b>

- 3.2 Capital expenditure will be financed or funded as follows:

	20/21 Approved £m	20/21 Revised £m	21/22 Estimate £m	22/23 Estimate £m	23/24 Estimate £m
Capital receipts	12.492	5.785	6.300	5.300	0.500
Government Grants	28.801	28.002	24.552	0.000	0.000
Revenue / External contributions	12.963	6.566	10.790	0.513	0.000
<b>Total Financing</b>	<b>54.256</b>	<b>40.353</b>	<b>41.642</b>	<b>5.813</b>	<b>0.500</b>
Prudential Borrowing	29.598	23.348	60.213	35.806	20.857

	20/21 Approved £m	20/21 Revised £m	21/22 Estimate £m	22/23 Estimate £m	23/24 Estimate £m
<b>Total Funding</b>	29.598	23.348	60.213	35.806	20.857
<b>Total Financing and Funding</b>	<b>83.854</b>	<b>63.701</b>	<b>101.855</b>	<b>41.619</b>	<b>21.357</b>

#### 4. Ratio of Financing Costs to Net Revenue Stream:

- 4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.
- 4.2 The ratio is based on costs net of investment income.

	20/21 Approved %	20/21 Revised %	21/22 Estimate %	22/23 Estimate %	23/24 Estimate %	24/25 Estimate %
<b>Total</b>	<b>7.44</b>	<b>5.38</b>	<b>6.39</b>	<b>6.90</b>	<b>6.77</b>	<b>7.05</b>

#### 5. Capital Financing Requirement:

- 5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing.

	20/21 Approved £m	20/21 Revised £m	21/22 Estimate £m	22/23 Estimate £m	23/24 Estimate £m	24/25 Estimate £m
<b>Total CFR</b>	<b>496.686</b>	<b>481.408</b>	<b>541.572</b>	<b>573.530</b>	<b>590.381</b>	<b>586.505</b>

#### 6. Actual External Debt:

- 6.1 This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

<b>Actual External Debt as at 31/03/20</b>	<b>£m</b>
Borrowing	276.185
Other Long-term Liabilities	51.288
<b>Total</b>	<b>327.473</b>

## 7. Authorised Limit and Operational Boundary for External Debt:

- 7.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.
- 7.2 The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.
- 7.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.
- 7.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

	<b>20/21 Approved £m</b>	<b>20/21 Revised £m</b>	<b>21/22 Estimate £m</b>	<b>22/23 Estimate £m</b>	<b>23/24 Estimate £m</b>	<b>24/25 Estimate £m</b>
Borrowing	450	450	450	480	500	500
Other long term liabilities	64	64	64	64	54	54
<b>Total</b>	<b>514</b>	<b>514</b>	<b>514</b>	<b>544</b>	<b>554</b>	<b>554</b>

- 7.5 The Operational Boundary links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.
- 7.6 The Director: Finance & Human Resources has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Audit Committee.

	<b>20/21 Approved £m</b>	<b>20/21 Revised £m</b>	<b>21/22 Estimate £m</b>	<b>22/23 Estimate £m</b>	<b>23/24 Estimate £m</b>	<b>24/25 Estimate £m</b>
Borrowing	430	430	430	460	480	480
Other long term liabilities	60	60	60	60	50	50
<b>Total</b>	<b>490</b>	<b>490</b>	<b>490</b>	<b>520</b>	<b>530</b>	<b>530</b>



## 8. Gross Debt and the Capital Finance Requirement

8.1 The purpose of this treasury indicator is to highlight a situation where the Council is planning to borrow in advance of need. If these figures exceed CFR (which they don't) they would indicate we are borrowing in advance of need.

<b>Gross and Net Debt</b>	<b>20/21 Estimated £m</b>	<b>21/22 Authorised £m</b>	<b>22/23 Authorised £m</b>	<b>23/24 Authorised £m</b>	<b>24/25 Authorised £m</b>
Outstanding Borrowing (at nominal value)	299.533	359.746	395.552	416.409	416.409
Other Long-term Liabilities (at nominal value)	50.046	50.895	48.009	44.837	41.465
<b>Gross Debt</b>	<b>349.579</b>	<b>410.641</b>	<b>443.561</b>	<b>461.246</b>	<b>457.874</b>

## 9. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

9.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments / total debt net of total investments)

9.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

	<b>Existing level (or Benchmark level) at 31/03/20 %</b>	<b>20/21 Approved %</b>	<b>20/21 Revised %</b>	<b>21/22 Estimate %</b>	<b>22/23 Estimate %</b>	<b>23/24 Estimate %</b>	<b>24/25 Estimate %</b>
<b>Upper Limit for Fixed Interest Rate Exposure</b>	100	100	100	100	100	100	100
<b>Upper Limit for Variable Interest Rate Exposure</b>	70	70	70	70	70	70	70
<b>Local Indicator – Upper limit for net variable rate exposure*.</b>	70	70	70	70	70	70	70

\*Net principal re gross variable rate borrowing and investments divided by gross borrowing plus investments

9.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

## 10. Maturity Structure of Fixed Rate borrowing:

10.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

10.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

<b>Maturity structure of fixed rate borrowing</b>	<b>Existing level 31.12.20 %</b>	<b>Lower Limit for 21/22 %</b>	<b>Upper Limit for 21/22 %</b>
under 12 months	12	0	70
12 months and within 24 months	0	0	30
24 months and within 5 years	18	0	50
5 years and within 10 years	12	0	75
10 years and within 20 years	14	0	75
20 years and within 30 years	1	0	75
30 years and within 40 years	10	0	100
40 years and within 50 years	19	0	100
50 years and above	13	0	100

## 11. Credit Risk:

11.1 The Council considers security, liquidity and yield, in that order, when making investment decisions.

11.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk.

11.3 The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments would be assigned a score based on their perceived risk.

	<b>Target</b>
Portfolio average credit score	6 or lower, which is equivalent to a credit rating of 'A' or higher

11.4 The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

**12. Upper Limit for total principal sums invested over 1 year:**

12.1 The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

	<b>20/21 Approved %</b>	<b>20/21 Revised %</b>	<b>21/22 Estimate %</b>	<b>22/23 Estimate %</b>	<b>23/24 Estimate %</b>	<b>24/25 Estimate %</b>
<b>Upper Limit</b>	<b>95</b>	<b>95</b>	<b>95</b>	<b>95</b>	<b>95</b>	<b>95</b>

## Arlingclose Economic & Interest Rate Forecast January 2020

### Underlying assumptions:

- The medium-term global economic outlook has improved with the distribution of vaccines, but the recent upsurge in coronavirus cases has worsened economic prospects over the short term.
- Restrictive measures and further lockdowns are likely to continue in the UK and Europe until the majority of the population is vaccinated by the second half of 2021. The recovery period will be strong thereafter, but potentially longer than previously envisaged.
- Signs of a slowing UK economic recovery were already evident in UK monthly GDP and PMI data, even before the second lockdown and Tier 4 restrictions. Employment is falling despite an extension to support packages.
- The need to support economic recoveries and use up spare capacity will result in central banks maintaining low interest rates for the medium term.
- Brexit will weigh on UK activity. The combined effect of Brexit and the after-effects of the pandemic will dampen growth relative to peers, maintain spare capacity and limit domestically generated inflation. The Bank of England will therefore maintain loose monetary conditions for the foreseeable future.
- Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid longer-term inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or the deployment of vaccines.

### Forecast:

- Arlingclose expects Bank Rate to remain at the current 0.10% level.
- Our central case for Bank Rate is no change, but further cuts to zero, or perhaps even into negative territory, cannot be completely ruled out, especially with likely emergency action in response to a no-deal Brexit.
- Gilt yields will remain low in the medium term. Shorter term gilt yields are currently negative and will remain around zero or below until either the Bank expressly rules out negative Bank Rate or growth/inflation prospects improve.
- Downside risks remain, and indeed appear heightened, in the near term, as the government reacts to the escalation in infection rates and the Brexit transition period ends.

	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
<b>Official Bank Rate</b>													
Upside risk	0.00	0.00	0.15	0.15	0.15	0.15	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>3-month money market r.</b>													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Arlingclose Central Case	0.10	0.10	0.15	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Downside risk	0.30	0.40	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>1yr money market rate</b>													
Upside risk	0.05	0.05	0.10	0.10	0.15	0.20	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.15	0.15	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Downside risk	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15	0.15
<b>5yr gilt yield</b>													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.00	0.00	0.05	0.10	0.15	0.20	0.20	0.20	0.25	0.25	0.25	0.25	0.25
Downside risk	0.40	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
<b>10yr gilt yield</b>													
Upside risk	0.30	0.35	0.40	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.25	0.30	0.35	0.35	0.40	0.40	0.45	0.45	0.50	0.55	0.55	0.55	0.60
Downside risk	0.50	0.50	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
<b>20yr gilt yield</b>													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.70	0.70	0.75	0.75	0.75	0.80	0.80	0.85	0.85	0.85	0.85	0.90	0.90
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
<b>50yr gilt yield</b>													
Upside risk	0.40	0.40	0.45	0.45	0.50	0.50	0.55	0.60	0.60	0.65	0.65	0.70	0.70
Arlingclose Central Case	0.60	0.60	0.65	0.65	0.65	0.70	0.70	0.75	0.75	0.75	0.75	0.80	0.80
Downside risk	0.30	0.30	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

**PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%**

**PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%**

**Recommended Sovereign and Counterparty List (Section 8)**

- **Group Limits** - For institutions within a banking group, the authority executes a limit at the highest of any of the single banks within that group.
- **Sovereign Limit** – The Council will only invest a maximum of £15m of the portfolio with non UK sovereigns.

<b>Instrument</b>	<b>Country/ Domicile</b>	<b>Counterparty</b>	<b>Maximum Counterparty Limit £m</b>	<b>Maximum Group Limit (if applicable ) £m</b>	<b>Council Holding At 31/12/20 £m</b>
Term Deposits / CDs / Call Accounts	UK	Santander UK Plc (Banco Santander Group)	15	15	0
Term Deposits / CDs / Call Accounts	UK	Bank of Scotland (Lloyds Banking Group)	15	15	0
Term Deposits / CDs / Call Accounts	UK	Lloyds (Lloyds Banking Group)	15	15	3.6
Term Deposits / CDs / Call Accounts	UK	Barclays Bank Plc	15	15	0
Term Deposits / CDs / Call Accounts	UK	HSBC Bank Plc	15	15	0
Term Deposits / CDs / Call Accounts	UK	Nationwide Building Society	15	15	0
Term Deposits / CDs / Call Accounts	UK	NatWest (RBS Group)	15	15	0
Term Deposits / CDs / Call Accounts	UK	Royal Bank of Scotland (RBS Group)	15	15	0
Term Deposits / CDs / Call Accounts	UK	Standard Chartered Bank	15	15	0
Term Deposits / CDs / Call Accounts	UK	Close Brothers Limited	15	15	0
Term Deposits / CDs / Call Accounts	UK	Goldman Sachs International Bank	15	15	0

<b>Instrument</b>	<b>Country/ Domicile</b>	<b>Counterparty</b>	<b>Maximum Counterparty Limit £m</b>	<b>Maximum Group Limit (if applicable ) £m</b>	<b>Council Holding At 31/12/20 £m</b>
Term Deposits / CDs / Call Accounts	UK	Leeds Building Society	15	15	0
Term Deposits / CDs / Call Accounts	Australia	Australia and NZ Banking Group	15	15	0
Term Deposits / CDs / Call Accounts	Australia	Commonwealth Bank of Australia	15	15	0
Term Deposits / CDs / Call Accounts	Australia	National Australia Bank Ltd (National Australia Bank Group)	15	15	0
Term Deposits / CDs / Call Accounts	Australia	Westpac Banking Corp	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Bank of Montreal	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Bank of Nova Scotia	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Canadian Imperial Bank of Commerce	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Royal Bank of Canada	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Toronto-Dominion Bank	15	15	0
Term Deposits / CDs / Call Accounts	Finland	Nordea Bank Finland	15	15	0
Term Deposits / CDs / Call Accounts	Finland	Pohjola Bank	15	15	0
Term Deposits / CDs / Call Accounts	Germany	Deutsche Bank AG	15	15	0
Term Deposits / CDs / Call Accounts	Germany	Landesbank Hessen – Thuringen (Helaba)	15	15	0

<b>Instrument</b>	<b>Country/ Domicile</b>	<b>Counterparty</b>	<b>Maximum Counterparty Limit £m</b>	<b>Maximum Group Limit (if applicable ) £m</b>	<b>Council Holding At 31/12/20 £m</b>
Term Deposits / CDs / Call Accounts	Netherlands	ING Bank NV	15	15	0
Term Deposits / CDs / Call Accounts	Netherlands	Rabobank	15	15	0
Term Deposits / CDs / Call Accounts	Netherlands	Bank Nederlandse Gemeenten	15	15	0
Term Deposits / CDs / Call Accounts	Singapore	DBS Bank Ltd	15	15	0
Term Deposits / CDs / Call Accounts	Singapore	Oversea-Chinese Banking Corporation (OCBC)	15	15	0
Term Deposits / CDs / Call Accounts	Singapore	United Overseas bank (UOB)	15	15	0
Term Deposits / CDs / Call Accounts	Sweden	Svenska Handelsbanken	15	15	0
Term Deposits / CDs / Call Accounts	Switzerland	Credit Suisse	15	15	0
Term Deposits / CDs / Call Accounts	US	JP Morgan Chase Bank	15	15	0

*\*\*Please note this list could change if, for example, a counterparty/country is upgraded, and meets our other creditworthiness tools. Alternatively, if a counterparty is downgraded, this list may be shortened. The counterparty list was correct as at 31 December 2020*



**Summary of Treasury Investments**Total risk per counterparty as at 31 December 2020

	<b>Credit Rating</b>	<b>Total £000</b>
<u>Fixed Deposits</u>		
Lloyds	UK A+	3,604
Debt Management Office	UK Government	16,800
Money Market Funds	AAAm	4,980
<b>Total cash deposits</b>		<b><u>25,384</u></b>

**Credit Risk Rating:** 1.6**Sovereign Analysis:**

Lloyds Bank	100% UK
DMO	100% UK
MMFs	7.4% UK / 92.6% NON-UK

## **Ethical Investment Framework – Telford and Wrekin Council**

At the current time the Council's treasury activity consists principally of making short-dated loans to the UK Government (through the Debt Management Agency Deposit Facility) and to banks and building societies which adheres to the S-L-Y principles of (Security, Liquidity and Yield, in that order).

The preservation of capital is the Council's principal and overriding priority. The banks and building societies on the Council's lending list are selected only if the institutions and the sovereign meet a minimum credit criteria. In accordance with its social and corporate governance responsibilities, the Council seeks to support institutions which additionally have an ethical and responsible approach to environmental and social issues including employment and global trade. These "ethical" criteria and their basis are described below.

### **1. Environmental and Social Standards**

#### Equator Principles

The Equator Principles (EPs) are a voluntary set of guidelines based on the environmental and social standards practiced by the International Finance Committee when evaluating financing projects. Financial institutions that adopt the Principles agree to use a screening process aiming to ensure that environmental and social assessments help inform decisions to finance development projects. This allows signatories to engage proactively with their stakeholders on environmental and social policy issues.

The EPs are a screening framework for determining, assessing and managing environmental and social risk in project finance transactions for major infrastructure and industrial projects. The EPs are adopted voluntarily by financial institutions and are applied where total project capital costs exceed US\$10 million. The EPs are primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making. They are based on the International Finance Corporation's performance standards on social and environmental sustainability and on the World Bank Group Environmental Health and Safety Guidelines.

Financial institutions which are signatories to the EPs commit to not providing loans to projects where the borrower will not or is unable to comply with their respective social and environmental policies and procedures that implement the EPs.

The following banks relating to institutions on the Council's lending list have adopted the Equator Principles:

- Lloyds Banking Group (parent of Bank of Scotland plc and Lloyds Bank plc)
- Banco Santander (parent of Santander UK plc)
- Svenska Handelsbanken AB (parent of Handelsbanken UK)
- Barclays plc (parent of Barclays Bank)
- HSBC Holding plc (parent of HSBC plc)
- Nat West Group plc
- Royal Bank of Scotland
- Standard Chartered plc
- Australia and New Zealand Banking Group
- Commonwealth Bank Australia
- Westpac Banking Corp.
- Bank of Montreal

- Bank of Nova Scotia
- Canadian Imperial Bank of Commerce
- Royal Bank of Canada
- Nordea Bank Finland
- Deutsche Bank AG
- ING Bank NV
- Credit Suisse
- JP Morgan Chase Bank

<http://www.equator-principles.com/index.php/members-reporting>

## **2. Human Rights, Labour and Environment**

The **UN Global Compact** is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

Corporations which sign up to the UN Global Compact are encouraged to themselves embrace and in turn, support and enact, within their sphere of influence, a set of core values which are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

### Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

### Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

### Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The following banks relating to institutions on the Council's lending list are participants/stakeholders of the UN Global Compact:

- Lloyds Banking Group
- Svenska Handelsbanken AB
- Gruppo Santander (ultimate parent of Santander UK plc)
- HSBC
- Royal Bank of Scotland
- Standard Chartered
- Nationwide Building Society
- NatWest Group plc
- The Royal Bank of Scotland Group
- Australia and New Zealand Banking Group
- Commonwealth Bank of Australia
- National Australia Bank
- Westpac Banking Corp.
- Nordea Bank AB
- ING Bank NV
- Rabobank Group
- DBS Bank Ltd
- Credit Suisse

<http://www.unglobalcompact.org/ParticipantsAndStakeholders/index.html>

#### **Limitations to ethical policies:**

It should be noted here that the individual institutions which have signed up to the Equator Principles and to the Global Compact screen borrowers before lending for infrastructure and industrial projects.

However, financial institutions also engage daily in money market and interbank lending transactions; the criteria for such lending is based primarily on credit risk assessment (i.e. the assessment of their lending being repaid in full and on time when it is due). Being a signatory to the EPs will not necessarily be a critical feature of such credit assessment and the Council is not in a position to monitor interbank lending. The same applies to an individual financial signing up to the UN Global Compact.

It should also be noted that becoming a signatory of voluntary guidelines (Equator Principle or Global Compact) does not guarantee that that institution's policies and practices are of a better standard than those institutions which are not signatories to the voluntary guidelines.

**Activist investment:** The Council does not invest directly in shares traded on the markets or in corporate bonds. Not only are such investments inherently higher risk investments, and requires a distinct and separate set of fund management expertise. Under current legislation (SI 2003 No 3146) the purchase of share capital or loan capital of a body corporate is a capital expenditure investment which, on sale or maturity, becomes a capital receipt and is unsuitable for the Council's treasury investments which are primarily the cash management of its operating surpluses and reserves. Corporate bond and equity investments would however be made by the Council's pension fund (run by Shropshire Council).

Other than through its pension fund (which is measured by Shropshire Council), the Council cannot seek to influence decision making at a company by voicing concerns, engaging in a dialogue with management, or lobbying other shareholders for support. Activist investors attempt to purchase sufficient shares or obtain seats on the board with the goal of effecting major change in the company to make the company more valuable financially or socially (for example to change management policies and adopt better governance; optimise shareholder value through acquisitions/divestitures, be more socially responsible etc).

## Credit Ratings – A Guide.

### *Long-term credit ratings and Sovereign Ratings*

Fitch Rating' long-term credit ratings are set up along a scale from 'AAA' to 'D', first introduced in 1924 and later adopted and licensed by Standard & Poors (S&P). Moody's also uses a similar scale, but names the categories differently. Like S&P, Fitch also uses intermediate modifiers for each category between AA and CCC (i.e., AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB- etc.).

#### Investment grade

- **AAA** : the best quality, reliable and stable
- **AA** : good quality, a bit higher risk than AAA
- **A** : economic situation can affect finance
- **BBB** : medium class counterparties, which are satisfactory at the moment

#### Non-investment grade

- **BB** : more prone to changes in the economy
- **B** : financial situation varies noticeably
- **CCC** : currently vulnerable and dependent on favourable economic conditions to meet its commitments
- **CC** : highly vulnerable, very speculative bonds
- **C** : highly vulnerable, perhaps in bankruptcy or in arrears but still continuing to pay out on obligations
- **D** : has defaulted on obligations and Fitch believes that it will generally default on most or all obligations
- **NR** : not publicly rated

### *Short-term credit ratings*

Fitch's short-term ratings indicate the potential level of default within a 12-month period.

- **F1+** : best quality grade, indicating exceptionally strong capacity of obligor to meet its financial commitment
- **F1** : best quality grade, indicating strong capacity of obligor to meet its financial commitment
- **F2** : good quality grade with satisfactory capacity of obligor to meet its financial commitment
- **F3** : fair quality grade with adequate capacity of obligor to meet its financial commitment but near term adverse conditions could impact the obligor's commitments
- **B** : of speculative nature and obligor has minimal capacity to meet its commitment and vulnerability to short term adverse changes in financial and economic conditions
- **C** : possibility of default is high and the financial commitment of the obligor are dependent upon sustained, favourable business and economic conditions
- **D** : the obligor is in default as it has failed on its financial commitments.

## **Support Ratings (1 – 5)**

### **The Purpose and Function of Support Ratings**

Support Ratings are Fitch Ratings' assessment of a potential supporter's propensity to support a bank and of its ability to support it. Its propensity to support is a judgment made by Fitch Ratings. Its ability to support is set by the potential supporter's own Issuer Default Ratings, both in foreign currency and, where appropriate, in local currency. Support Ratings do not assess the intrinsic credit quality of a bank. Rather they communicate the agency's judgment on whether the bank would receive support should this become necessary. These ratings are exclusively the expression of Fitch Ratings' opinion even though the principles underlying them may have been discussed with the relevant supervisory authorities and/or owners.

### **Timeliness and Effectiveness Requirements**

Fitch Ratings' Support Rating definitions are predicated on the assumption that any necessary "support" is provided on a timely basis. The definitions are also predicated on the assumption that any necessary support will be sufficiently sustained so that the bank being supported is able to continue meeting its financial commitments until the crisis is over.

### **Obligations and Financial Instruments Covered**

In terms of these definitions, unless otherwise specified, "support" is deemed to be in terms of foreign currency. It is assumed that typically the following obligations will be supported: senior debt (secured and unsecured), including insured and uninsured deposits (retail, wholesale and interbank); obligations arising from derivatives transactions and from legally enforceable guarantees and indemnities, letters of credit, and acceptances; trade receivables and obligations arising from court judgments.

Likewise, the agency does not assume that the following capital instruments will be supported when sovereign support is involved: preference/preferred shares or stock; hybrid capital (tier 1 and upper tier 2), including reserve capital instruments (RCIs) and variations upon RCIs; and common/ordinary equity capital. It is also assumed that there will be no support for any moral obligation on securitizations. The sovereign support status of subordinated debt is difficult to categorize in advance; it is assessed on a case by case basis, distinguishing among different jurisdictions.

### **Definitions:**

- 1:** A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'A-'.
- 2:** A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'BBB-'.
- 3:** A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'BB-'.

- 4:** A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'B'.
- 5:** A bank for which external support, although possible, cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-Term Rating floor no higher than 'B-' and in many cases no floor at all.



## GLOSSARY

<b>Term</b>	<b>Meaning</b>
Affordable Borrowing Limit	The amount the authority would normally borrow at any point of time in the year. This boundary might be exceeded temporarily but only in exceptional circumstances. The limit is set by Full Council at the beginning of March and is a prudential indicator.
Annuity	A method of repaying a loan where the cash payment remains constant over the life of the loan, but the proportion in interest reduces and the proportion of principal repayment increases over time.
Authorised Borrowing Limit	The maximum amount the authority can borrow at any point of time in the year. This limit should never be exceeded. The limit is set by Full Council at the beginning of March and is a prudential indicator.
Bail-in	A method of rescuing a failing financial institution by cancelling some of its deposits and bonds. Investors may suffer a haircut but may be given shares in the bank as part compensation. See also bail-out
Bail-out	A method of rescuing a failing financial institution by the injection of public money. This protects investors at the expense of the taxpayer.
Call account	A deposit account that can be called back, normally on instant access.
Capital Financing Requirement (CFR)	This represents the underlying need for the authority to borrow and represents the assets of the authority less the long term capital liabilities.
Credit Default Swaps (CDS)	CDS are bought by investors to insure against defaults (i.e. the counterparty not being able to repay). The higher the cost/premium then the higher the risk – CDS therefore given a market view of the credit worthiness of an organisation.
Credit Ratings	Rating on the ability of an organisation to meet its obligations; ratings are assigned by independent, specialist companies, such as Fitch and Moody's using market intelligence they gather.
Credit Risk	The risk that the debtor will default on their obligations
Counterparty	The organisation that you are conducting your business with.
Debt Management Account Deposit Facility	Provided by the <a href="#">Debt Management Office</a> , users can place cash in secure fixed-term deposits. Deposits are guaranteed by the government and therefore have the equivalent of a sovereign triple-A credit rating.
Derivative Instruments	A security whose price is dependent upon or derived from one or more underlying assets. The derivative itself is merely a contract between two or more parties. Its value is determined by fluctuations in the

	underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indexes. Most derivatives are characterized by high leverage. For example, a stock option is a derivative because it derives its value from the value of a stock. An interest rate swap is a derivative because it derives its value from one or more interest rate indices.
Discounts	These relate to Public Works Loans Board loans. If rates have increased since the borrowing was undertaken then part of the benefit that PWLB will achieve from being able to loan out at that higher rate are passed back to an authority if they repay the loan early.
Fund Managers	Independent investment managers who work to a specific mandate and invest funds on behalf of the Council
IFRS	International Financial Reporting Standards, the set of accounting rules in use by UK local authorities since 2010.
Inflation	The rise in prices of goods and services over a period of time.
Interest Rate Risk	The risk that the value of an investment will change due to changes to the interest rate.
Internal Borrowing	This is where the amount of an authority's borrowing is less than its CFR or underlying need to borrow and represents the use of internal balances rather than borrowing from the market.
LIBID	London inter-bank bid rate. Interest rate at which prime banks will <b>borrow</b> money in the London inter-bank market.
LIBOR	London inter-bank offer rate. Interest rate at which prime banks will <b>lend</b> money in the London inter-bank market. Fixed every day by the British Bankers Association to five decimal places.
Liquidity Risk	The risk of not being able to trade an investment quickly to release cash.
LOBO	Lender's Option Borrower's Option – a long term loan where the lender has the option to propose an increase in the interest rate on pre-determined dates. The borrower then has the option to either accept the new rate or repay the loan without penalty. LOBOs increase the borrower's interest rate risk and the loan should therefore attract a lower rate of interest initially.
Minimum Revenue Provision (MRP)	This is the amount charged against the Income and Expenditure Account for the year in relation to the repayment of debt on borrowing in order to fund capital expenditure.

Money Market Fund (MMF)	Mutual funds that invest in short term debt instruments. They offer a higher level of security than banks and interest rates are generally higher.
Obligor	An <a href="#">individual</a> or <a href="#">company</a> that <a href="#">owes debt</a> to another individual or company (the <a href="#">creditor</a> ), as a <a href="#">result</a> of <a href="#">borrowing</a> or issuing <a href="#">bonds</a> .
Premia	This is the penalty applied to the early redemption of PWLB loans where rates have fallen since the loan was undertaken.
Prudential Code	A professional code of practice which provides regulatory framework to local authorities on capital expenditure, investments and borrowing activities.
Prudential Indicators	A set of indicators developed within the Prudential Code which define thresholds for investment and borrowing within a local authority.
PWLB	Public Works Loans Board – a Government agency providing long and short term loans to local authorities. Interest rates are generally lower than the private sector and slightly higher than the rates at which the Government themselves may borrow.
Quantitative Easing	This is where the government buy back their own gilt issuance to effectively pump money into the financial markets of the economy.
Re-scheduling	This relates to repaying existing borrowing early and replacing it with borrowing for a different period usually, but not necessarily, at lower rates
Return	The gain from holding an investment over a given period
Security	An investment instrument, other than an insurance policy or fixed annuity, issued by a corporation, government or other organisation which offers evidence of debt or equity.
Sovereign Exposure	Risk of exposure to one particular country.
Supranational Bonds	These are bonds (similar to gilts) issued by multi government development organisations and are supported by all of the governments who form part of the organisation. E.g. European Investment Bank and are usually very secure.
Treasury Management Code (TM Code)	CIPFA's Code of Practice for Treasury Management in the Public Services and Cross-Sectoral Guidance Notes, to which local authorities are required by law to have regard.

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## TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE: 28 JANUARY 2021

### INTERNAL AUDIT UPDATE REPORT & INTERNAL AUDIT CHARTER

#### REPORT OF THE AUDIT & GOVERNANCE TEAM LEADER

## 1 Purpose

To update members on the progress made against the 2020/21 Internal Audit Plan and to provide information on the recent work of Internal Audit.

The report also includes an update on the Internal Audit Charter.

## 2 Recommendations

- 2.1 Members of the Audit Committee to note the information contained in this report in respect to Internal Audit planned work undertaken between 12 September 2020 and 4 January 2021 and unplanned work to date.
- 2.2 Members of the Audit Committee approve the revised Internal Audit Charter.

## 3 Progress on Completion of the Annual Audit Plan & Changes made to the Plan

- 3.1 Audit Committee members approved the 2020/21 Internal Audit Plan at the May 2020 committee meeting, Appendix 1 of this report shows the current progress made against the plan. There is a need for the audit plan to be flexible in order to adapt and respond to emerging risks. Due to the Covid-19 pandemic and the unprecedented challenges that schools have faced since March 2020, it was agreed with the Director: Education & Skills to defer the remaining schools audits until the 2021/22 plan. There have also been 14 corporate audits deferred to the 2021/22 plan, again due to the Covid-19 pandemic. Of the 62 scheduled audits on the annual plan, 9 have been completed and 8 are in progress. However the audit team has undertaken a number of unplanned audit assignments (see section 5 for more details) and 29 follow ups have been undertaken to date on reports issued during 2019/20 and 2020/21.

Service areas continue to follow their internal measures of control and, in those more high-risk areas, additional internal controls have been introduced in response to the pandemic. Members of the audit team continue to attend service area management meetings in order to keep the audit plan relevant and focus resources on key areas.

## 4 Summary

- 4.1 This report provides information on the work of Internal Audit from 12 September 2020 to 4 January 2021 and provides an update on the progress of previous audit reports issued.
- 4.2 The key focus for the team during this period was the completion of the audit plan. As stated above completion of the plan has been affected, both directly and indirectly, by the Councils response to support the local community/businesses during this time.
- 4.3 The information included in this progress report will feed into and inform our overall opinion in our Internal Audit Annual Report issued at year-end. All audit reports issued during the year are given an overall audit opinion based on the following criteria:

Level of Assurance/Audit Opinion & Definition	
<p style="text-align: center;"><b>Good (Green)</b></p> <p>There is a sound system of control designed to address relevant risks with controls being consistently applied.</p>	<p style="text-align: center;"><b>Reasonable (Yellow)</b></p> <p>There is a sound system of control but there is evidence of non-compliance with some of the controls.</p>
<p style="text-align: center;"><b>Limited (Amber)</b></p> <p>Whilst there is a sound system of control, there are weaknesses in the system that leaves some risks not addressed and there is evidence of non-compliance with some key controls.</p>	<p style="text-align: center;"><b>Poor (Red)</b></p> <p>The system of control is weak and there is evidence of non-compliance with the controls that do exist.</p>

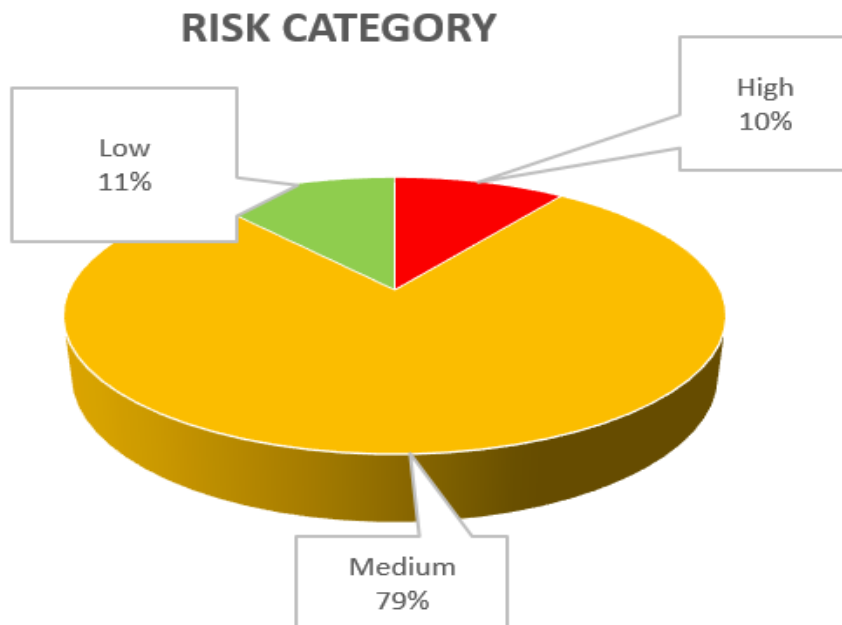
4.4 To determine the overall grading of the Internal Audit report each recommendation is risk rated (high, medium or low). The recommendation risk rating is based on the following criteria:

**High risk =** A fundamental weakness which presents material risk to the system objectives and requires immediate attention by management.

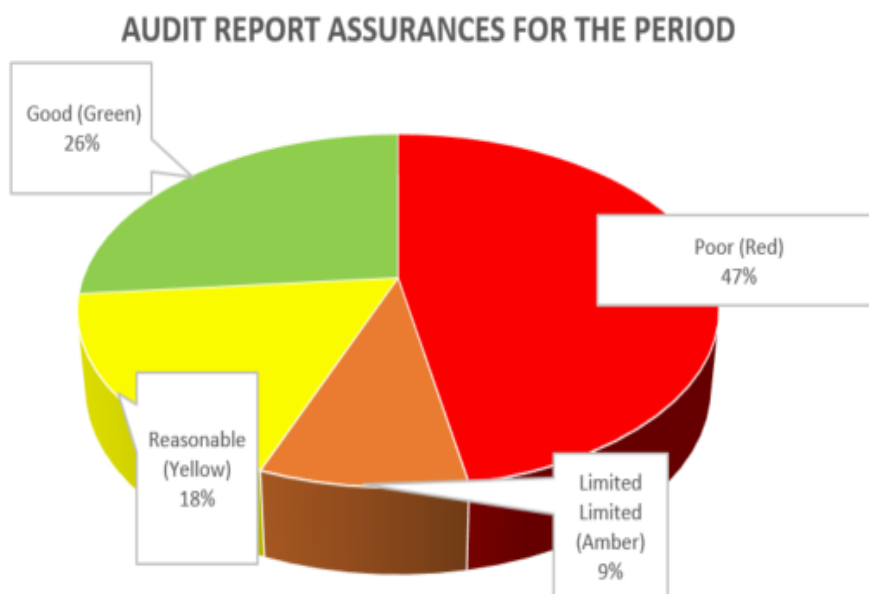
**Medium risk =** A recommendation to address a control weakness where there are some controls in place but there are issues with parts of the control that could have a significant impact.

**Low risk =** A recommendation aimed at improving the existing control environment or improving efficiency, these are normally best practice recommendations.

4.5 The chart below shows the number of high, medium and low risk recommendations made for the reports issued during this period.



4.6 The level of assurance (based on table 4.3 above) for audit reports issued in this period is detailed below.



4.7 The information in the above pie charts is broken down in the summary table below. Please note audits in grey text will not be followed up due to the associated audit opinion and level of risk.

<b>AUDIT REPORTS ISSUED BETWEEN 12/09/2020- 4/1/2021 AND CURRENT STATUS</b>					
<b>Area</b>	<b>Date of Report</b>	<b>Original Audit Grade</b>	<b>Follow up undertaken</b>	<b>Revised Grade</b>	<b>Comments</b>
Fleet Management	17/09/2020	Poor	December 2020	Reasonable	A number of actions have been carried out to improve the risk position of the service area. This has been done in the most challenging of years during which the service area has been responding to a number of emerging and immediate issues arising out of the pandemic
Setting up Home Grant	11/12/2020	Poor	Jan 2021	Amber	
Sales Ledger	29/09/2020	Limited	December 2020	Reasonable	
Woodlands Primary	02/10/2020	Reasonable	Due April 2021	n/a	

Newdale Primary School	17/12/2020	Reasonable	Due June 2021	n/a	
Bus Subsidy Ring-fenced (Revenue) grant determination 2019/20 (31/3644)	24/09/2020	Good	n/a green report	n/a	
Local Government Pension, Teachers' Pension & NHS Pension scheme	25/09/2020	Good	n/a green report	n/a	
Treasury Management	16/11/2020	Good	n/a green report	n/a	

4.8 Detailed below is the status of any reports previously issued and reported to Audit Committee. Members should note that once reports have reached a green status and have been reported to members they are excluded from future Audit Committee reports.

PREVIOUSLY ISSUED REPORTS & CURRENT STATUS					
Area	Date of Report	Original Audit Grade	Previous status	Current Grade	Current status / Comments
New Social Care System - Liquidlogic	24/6/19	Reasonable	2 <sup>nd</sup> follow up in progress	Reasonable	2 <sup>nd</sup> follow complete – remains a yellow but no further follow up to be undertaken.
Muxton Primary School	04/12/2019	Limited	2 <sup>nd</sup> Follow up due January 2021	Reasonable	2 <sup>nd</sup> follow up in progress
Cyber Security Follow Up	23/07/2020	Reasonable	Due Jan 2021	Reasonable	2 <sup>nd</sup> follow up in progress
St Matthews CE Primary	07/09/2020	Reasonable	Follow up due March 2021	n/a	
Newport Junior	26/02/2020	Reasonable	In progress	Good	Follow up completed. Revised audit opinion no further follow up required



Purchase Ledger (2019/20)	17/07/2020	Reasonable	Due Jan 2021	n/a	In progress
St Peters CE Bratton	30/06/2020	Reasonable	Due December 2020	n/a	In progress
CIC Health Assessments	30/06/2020	Reasonable	Due December 2020	n/a	In progress
HR Payroll (2019/20)	10/08/2020	Reasonable	Follow up at 2020/21 audit	n/a	
Firewall Security	27/01/2020	Limited	Due Jan 2021	Reasonable	2 <sup>nd</sup> follow up in progress
Ice Rink	09/06/2020	Limited	In progress	Good	Follow up completed. Revised audit opinion no further follow up required
ContrOCC - Financial Management Process (2019/20)	28/08/2020	Limited	In progress	Reasonable	2 <sup>nd</sup> Follow up due April 2021
Section 17 Payments	16/03/2020	Limited	In progress	Reasonable	2 <sup>nd</sup> follow up in progress
ICT Asset Management	18/03/2020	Limited	Due Oct 2020 – delayed due to Covid	Reasonable	2 <sup>nd</sup> Follow up due June 2021
The Place	10/08/2020	Poor	18/08/2020	Reasonable	2 <sup>nd</sup> Follow up due once the theatre has re-opened

Internal Audit is confident and has been assured by management that controls have and will continue to improve in all areas where recommendations have been made. There are no other issues to bring to the attention of the Committee at this time.

## 5 Unplanned work

5.1 During this period the team have audited a grant for additional home to school & college transport which was received by the Council to help with Covid support. The team have therefore undertaken a total of three unplanned audits during 20/21 and three Town/Parish Council audits in addition to the annual plan. Due to Covid the team have also seen an increase in the number of general advice and guidance requests.

## 6 Quality Assurance and Improvement Programme

6.1 Internal Audit maintains a Quality Assurance and Improvement Programme that complies with the Public Sector Internal Audit Standards (PSIAS) alongside the normal quality review process applied to all audit assignments. The Audit & Governance Team Leader undertakes an independent monthly check of some randomly selected (number dependent on number of completed audits that month) completed audit files to ensure they comply with:-

- Requirements of the PSIAS
- Rules of the Code of Ethics
- Agreed Internal Audit process and procedures
- Approved Internal Audit Charter

Only minor Internal Audit procedural issues have been found from these checks and these have been fed back to the Internal Auditors to aid continuous improvement in the service.

## 7 Internal Audit Adding Value

7.1 The Internal Audit function adds value to the Councils services in numerous ways, including advice and guidance. During Covid some members of the team have helped support the most vulnerable in the community and are currently working on Covid track and trace. One member of the audit team has been seconded on a temporary 6 month basis to work in the Health Protection Hub, working on test and trace on a fulltime basis. The team has also been involved in assessing grant applications for Covid support funding.

## 8 Internal Audit Charter

- 8.1 This charter defines for the Council and the community internal audit activity's purpose, authority and responsibilities consistent with the requirements of the Public Sector Internal Audit Standards (PSIAS)<sup>1</sup> and the Council.
- 8.2 The terms of reference of the Audit Committee require the committee to approve the Internal Audit Charter on an annual basis. The charter has been reviewed by the Audit & Governance Team Leader and changes made to reflect the requirements of the PSIAS. See Appendix 2 for a copy of the revised charter.

## 9 OTHER CONSIDERATIONS

AREA	COMMENTS
Equal Opportunities	All members of the Audit Team have attended equal opportunities/ diversity training. If any such issues arose during any work the appropriate manager would be notified.
Environmental Impact	All members of the Audit Team are environmentally aware and if any issues were identified they would be notified to the appropriate manager.
Legal Implications	The Accounts and Audit Regulations 2015 (Part 2, paragraph 5) state that the Council must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The information set out in this report illustrates the work that has been undertaken to meet the appropriate statutory requirements.  In the event that an audit reveals a legal issue or concern this is referred to the Council's Legal Services Team and/or the Council's Monitoring Officer as appropriate for further advice and assistance. (AL 18/1/2021)
Links with Corporate Priorities	All aspects of the Audit teams work support good governance which underpins the achievement of the Council's objectives and priorities.

<sup>1</sup> PSIAS apply the IIA International Standards to the UK Public Sector and have been endorsed as proper practice by CIPFA the Internal Audit standard setters for Local Government

Risks and Opportunities	All aspects of the Audit teams work supports managers and the Council to identify and manage their risks and opportunities.
Financial Implications	Where Audit findings result in changes to service delivery or controls etc the financial consequences are managed as part of the implementation of such changes. Therefore, there are no financial implications of accepting the recommendations of this report. (TS 14/1/2021)
Ward Implications	The work of the Audit team encompasses all the Council's activities across the Borough and therefore it operates within all Council Wards.

**Previous minutes:**

14 July 2020

1 October 2020

28 January 2020

1 October 2019

**Background Papers:**

Annual Audit Plan 2020/21 and Charter

Public Sector Internal Audit Standards – Applying the IIA International Standards to the UK Public Sector 2013 and updated January 2017

CIPFA Local Government Application Note – April 2013

Accounts and Audit Regulations – 2015

Report by: Tracey Drummond Principal Auditor. Telephone 383105

Rob Montgomery, Audit & Governance Team Leader. Telephone 383103

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## 2020/21 Audit Plan Update

Audit Area	Service Area	Days	Priority	Update
General ledger, assets & capital accounting - fixed asset module (20/21)	Finance & Human Resources	20	ALL	
Treasury Management	Finance & Human Resources	12	ALL	Complete
Pension	Finance & Human Resources	15	ALL	complete
Payroll/HR (20/21)	Finance & Human Resources	25	ALL	
Council Tax/NNDR	Finance & Human Resources	30	ALL	In Progress
Liquid Logic Finance Module / (Controc)	Finance & Human Resources	35	1,2,4,6	complete
Making Tax digital	Finance & Human Resources	12	2	
Pothole grant	Finance & Human Resources	3	5 & 6	complete
Covid-19	Finance & Human Resources	25	All	In Progress
Transition - leaving care	Children's Safeguarding and Family Sup	12	1,3,4	
Special Guardianship	Children's Safeguarding and Family Sup	12	1,3,4	
Direct Payments	Children's Safeguarding and Family Sup	20	1,3,4,6	
Setting up home grant	Children's Safeguarding and Family Sup	12	1,3,4,7	complete
Controc	Children's Safeguarding and Family Sup	as above	1,2,4,6	complete- as above
Together4children	Children's Safeguarding and Family Sup	25	1,4,6	
Safeguarding & The Care Act	Adult social care	20	3,4,6	
Deputyship	Adult social care	12	3,4,6	defer
Quality assurance framework	Adult social care	10	3,4,6	
Direct payments	Adult social care	as above	3,4,6	
Ensure legal Implementation of the Charging Policy	Adult social care	7	3,4,6	defer
Controc	Adult social care	as above	1,2,4,6	complete- as above
Shared lives	Adult social care	15	2,3,4,6	defer
Staff retention	Adult social care	8	2	defer
Deferred payments	Adult social care	15	4	defer
Deprivation of assets	Adult social care	12	4, 6	defer
Preparing for adulthood	Adult social care	12	1.3.4.6.,7	
Money Laundering	Policy & Governance	10	2	defer
Single status	Policy & Governance	5	2	
Controc	Policy & Governance	as above	1,2,4,6	complete- as above
CSE Enquiry	Policy & Governance	10	1,4	In Progress
Risk Management	Policy & Governance	10	all	defer
Troubled families grant	Policy & Governance	12	all	In Progress
Workforce strategy	Policy & Governance	25	all	defer
Business Continuity	Health & Well-Being	8	2,4,6	
Children & Adult Transport	Health & Wellbeing	12	1,3,4,6	defer
Schools (19 schools)	Education & Skills	106	1,3,4	16 defer 3 complete
Leisure Centres (ab Dab / OLC)	Community Customer & Commercial S	26	4, 6	
IT Audits	Community Customer & Commercial S	47	ALL	In Progress
Housing Benefits & Local Council Tax Support	Community Customer & Commercial S	20	4,6,7	In Progress
Corporate Complaints	Community Customer & Commercial S	15	2	In Progress
Quality standards within the voluntary sector	Community Customer & Commercial S	8	all	defer
Homelessness reduction act	Housing & Communities	25	1,4,5,6,7	defer
Bus subsidy grant	Neighbourhood & Enforcement	5	5, 7	complete
Balfour Beatty Contract	Neighbourhood & Enforcement	4	2,5,6	In Progress
Ideverde contract	Neighbourhood & Enforcement	4	2,5,6	
T&W 'Other Assets'	Neighbourhood & Enforcement	8	2,5,7	defer
BIT	Property & Investment	10	2,5,7	defer
T&W 'Other Assets'	Property & Investment	as above	2,5,7	defer as above

monthly checks required

<b>62 audits on the plan</b>
9 Complete
8 in progress
14 deferred & 16 schools

76% of plan actioned

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## Internal Audit Charter – 1<sup>st</sup> April 2021 to 31<sup>st</sup> March 2022

### 1. Introduction

- 1.1 This charter defines for the Council and the community internal audit activity's purpose, authority and responsibilities consistent with the requirements of the Public Sector Internal Audit Standards (PSIAS)<sup>1</sup> and the Council.
- 1.2 This charter will be approved by the Audit Committee, after consultation with senior management<sup>2</sup> and will be reviewed annually.

### 2. Internal Audit Purpose and Responsibilities

#### 2.1 Internal Audit Purpose

- 2.1.1 The Audit & Governance Team is led by the Audit & Governance Team Leader under the direct management of the Associate Director: Policy & Governance. The team supports the Co-operative Council in the delivery of services to the community to help improve their quality of life and the promotion of Telford & Wrekin as a place of partnership, enterprise and innovation. The team supports the whole Council to deliver economic, efficient and effective services<sup>3</sup> and achieve the Council's programme to ***“Protect, Care and Invest to Create a Better Borough”***.

#### 2.2 Internal Audit Objectives

- 2.2.1 To review the effectiveness of the governance, risk management and control processes of the Council to aid improvement, provide a level of assurance and an opinion on them to the Council.
- 2.2.2 To provide a respected, cost effective, objective and quality internal audit service including the provision of advice and guidance to assist our customers to meet their objectives and improve their services, including the rationalisation of controls, where appropriate.
- 2.2.3 To deliver value adding internal audit activity whilst meeting the requirements of the Public Sector Internal Audit Standards (PSIAS) including the Code of Ethics (especially objectivity and integrity) and the Core Principles for the Professional Practice of Internal Auditing (see ANNEX I).
- 2.2.4 To work with the external auditor and other assurance bodies to provide the most effective internal audit service.
- 2.2.5 To value and continuously develop the team.

#### 2.3 Internal Audit Responsibilities

- 2.3.1 To undertake the statutory Section 151 audit for the Chief Financial Officer (CFO), in line with the Accounts and Audit Regulations 2015.

<sup>1</sup> PSIAS apply the IIA International Standards to the UK Public Sector and have been endorsed as proper practice by CIPFA the Internal Audit standard setters for Local Government.

<sup>2</sup> Senior management is the Senior Management Team comprising the following officers - Managing Director, Directors and Assistant Directors.

<sup>3</sup> By providing advice and guidance on the management of risks, controls and governance processes in service delivery and by supporting service reviews, restructures and reducing bureaucracy

- 2.3.2 To deliver the Council's risk based annual audit plan taking into account the Accounts and Audit Regulations 2015, the management of risk, senior management consultations, internal and external intelligence, comments from the Audit Committee and any requirements of the External Auditor. The plan is reviewed and amended, if required. Any significant changes are reported to senior management and the Audit Committee.
- 2.3.3 To ensure that there are sufficient resources to deliver the statutory requirements and plan above and to report any potential concerns to the CFO, MO and Audit Committee.
- 2.3.4 To operate as an independent, objective assurance function designed to add value and improve the effectiveness of the governance, risk management and control processes of the Council. The independent assurance work may include financial, performance, compliance, system security and information governance assignments.
- 2.3.5 Internal Audit does not undertake any individual consultancy assignments.
- 2.3.6 To ensure audit assignments are delivered to measure the effectiveness of risk management at a local level.
- 2.3.7 To appropriately manage any potential conflicts of interest in the delivery of internal audit activities and non-audit activities and to periodically rotate the annual audit work between staff.
- 2.3.8 To provide clear, objective and concise internal audit reports to support management in implementing recommendations to improve services and risk management, control and governance processes.
- 2.3.9 To provide responsive, challenging and informative advice and support on risk management, controls and governance to management.
- 2.3.10 To report to the Audit Committee<sup>4</sup> as defined in their terms of reference.
- 2.3.11 To develop and maintain a quality assurance and improvement programme covering all aspects of the internal audit activity.
- 2.3.12 To arrange at least once every 5 years an external assessment of internal audit by an appropriate person<sup>5</sup> from outside the Council. The timing, form of the assessment and the results will be agreed with and reported to the Audit Committee.
- 2.3.13 To investigate and/or support the investigation of cases of suspected financial irregularity, fraud or corruption, except council tax support fraud investigations, in accordance with agreed procedures.
- 2.1.14 To provide appropriate assurance to relevant parties external to the Council. Currently Internal Audit complete the Annual Internal Audit Report for a number of Parish Councils they have contracted with.

## **2.4 Internal Audit Authority**

- 2.4.1 The Audit & Governance Team Leader is the Council's Chief Audit Executive as defined in the PSIAS.

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<sup>4</sup> The Audit Committee is the Board as defined in the Public Sector Internal Audit Standards

<sup>5</sup> Qualified, independent assessor or assessment team



- 2.4.2 The Audit & Governance Team Leader is line managed by the Council's Monitoring Officer but has unfettered access to the Chief Executive, the CFO and all senior managers within the Council.
- 2.4.3 The Audit & Governance Team Leader has responsibility for non-audit services including Information Governance, Insurance Services, Risk Management and the Corporate Investigations Team. The Audit & Governance Team Leader will communicate any further changes to their scope of responsibility in terms of non-audit functions to the Audit Committee prior to commencement of any such functions. In order to avoid/manage any potential conflicts in respect to the audit of the Information Governance and Insurance functions (and any other future additional functions) the external contractor personnel are used to undertake this work and in addition to standard quality review the results and responses are overseen by the CFO in addition to the Monitoring Officer.
- 2.4.4 The Audit & Governance Team Leader in conjunction with the Associate Director: Policy & Governance reports to the Audit Committee but also has unfettered access to the Chair of the Audit Committee, the Leader as Cabinet lead for Governance, other Cabinet Executives and the External Auditor.
- 2.4.5 In order for Internal Audit officers to be independent and objective whilst undertaking Internal Audit activity they have the authority to:
- enter at all reasonable times any Council premises or land;
  - have access to all Council and partner records<sup>6</sup>, documentation and correspondence relating to any financial and/or other transactions or other business of the Council, its employees or members, as considered necessary by the CFO, Monitoring Officer or Audit & Governance Team Leader;
  - have access to records belonging to third parties such as contractors or partners when required;
  - require and receive such explanations as are regarded necessary concerning any matter under examination from any employee, member, partner or third party; and
  - require any employee or member of the Council or any partner/third party to account for cash, stores or any other Council property which is under his/her control or possession on behalf of the Council.
- 2.4.6 If at any time it is determined that the independence and/or objectivity of Internal Audit is impaired, the Chief Audit Executive will report this immediately to the Senior Management Team and Audit Committee.**
- 2.5 How the Audit & Governance Team Leader will form and evidence his opinion on the control environment to support the Annual Governance Statement.**
- 2.5.1 The Audit & Governance Team Leader prepares an annual audit plan. Internal Audit planning is informed and influenced by the Council's vision, priorities and values, the strategic risk register, the requirements of the External Auditor, previous Internal Audit work, external networking intelligence, discussions with the CFO and consultations with the Council's service area management teams and senior management.
- 2.5.2 The audit plan outlines the work assignments to be carried out, the resources allocated and the Council priority/ priorities they contributes to. The plan is flexible in order to reflect the changing needs and priorities of the organisation. Work is carried out by the audit team in accordance with the PSIAS using a risk based audit methodology and each Internal Audit report provides an opinion on the area reviewed.

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<sup>6</sup> Records include business e-mail and internet records

## **2.6 How Internal Audits work will identify and address significant local and national issues and risks**

2.6.1 The Audit & Governance Team Leader has quarterly meetings with the Chief Executive and CFO. Senior audit staff meet with Directors and their management teams as required to identify any local and national issues and risks, changes in the service area, and any new areas that require input from Internal Audit.

2.6.2 Employees within Internal Audit have access to the West Midlands Internal Audit Groups (including Fraud, Contract and Education sub-groups) and other CPD/networking events through Chartered Institute of Public Finance Accountants and the Chartered Institute of Internal Auditors. These support continued professional development and help to identify any issues that may affect the delivery of internal audit services.

## **2.7 Internal Audit Resources**

2.7.1 For 2020/21 the Internal Audit team has a resource of 3.98 full time equivalent (fte) employed staff plus at least 50% of the Audit & Governance Team Leader. In addition there is an external contract<sup>7</sup> which will deliver around 47 days of specialist IT work.

2.7.2 The budget for Internal Audit<sup>8</sup> is approved by the Council as part of the annual service and financial planning strategy following consideration by senior management, Scrutiny and the Cabinet.

## **2.8 Internal Audit and the Audit Committee**

2.8.1 Internal Audit will report to the Audit Committee on the following:

- a) Approval of the Internal Audit Charter;
- b) Approval of the risk based Internal Audit Plan;
- c) Update reports on Internal Audit activity and performance against the plan;
- d) An annual report containing an opinion to inform the Annual Governance Statement; and
- e) Any concerns in respect to Internal Audit resources and the level of assurance that can be provided.

**2.8.2 The Audit Committee will be part of the approval process for appointing the Councils Chief Audit Executive.**

**2.8.3 The Chair of the Audit Committee and the Chief Executive will feed into the Annual Personal Performance & Development process for the Chief Audit Executive**

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<sup>7</sup> This has been procured through a framework agreement with Staffordshire County Council, Shropshire Council and Worcestershire County Council for the provision of general and specialist IT audit work.

<sup>8</sup> Including the remuneration of the Audit & IG Manager.

## Public Sector Internal Audit Standards

**MISSION OF INTERNAL AUDITING:** To enhance and protect organisational value by providing value added, risk-based and objective assurance, advice and insight.

### The definition of Internal Auditing within the Standards is:

*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.*

### Code of Ethics - Summary

Internal auditors in UK public sector organisations must conform to the Code of Ethics within the Standards. If individual internal auditors have membership of another professional body then he or she must also comply with the relevant requirements of that organisation.

There are 4 principles in the code of ethics:

- 1) Integrity – The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.
- 2) Objectivity – Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.
- 3) Confidentiality – Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.
- 4) Competency – Internal auditors apply the knowledge, skills and experience needed in the performance of internal audit services.

All public sector officials including internal auditors must also have regard to the Committee on Standards of Public Life's *Seven Principles of Public Life*.<sup>9</sup>

## Internal Auditing Professional Practices Framework

### Core Principles for the Professional Practice of Internal Auditing

1. Demonstrates integrity.
2. Demonstrates competence and due professional care.
3. Is objective and free from undue influence (independent).
4. Aligns with the strategies, objectives, and risks of the organization.
5. Is appropriately positioned and adequately resourced.
6. Demonstrates quality and continuous improvement.
7. Communicates effectively.
8. Provides risk-based assurance.
9. Is insightful, proactive, and future-focused.
10. Promotes organisational improvement

**Council's values:** – Ownership – Openness & Honesty – Involvement – Fairness & Respect

<sup>9</sup> Information can be found at [www.public-standards.gov.uk](http://www.public-standards.gov.uk)

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## TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE: 28 JANUARY 2021

Customer Feedback Report 2019-20

Adult Statutory Complaint Report 2019-20

Children's Statutory Complaint Report 2019-20

Local Government Ombudsman Annual Review Letter 2020.

### REPORT OF THE DELIVERY MANAGER FOR CUSTOMER RELATIONSHIP AND FINANCIAL WELFARE SERVICES

#### 1 PURPOSE

- 1.1 To update members on the Council's response to complaints between 1 April 2019 and 31 March 2020.
- 1.2 To provide assurance that the Council's response to complaints is effective and continuously improving.

#### 2 RECOMMENDATIONS

- 2.1 It is recommended that the Audit Committee review the Annual complaint and feedback reports for 2019/20 in respect of Adult Statutory Complaints, Child Statutory Complaints and Corporate Customer Feedback and also the Local Government and Social Care Ombudsman Review Letter 2020.

#### 3 SUMMARY

- 3.1 The terms of reference of the Audit Committee include: '*Recognising that Complaints/Compliments are a Cabinet function, the Committee should Review the Annual Complaints Report and seek assurances that the Council is improving in response to complaints raised.*'
- 3.2 To demonstrate effective complaint handling the Council produces an annual report on complaint handling for Children's Statutory Complaints, Adult Statutory Complaints and Corporate Feedback and complaints. These reports can be found at appendices A, B and C.
- 3.3 **Corporate Feedback Report** (Appendix A)
  - 3.3.1 In the year 2019/20 there were 477 corporate stage one complaints received a 4% reduction on the number of complaints received in 2018/19. This is also the lowest number of complaints received in the previous 6 years.
  - 3.3.2 Of the 477 complaints received, 49 were escalated to Stage two of the procedure. This is a slight increase on the number received in 2018/19.

- 3.3.3 Of the 477 Stage One complaints that have been completed, 43% (201) were upheld, this is where services have acknowledged that we could have done better, this is an improvement on the 48% (239) in 2018/19. 43% (202) of the complaints were not upheld, 14% (68) of the complaints were either withdrawn, out of jurisdiction or resolved by the service.
- 3.3.4 The Council's Corporate Complaints Policy states that Stage 1 Corporate complaints should be responded to within 15 working days. This may be extended in exceptional circumstances by a further 5 days. Overall, the Council is managing to respond to corporate complaints within an average of 11.25 days, which is well within the 15 working day timescale and a significant improvement on the 14.45 days achieved in 2018/19. Adult Social care and Children's safeguarding and family Support each have an average timescale of 20 and 21 working days respectively, which is just on and over the extended timescales as set out in the procedure. It should however be noted that these timescales have improved significantly since 2018/2019 which was 28 and 29 days respectively.
- 3.3.5 Response times was an area that the Customer Relationship Team confirmed would be a focus in 2019/20, both by progress chasing responses in a timely manner and escalating to senior managers within the respective service areas, where needed. Along with services it is evident that these efforts have provided a positive outcome.
- 3.3.6 81% of corporate complaints were responded to within the 15 working day time scale, an improvement on 74% achieved in 2018/19 and 71% achieved in 2017/18.
- 3.3.7 Of the 49 Stage Two complaints 35 resulted in full investigations, this is a 51% increase in the full Stage Two Investigations (17) completed in 2018/19. This can be attributed to an increase in multiple complaints regarding planning decisions and also more complex issues requiring a full investigation to ensure all avenues had been explored. 37% of full investigations were upheld. The average number of days to complete a full investigation was 24 working days. This is within the corporate target to complete investigations within 25 days.
- 3.3.8 All of the 206 complaints, where fault has been found, have been reviewed by the Customer Relationship Team to ascertain what action the relevant department has taken, both in remedying the fault, and any wider learning to avoid such issues occurring in the future.

Of the remedies recorded against Corporate Complaints in 2019/20;

- 21% were to provide an explanation and an apology.
- 28% was to provide an explanation and no remedy was required.
- 12% was to provide an explanation and service was provided
- 14% was to provide an apology and service was provided.

- 3.3.9 Positive improvements resulting for learning from stage one complaints include;

- A review of the Empty Property form has resulted in a new option for the customer to return the review form online, in addition to a paper option, seeing an improvement to the way that customers notify us of changes.
- Where incorrect information had been provided to a customer, this has been fed back to officers and training given.
- Improvements have been made with new bookings for transport. Emergency contact names and numbers will be obtained and the drivers will be familiar with the run and the area.
- Additional training has been given to officers regarding communication over the telephone and how to manage calls effectively.
- The Waste Team have reviewed their processes and going forward they have allocated a report to a specific officer, to avoid error. A change has also been made to the Bulky Waste Collection app and there is now a pop up warning message when you press the 'Make Payment' Button.
- Cleaning rotas and techniques have been reviewed at leisure facilities and continue to be monitored.

3.3.10 The data held in this report highlights that there has been a 6% reduction in the formal customer feedback received in 2019/20. Although there has been an overall reduction in the number of complaints received, the number of compliments and positive feedback has increased.

3.3.11 In 2019/20 there was a 16% increase in the combined number of compliments and Positive Feedback received. Receiving a total of 290 instances of positive feedback and compliments in 2019/20, when compared to 250 in 2018/19.

#### 3.4 **Adult Statutory Complaint Report** (Appendix B)

3.4.1 We received 58 Adult Statutory complaints between 1 April 2019 and 31 March 2020, a slight increase on 51 received in 2018/19 and the 46 received in 2017/18.

3.4.2 Of the 43 complaints completed, 65% (28) were upheld, 21% (9) were not upheld and 14% (6) were dealt with via another method.

3.4.3 We aim to respond to all Adult Statutory complaints within 25 working days, because of the nature and complexity of some issues it may take longer, and complainants will be informed if this is the case. The time scales may be extended to a maximum of 65 working days. In 2019/20 the average number of days to respond to an Adult Statutory complaint across all portfolios was 51 days this is an improvement on the 56 working days achieved in 2018/19. However, one complaint responded to under cross portfolio exceeded the 65 working day time scale.

3.4.4 However, no complaint exceeded the statutory 6 months in which to respond as outlined in the Local Authority Social Services and National Health Service Complaints (England) regulations 2009.

3.4.5 Of the remedies recorded against Adult Statutory Complaints in 2019/20;

- 34% were to provide an explanation and an apology.
- 16% was to provide an explanation and no remedy was required.
- 16% was to improved service provision.

3.4.6 Positive improvement that have resulted from learning from complaints include;

- Time scales have been introduced for social workers to complete support plans to ensure that interventions are timely.
- Social workers have been reminded to the importance of offering the opportunity for queries to be discussed and responded to.
- There are ongoing discussions with Social workers in professional development in supervision.
- Introduced a new investigation template and process for Adult Social Services to help with complaints.
- Clarity has been provided to Brokerage and Locality Teams regarding responsibility for keeping in touch with individuals and families.
- Launch of 'zoned' working for domiciliary care providers (move to a place based support model of care delivery in the borough).
- Practitioners are to notify Financial Case Management Team of any billing/invoice address changes so that they can confirm this and update relevant IT systems.
- Review will be completed of Direct Payment processes.
- Review will be completed of current joint working practices across statutory agencies who have responsibility for responding to organisational concerns.
- Workers have been advised to ensure that ongoing services, if required, are provided and in place prior to stopping enablement and that discussions take place with the family.
- Guidance has been issued to ensure best practice in taking messages when workers are not available. Training has been provided on the importance of



Making Every Contact Count, our approach to engaging conversations so that they have positive outcomes.

### 3.5 Children's Statutory Complaint Report (Appendix C)

3.5.1 We received 50 Children's Statutory complaints between 1 April 2019 and 31 March 2020. In 2018/19, 42 were received, and 82 in 2017/18. The 50 complaints were dealt with at Stage One, with only seven progressing to an independent Stage two investigation. No stage 3 panels were completed in 2019/20.

3.5.2 Of the 47 complaints completed in the year, 43% (20) of the complaints were upheld, 51% (24) were not upheld and 6% (3) were dealt with via another method.

3.5.3 The Children's Act 1989 Representations Procedure (England) Regulations 2006, outlines, how Child Statutory Complaints should be handled and the three stages for Child Statutory Complaints.

Stage One should be an opportunity to resolve the complaint at service level, this should be done within 10 working days, which may be extended to 20 working days in exceptional circumstances and with prior agreement with the customer.

Stage Two is an Independent Investigation which should be completed within 25 working days and this can be extended to 65 working days in more complex cases.

Stage Three is a panel where the investigation at Stage One and Two is reviewed.

3.5.4 The average time scales for all Children's Statutory Stage One Complaints is 21 working days, which exceeds the timescales outlined in the regulations. However there is a clear improvement since 2018/19 where complaints were responded to in an average of 25 days. As an authority we should be ensuring that we meet the statutory requirements. Overall 57% of complaints were responded to within the extended statutory time scale of 20 working days, 19% were responded to within 10 working days.

3.5.5 During 2019/20, 7 (10%) Statutory Stage One complaints progressed to Stage Two of the process. There has been an increase in Statutory Stage Two investigations in 2019/20, only one case progressed to stage two in 2018/19. All were investigated and Independent persons commissioned. The average number of days to complete a Stage Two Investigation was 37.43 days in 2019/20.

3.5.6 Of the remedies recorded against Children's Statutory Complaints in 2019/20;

- 36% were to provide an explanation and an apology.

- 26% was to provide an explanation and no remedy was required.
- 11% was to provide an explanation and service was provided
- 9% was to provide an apology and no service was provided.

3.5.8 Positive improvements that have resulted from learning from complaints include;

- Individual remedies have been completed regarding support plans and working agreements and assessments.
- Additional training to officers regarding communication and failure to keep complainant informed.
- If social workers are absent for more than two weeks, the service will look to reallocate cases, more complex cases will be reallocated as a priority.
- Introduction of systems to prevent delay in recording so that minutes can be provided to parents and professionals in a timely manner.
- Delivery of workshops to practitioners to ensure that following the completion of direct sessions, the assessments are written up and shared with families within a much shorter time frame.

### 3.6 **Local Government and Social Care Ombudsman Annual Review Letter 2020** (Appendix D)

3.6.1 The Ombudsman has reported that between 1 April 2019 and 31 March 2020 they carried out 13 detailed investigations in respect of complaints progressed from Telford and Wrekin Council. 7 of these complaints were upheld following the investigations which is 54% this is slightly lower than 56% average across similar authorities.

3.6.2 The Ombudsman has reported that there has been 100% compliance with their recommendations following these investigations. Recommendations were made in respect of two investigations. This compares to 99% in other similar authorities.

3.6.3 Based on the 13 investigations the Ombudsman confirmed that 14% of those upheld cases provided satisfactory remedy prior to it reaching the Ombudsman, this represented 1 out of the 7 upheld complaints. This compares to an average of 11% in similar authorities.

## 4 **BACKGROUND PAPERS**

Appendix A- Customer Feedback Report (Corporate) 2019-20

Appendix B- Adult Statutory Complaints Annual Report 2019-20

Appendix C- Children's Statutory Complaints Annual Report 2019-20

Appendix D- LGSCO Annual Review Letter 2019-20

# Annual Customer Feedback Report

## Telford & Wrekin Council

### 2019-20



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Protect  
Care and Invest  
to create a  
better borough





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# Report Summary

This annual feedback report shows that this year the Council has seen a 16% increase in the number of compliments and positive feedback received. In addition to this the number of Corporate Complaints received has decreased, this is a trend that has continued for the last 5 years. When considering the total number of transactions received by the Council over the year the data in this report clearly shows that the number of complaints received against transactions falls well within the accepted customer service industry standards and well under 1% of all transactions. The Council continues to manage complaints well and is committed to putting right anything that has gone wrong.

With effect from 1 April 2019 a number of new contracts commenced, particularly in respect of grounds and cleansing and highways. The number of complaints received this year indicates that the management of the transition to the new contractors went well and over the year the number of complaints have reduced.

The number of complaints received reduced in the last quarter of 2019/20, during a time when the Council was responding to the unprecedented flooding in Ironbridge Gorge and the start of the Covid 19 pandemic. Managers were taken from their day to day roles in order to respond to the emergency, and yet all still managed to respond to customers complaints. It is therefore a remarkable achievement that response timescales over the year were significantly reduced.

The absence of any significant findings of fault by the Ombudsman suggests that complaints are being dealt with in line with the Council's values of openness, honesty, fairness and respect.

However, it is vital that managers remain equipped and committed to responding effectively and that the organisation is able to draw the learning for future cases.

Notwithstanding this, there remain clear opportunities to improve in a number of areas and the Customer Relationship Team will continue to work with senior leadership teams to effectively utilise complaints intelligence and customer feedback to support positive improvements to service delivery.

In October 2019 the Council launched a new Customer Insight Programme which seeks to proactively identify and remedy concerns before a customer has to complain. The programme is designed to deliver organisational intelligence to drive transformation and continuous improvement by identifying trends and the improvements that could be made to improve the customer experience of our services.

Two in depth reviews have been completed since October 2019 focusing on the Soft Play and The Place@Oakengates. A Council wide 'Snap Shot' assessment of our key front doors also commenced in February 2020. For more information regarding the Customer Insight Programme please see Page 10.



# Highlights of 2019/20

\*Local Government and Social Care Ombudsman

Over <b>100</b> <b>Volunteers</b> registered to be Mystery Customers	Average of <b>11 days</b> to respond to Corporate Complaints	Complaints responded to <b>3 days quicker</b> on average in 2019/20 than in 2018/19.	<b>16%</b> increase in positive feedback
Complaints under <b>1%</b> of all transactions	A total of <b>290</b> Compliments & Positive Feedback received	<b>81%</b> corporate complaints responded to in 15 working days	<b>42</b> completed Mystery Customer Assignments
<b>5%</b> reduction in upheld corporate complaints	<b>Improvement</b> on response timescales <b>across all directorates</b>	<b>100%</b> LGSCO* recommendations completed	<b>4%</b> reduction in corporate complaints

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# Purpose of the Report

To give Members and Officers an overview of Telford and Wrekin Council's corporate customer feedback, including complaints and compliments, from 1 April 2019 to 31 March 2020. This includes highlighting areas of positive performance and areas for development.

To outline the key developments and planned improvements to customer feedback processes operated by the Council.

To consider how learning from customer feedback can be used to gain a better understanding of the experience customers are having with accessing our Council Services, drive improvement by acting on the feedback received, prioritising quick wins and ensuring that longer-term actions feed into the customer service strategy and that we continue to develop and improve the Council services we provide.

# Background

The Customer Relationship Team co-ordinates complaints relating to 3 separate complaints processes, they are: –

i) Adult Social Care statutory process, reported separately in the Adult Statutory Complaints Annual Report 2019-20.

ii) Children's Social Care statutory process, reported separately in the Children's Statutory Complaints Annual Report 2019-20.

iii) Corporate Complaints process – these are complaints relating to other services provided by the Council where there is not a statutory complaints procedure.

In addition, the team deals with a wide range of interactions with customers that do not go on to become formal complaints. These include general enquiries, MP Enquiries, comments and suggestions as well as any matters which are exempt from consideration under our complaints policies.

We recognise that our customers have a range of experiences when contacting us, working with us and using our services. Some of these experiences are positive, and we want to recognise and celebrate where good practice is evident, while others fall short of our standards, and it is essential that we learn from them. As an organisation, we provide people with a mechanism to feed back to us both positive and negative experiences and encourage a culture of learning, where the focus is on resolution and continual improvement. Where possible, we take immediate action to put things right at the first point of contact, and where this is not possible, we operate a robust complaints procedure.



Above all the way we deal with complaints will be based on our co-operative values

[https://www.telford.gov.uk/info/20268/co-operative\\_council/779/our\\_co-operative\\_values](https://www.telford.gov.uk/info/20268/co-operative_council/779/our_co-operative_values) and the following key principles;

- Customer focus – listening to what people tell us and seeing things from the Customer’s perspective.
- Responsiveness – acting on what people say to us
- Promptness – making sure people get answers in good time
- Transparency – dealing openly and honestly with problems
- Proportionality – making sure that the resolution fits the complaint
- Learning – making sure complaints result in changes and improvement

Our policies are published on the Telford and Wrekin website:

<http://www.telford.gov.uk/complaints>

A complaint is defined within the Council’s Corporate Complaints procedure as:

**‘an expression of dissatisfaction, however made, about the standards of service, action or lack of action or decisions taken by the Council, or the way in which council employees carry out their duties’**

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Telford and Wrekin Council operates a two stage process for all corporate complaints.

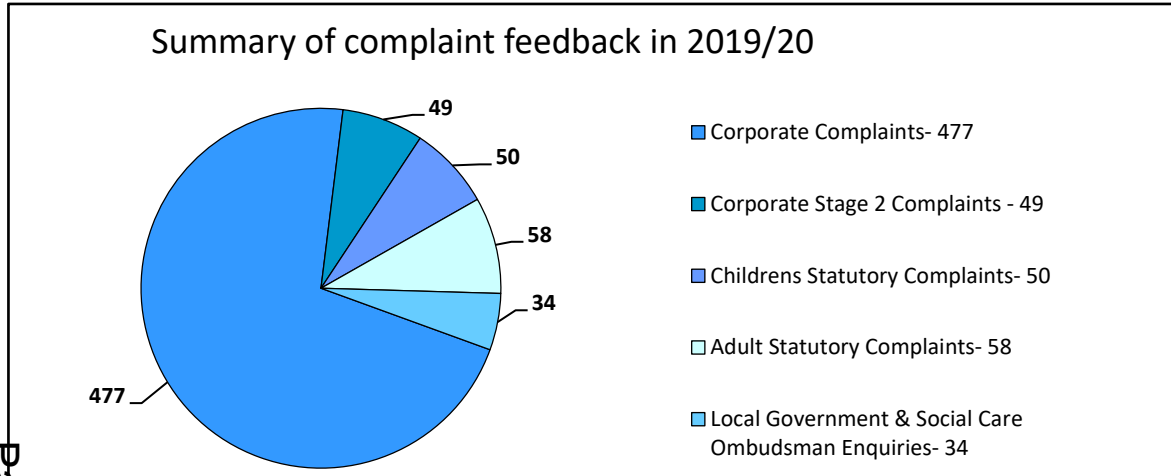
Complaints recorded under the formal procedure (and dealt with in this summary report) do not include those ‘first time’ representations which were effectively requests for a service and dealt with as such. Accordingly, a new report of a missed bin, or a broken swing, for example, would not be registered and dealt with as a complaint, but as a service request. Of course, in the event that the Council failed to respond to the ‘request’ appropriately, then that may generate a complaint. Appeals against decisions that have a separate appeals routes will not be dealt with as complaints.





The charts below show the feedback received by the Customer Relationship Team in 2019/20.

**Table 1: Summary of complaint feedback in 2019/20**

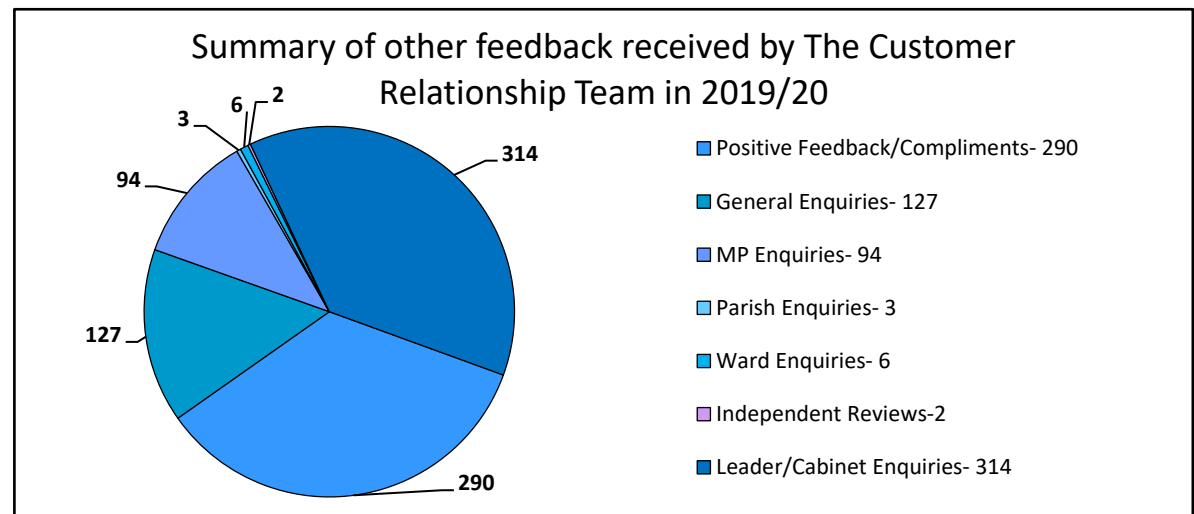


The volume of contacts received by the team totalled 1504 in 2019/20. The team also took a total of 2118 telephone calls over this period.

The number of calls has dropped significantly since 2018/19 (3345) and this is a reflection of the team no longer having a backlog of cases, proactively chasing responses and keeping customers updated.

Parish Enquiries are now registered via the Councils Customer Contact Centre. Ward Enquiries are requests for service from Ward members following their annual ward reviews.

**Table 2: Summary of other feedback in 2019/20**



Shelford and Wrekin Council is a growing borough which has seen its population increase from 171,159 in June 2015 to 177,799 in June 2019. The Council has also attracted more visitors to its local parks, leisure centres and theatre in 2019/20. There has been an increase in customer interactions across the authority.

In this reporting year the Council has also faced many challenges including the flooding in the Ironbridge Gorge and the unprecedented Covid 19 Pandemic. It has also celebrated with an 'Outstanding' Ofsted report for Children's Services and our Shared Lives Team also received an 'Outstanding' rating.



# Compliments & Positive Feedback

In 2019/20 there was a 16% increase in the combined number of compliments and Positive Feedback received. Receiving a total of 275 instances of positive feedback in 2019/20, this is a significant increase on the number received in 2018/19 which was 137 and it is not surprising that Neighbourhood & Enforcement Services (85), and Communities, Customer & Commercial Services (55) received the most due to the front line nature of these service areas.

We have received a total of 15 formal compliments in 2019/20. This is a decrease on the number received in 2018/19 as it reflects the new process that was introduced in 2017 where compliments which are a simple 'thank you' for providing a service are now sent to the employee and their line manager and not logged as a formal compliment.

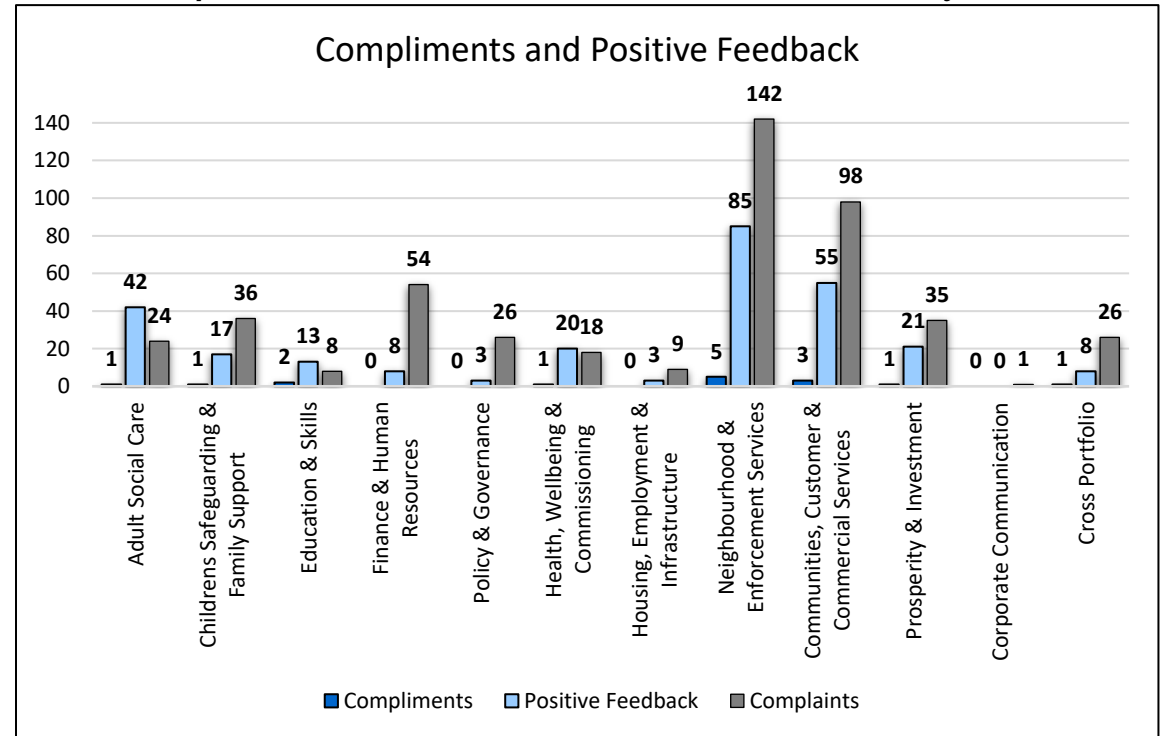
As these are high in volume, they are now logged as positive feedback only.

A compliment is only logged where a service or officer has gone **above and beyond** their role.

We will be reviewing our definitions of Compliments and Positive Feedback in 2020/21.

The chart below highlights the compliments and positive feedback against the number of complaints received for the Directorate.

**Table 3: Compliments and Positive Feedback received in 2019/20 by directorate**



It is positive to see that Adult Social Care, Education & Skills and Health, Wellbeing & Commissioning each had more positive feedback and compliments than the total number of complaints that they received.



Please find below some examples of compliments received during the year:

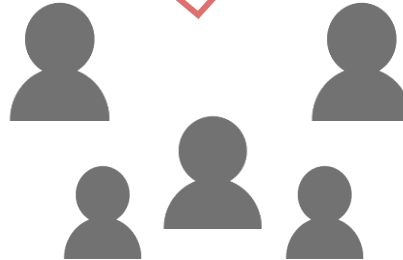
*"I've called to say thank you to the Council and thank you to the bin men I had forgotten to put the bin out for collection this morning and the crew spotted this and emptied it for me." Domestic Refuse*

*Thank you so much for the very special ceremony you conducted for us... your words were so well chosen – thoughtful, sensitive and completely us! Registration Services*

*...the painstaking and detailed work carried out by your officers, was from my point of view fantastic. I wanted to make sure that you knew what an absolutely fantastic job they had done. Trading Standards*

*I was very impressed by a member of staff called Nigel...he needs to mentor others in sharing what I consider to be, an exceptional persona, which is highly suited to children with special needs. Nigel is indeed an unsung hero in my book. Madeley Snowboard & Ski Centre*

*I just wanted to put in writing my personal appreciation for the hard work of the Council in achieving a deliverable planning permission...our experience has been defined by timely responses (often outside of normal working hours) and pragmatic advice. Planning- Decision Making*



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Please find below some examples of positive feedback received during the year:

*I just wanted to express my thanks and gratitude to the library staff at Southwater and Wellington libraries over the past two weekends, who so kindly hosted me and a group of authors for a Meet the Author events. Libraries*



*Just wanted to pass on 'kind thanks' ...for your help with getting ...the grant for the wet room the adaptation has now been completed and they are very happy and they wanted to say thank you. Housing*



## Customer Insight Programme

A Customer Insight Programme was launched in October 2019 with the aim to review our council services. The programme is designed to deliver organisational intelligence to drive transformation and continuous improvement by identifying trends and the improvements that could be made to improve the customer experience of our services.

The Customer Insight Programme has also resulted in over **100** volunteers registering to become Mystery Customers and undertake Mystery Customer Assignments.



Trends and improvements are identified through Customer Insight activities for example Mystery Customer Assignments, Customer Insight Walkthroughs, Telephone Quality Checks, Website reviews, Exit Surveys and the learned outcomes from complaints. As part of this work we are also engaging with specific groups of residents to obtain feedback regarding the accessibility of our services. A report is completed and seeks to highlight successes but also identify areas for improvement. Recommendations are intended to assist and complement decision making to improve the customer's experience of the service going forward.

The culture of the council is focused on the customer's experience, our services use other forms of feedback including Net Promoter Score and surveys to complement the Customer Insight Reviews constantly ensuring that the service is maintained and improved. Our Adult Social Care directorate also have a 'Making it Real' board, made up of residents that use their services. The directorate consult on changes and improvements to service and they also get feedback on what residents would like to see as part of the service.


Since the launch a pilot and two live Customer Insight Reviews have taken place, at the Soft Play and the Christmas Pantomime. Since October 2019 a total of 42 Mystery Customer Assignments were completed and 149 exit surveys completed. Some results for the soft play included,

**83%** of customers were satisfied with their experience at the Soft Play.

**99%** of customers felt that the Soft Play was safe and secure.

**91%** of customers said they had a good customer service at the Soft Play.

Improvements completed following recommendations include;



*"Been really nice and kids have enjoyed themselves"*

*"Toilets were clean and working. No further action was required – accessible for all."*



The vending machine options have been reviewed to ensure that there are more healthy options. A water fountain has now been installed for when the café is not open. Signage has been erected confirming that customers can bring their own food to the facility.

Many other recommendations were made following the valuable customer feedback. Recommendations are now on a work schedule to be completed over the next 12 to 18 months. Once actioned they will be reported through our 'you said, we did' articles.

Some results for The Place@Oakengates included,

**94%** of customers were satisfied with their experience at 'The Place'.

**83%** of customers said the accessibility was good at 'The Place'.

**95%** of customers said they had a good customer experience at 'The Place'.

Page 15

Improvements completed following recommendations include;

New toilet paper dispensers have been installed, staff will also now check the toilets during the performance to make sure they are tidy and well stocked.

Military discounts have now been introduced and will be offered at the £15.00 discounted rate for the Pantomime.

Many other recommendations were made following valuable customer feedback. Recommendations are now on a work schedule to be completed over the next 12 to 18 months.

## Mystery Customer Snapshot Reviews:

A Council wide 'Snap Shot' assessment of our key front doors also commenced in February 2020, with **53** reviews completed so far, unfortunately this project and our in depth Customer Insight Reviews have had to be placed on hold due to the impact of the Covid 19 Pandemic which led to all facilities being closed. This has led to a change in emphasis and we now have a new project to review the Council's digital front door. Mystery Customers will again be asked to carry our assignments to test the Council's website and homepage.

Customer Insight feedback will be summarised and presented in future annual reports.

*"Oakengates theatre is always a fun place to come to. The staff are friendly it's a great atmosphere and the kids loved the show."*

*"Cater for disabilities, Facilities good"*

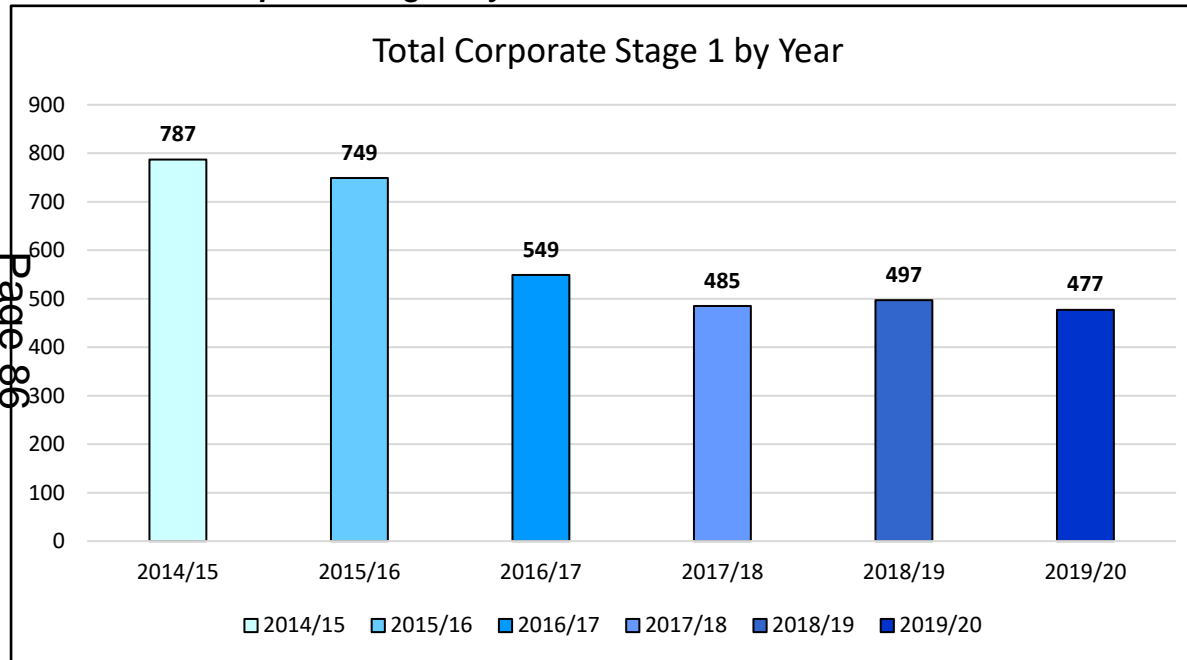




# Corporate Stage One Complaints

In the year 2019/20 there were 477 corporate stage one complaints (those dealt with by more than one service at the same time are counted as one complaint). In 2018/19 we received 497 and in 2017/18 we received 485. It is excellent to see that the number of complaints received in 2019/20 has decreased to the lowest number we have seen in 6 years. The table below shows comparisons of the number of complaints over the last 6 years.

**Table 4: Total Corporate Stage 1 by Year**



It is pleasing to report that the number of complaints continues to remain at a reduced level when compared to the numbers received in 2014/15 which saw complaints rise to over 750.

From these 477 complaints, 49 were escalated to Stage Two of our procedure and 34 were the subject of Local Government and Social Care Ombudsman enquiries (please note some of these may have been for Stage One complaints prior to 2019/20). There has been a slight rise in Stage Two complaints this year raising from 47 in 2018/19 to 49 in 2019/20. There has also been an increase in complaints progressing to the Local Government and Social Care Ombudsman 2019/20 saw 34 progress, an increase from 23 in 2018/19.

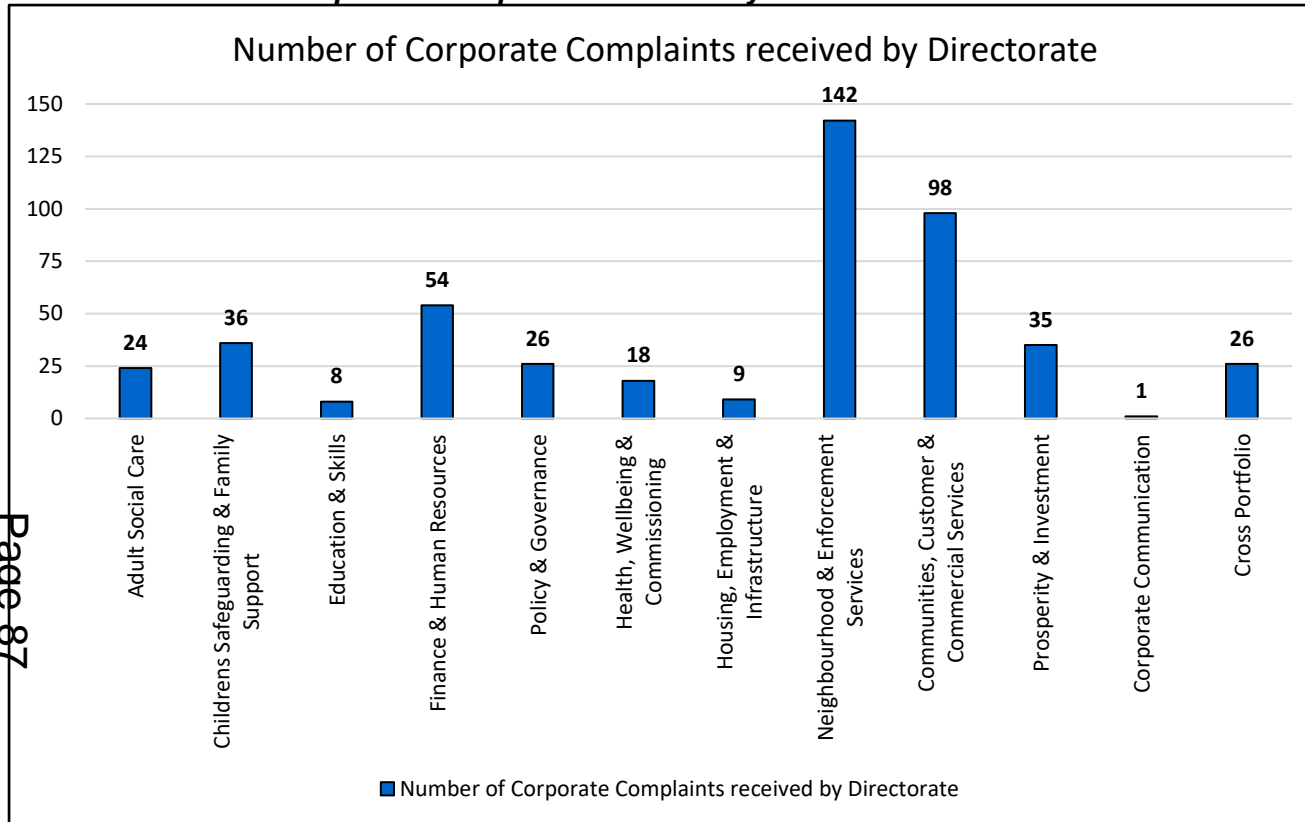
Stage	Number of Complaints
1	477
2	49
LGO	34

For further information regarding Stage Two complaints please go to page 17.

For further information regarding Local Government Ombudsman enquiries, please go to page 21.



**Table 5: Number of Corporate Complaints received by Directorate**



The directorate that received the highest number of complaints was Neighbourhood and Enforcement Services at 142, however given the number of customer interactions that take place through waste, highways, grounds maintenance, public protection, community safety and enforcement this is to be expected.

The second highest number of complaints were received in Communities, Customer and Commercial Services at 98, given the number of interactions that take place within the Councils Customer Contact Centre and Leisure Facilities, this is also to be expected.

For further analysis see Corporate Service Performance 2019/20.

Of the 477 Stage One complaints that have been completed, 43% (201) were upheld, this is where services have acknowledged that we could have done better, this is an improvement on the 48% (239) in 2018/19. This improvement indicates that there has been a reduction in cases where we could have done better. 43% (202) of the complaints were not upheld, 14% (68) of the complaints were either withdrawn, out of jurisdiction or resolved by the service.

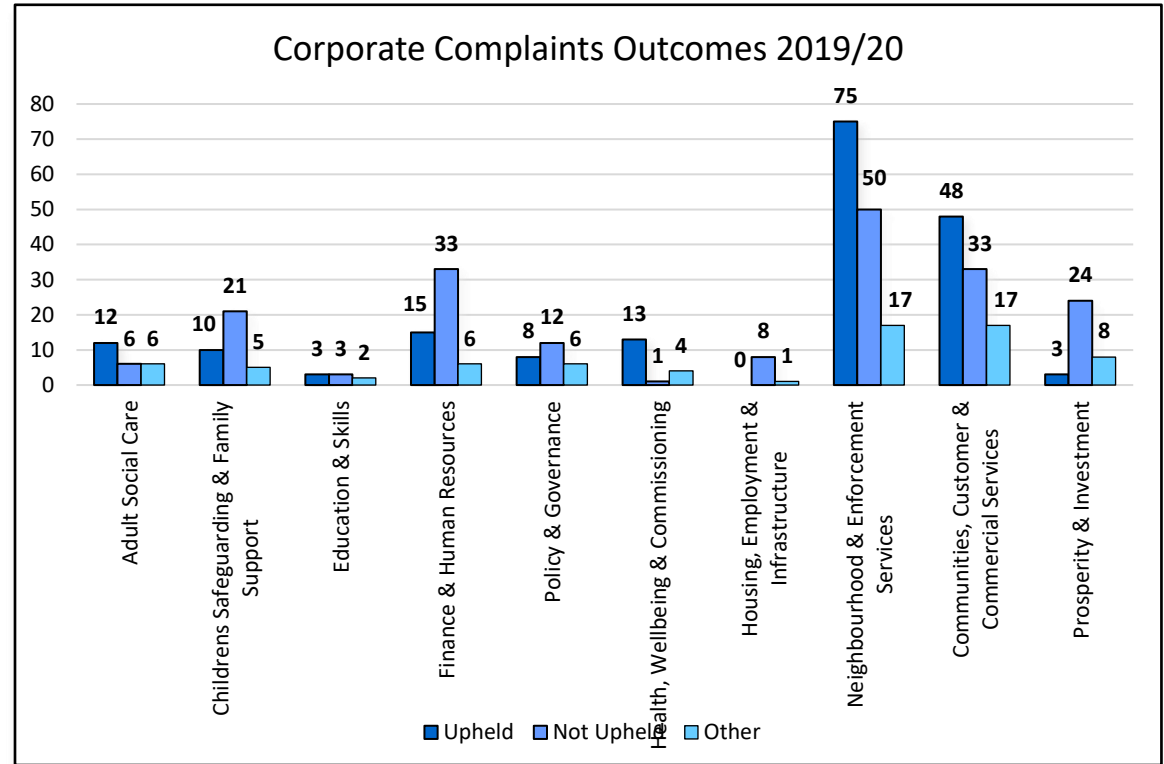


The most upheld complaints are within Neighbourhood & Enforcement Services (75) and Communities, Customer and Commercial Services (48) based on numbers.

**Table 7: Percentage of Complaints upheld by Directorate**

Directorate	Percentage of complaints upheld
Health, Wellbeing and Commissioning	72%
Cross Portfolio (Directorate)	54%
Neighbourhood & Enforcement Services	53%
Adult Social Care	50%
Communities, Customer & Commercial Services	49%
Education & Skills	38%
Policy & Governance	31%
Finance & Human Resources	28%
Children's Safeguarding & Family Support	28%
Prosperity & Investment	9%
Housing, Employment & Infrastructure	0%
Corporate Communication	0%

**Table 6: Corporate Complaints Outcomes 2019/20**



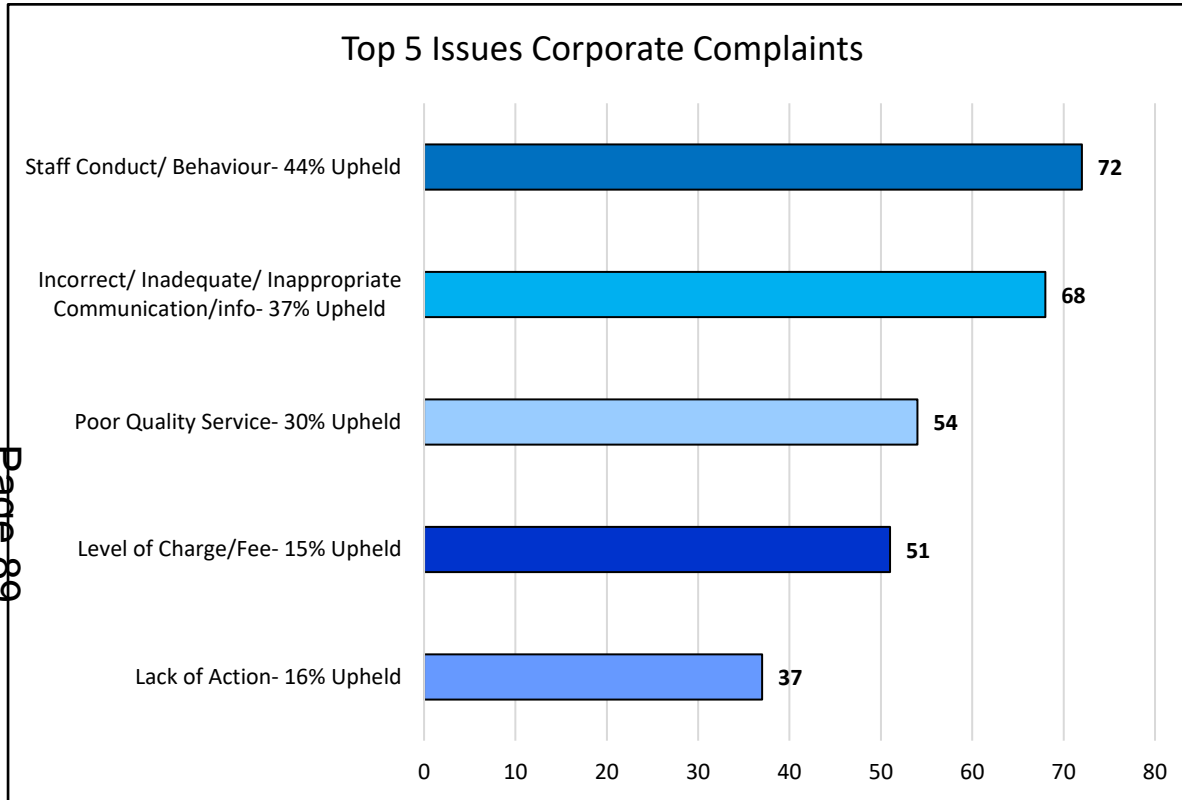
However, when looking at the percentage of upheld complaints against number of complaints received this shows that based on the number of complaints received Health and Wellbeing had the highest number upheld at 72%.





The top 5 issues identified corporately at stage one were;

**Table 8: Top 5 Issues Corporate Complaints**



These areas also saw the most upheld complaints.

**Staff Conduct/Behaviour-** Staff conduct and behaviour covers a variety of concerns including lack of support from individual officers, no identification shown when attending a property, how a member of staff has spoken to a customer and general behaviour of staff both face to face and over the telephone. In the cases upheld an apology was given and the officers were spoken to by their line managers and additional training given.

**Incorrect/ Inadequate/ Inappropriate Communication/ Information-** This issue crossed many different services, generally the concerns raised involved records not been updated correctly which resulted in notices being issued, Services not making contact with customers to provide an update and not returning calls. The majority of these complaints received an explanation and apology.

**Poor Quality Service-** This issue again crossed many different services, however a number were related to waste services and refuse collections. In the cases upheld an explanation and apology was provided.

**Level of Charge/ Fee-** This included complaints raised against Council tax and Business Rates charges, leisure facility charges, Financial Case Management charges and public protection charges. The remedies for these complaints were to offer an explanation with no remedy required or an apology and explanation for any error that had taken place.

**Lack of Action-** This is occasions where the customer complained because they had received no response, there were no trends in service areas for this concern and it cut across all directorates. In the cases upheld an explanation, apology and service was provided.

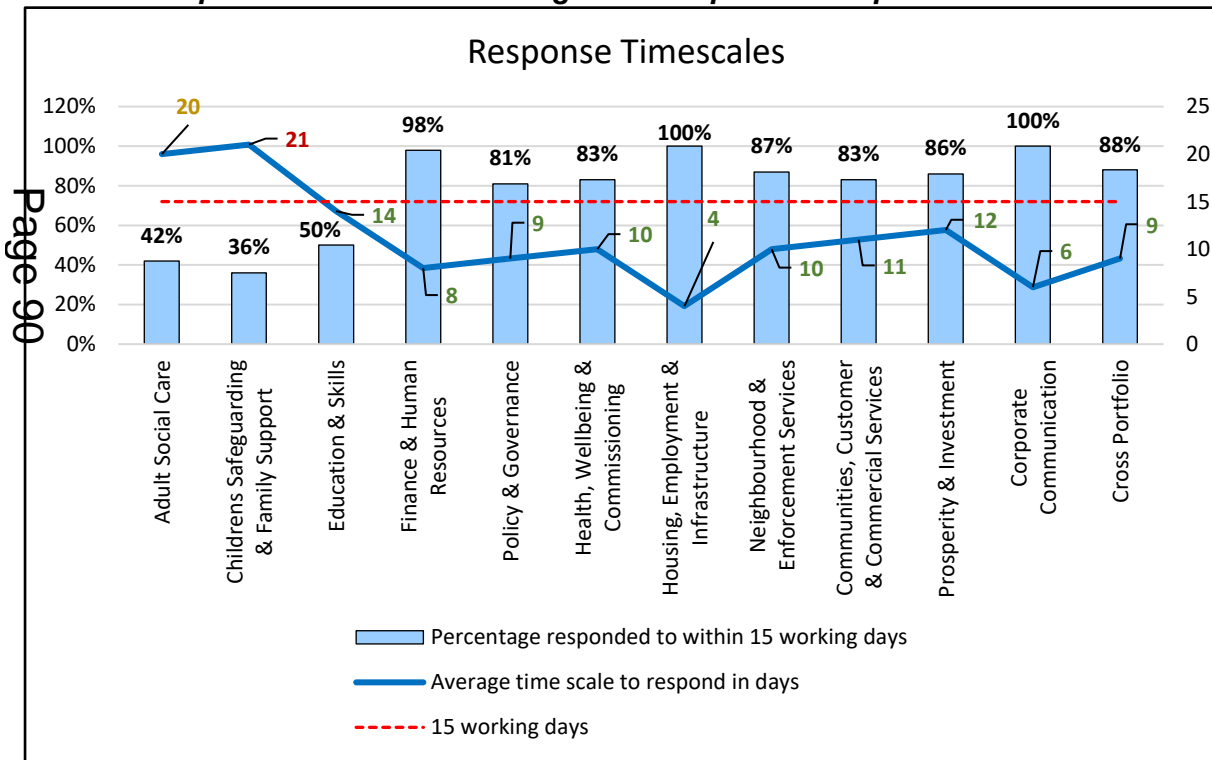


# Timescales for Responses at Stage One

The Council's Corporate Complaints Policy states that Stage 1 Corporate complaints should be responded to within 15 working days. This may be extended in exceptional circumstances by a further 5 days. The following chart shows the percentage of complaints responded to within 15 working days by directorates and also the average number of days for each service to respond to corporate complaints at stage one.

The data indicates that in the main directorates are managing to meet the corporate time scale of 15 working days, which is excellent.

**Table 9: Response Timescales for Stage One Corporate Complaints**



However, Adult Social Care and Children's Safeguarding & Family Support each have an average timescale of 20 and 21 working days respectively, which is just on and over the extended target. It should be noted that this is a significant improvement on the timescales that were achieved in 2018/2019 (28 and 29 days respectively) this is excellent and the services should be congratulated on this achievement.

Response times was an area that the Customer Relationship Team confirmed they would be focusing on in 2019/20, both by progress chasing responses in a timely manner and escalating to senior managers within the respective service areas, where needed. Along with services it is evidence that these efforts have provided a positive outcome.

Overall, the Council is managing to respond to corporate complaints within an average of 11.25 days, which is well within the 15 working day timescale and a significant improvement on the 14.45 days achieved in 2018/19. 81% of complaints were responded to within the 15 working day time scale an improvement on 74% achieved in 2018/19 and 71% achieved in 2017/18.

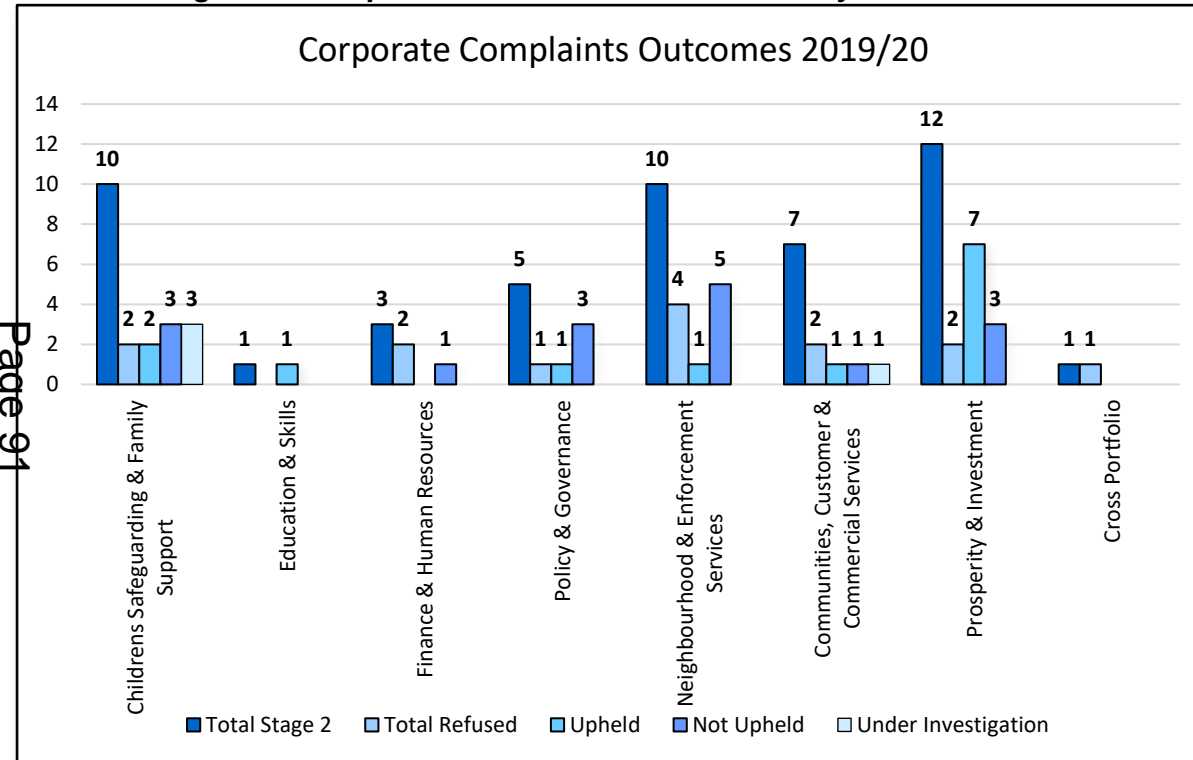
For further information and analysis regarding the five directorates who received the most complaints please go to Appendix A. Appendix A also includes dashboard data for the remaining five directorates, corporate communications and Cross Portfolio complaints.



# Corporate Stage Two Complaints

During 2019/20, 49 (10%) Corporate Stage One complaints progressed to Stage Two of the process. Four of the stage two complaints are currently under investigation.

**Table 10: Stage Two Complaints Received and Outcomes by Directorate**



A higher volume of Stage Two Complaints were seen in Prosperity and Investment, Neighbourhood & Enforcement Services, and Children’s Safeguarding & Family Support this financial year. Prosperity & Investment had 7 of its 12 Stage Two Complaints upheld.

Health, Wellbeing & Commissioning and Housing, Employment & Infrastructure, and Corporate Communications have had no complaints escalated to Stage Two in 2019/20, they are not detailed in table 19.

Out of the 49 complaints, it was considered that 14 had already been addressed at Stage One or the desired outcome that the complainant was seeking was not achievable by progressing their complaint further. There would be no added value in taking the complaint through to a full Stage Two investigation.

These complaints were responded to in an average of 12 working days. The aim is to respond to Stage Two escalation requests within 10 working days. Delays were experienced due to waiting for further information from service areas or for approval from senior management.

Of the 49 Stage Two complaints 35 resulted in full investigations, this is a 51% increase in the full Stage Two Investigations (17) completed in 2018/19. This can be attributed to an increase in multiple complaints regarding planning decisions and also more complex issues requiring a full investigation to ensure all avenues had been explored. 37% of full investigations were upheld.

The average number of days to complete a full investigation was 24 working days. This is within the corporate target to complete investigations within 25 days.



# Learning from Corporate Complaints

However, we should not be purely looking at numbers although they do provide an overall picture of the services. We should be focusing on the learning we have taken from these complaints.

Complaints are a valuable source of information which can help to identify recurring or underlying problems and potential improvements. We know that numbers alone do not tell everything about the attitude towards complaints and how they are responded to locally. Arguably of more importance is to understand the impact those complaints have on people and to learn the lessons from complaints to improve the experience for others. This was echoed by Michael King, The Local Government Ombudsman who said it is not about *'how often you are getting it wrong, but how good you are at putting it right'*.

Lessons can usually be learned from complaints that were upheld but also in some instances where no fault was found but the Council recognises that improvements to services can be made.

Occasionally during the course of an investigation issues will be identified that need to be addressed over and above the original complaint. The Customer Relationship Team will work with services to ensure that they see the "bigger picture" to ensure that residents receive the best possible service from the council.

## Remedial actions taken from resolved complaints at Stage One 2019-20

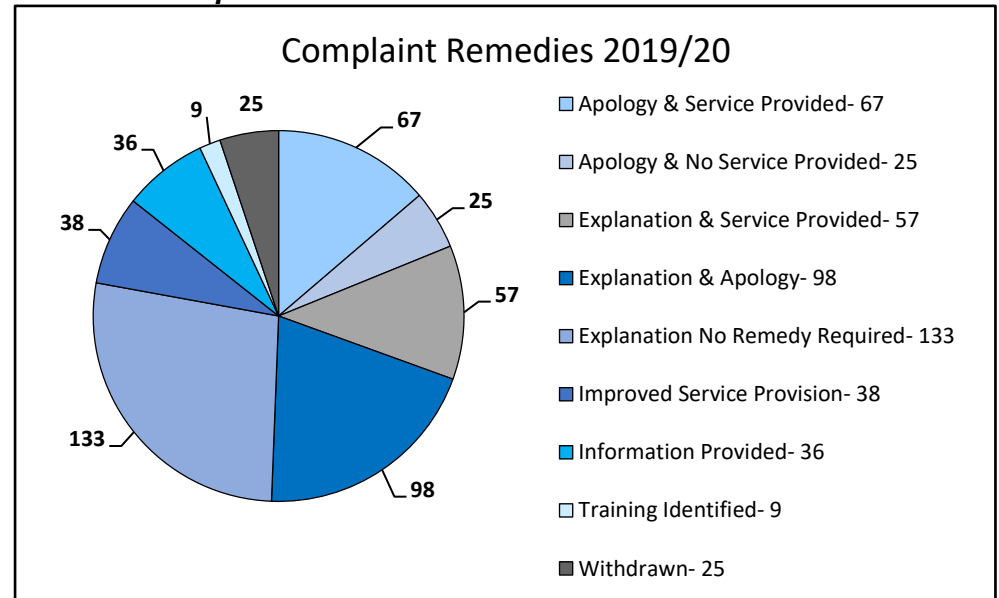
All of the 206 complaints, where fault has been found, have been reviewed by the Customer Relationship Team to ascertain what action the relevant department has taken, both in remedying the fault, and any wider learning to avoid such issues occurring in the future.

Remedial action typically consists of both individual redress (e.g. apology, carrying out overdue work) and wider actions that may affect many. On occasions, fault has already been remedied so the complaints process is used to ensure that appropriate action has been taken.

Of the remedies recorded against Corporate Complaints in 2019/20;

- 21% were to provide an explanation and an apology.
- 28% was to provide an explanation and no remedy was required.
- 12% was to provide an explanation and service was provided
- 14% was to provide an apology and service was provided.

**Table 11: Complaint Remedies 2019/20**





## Positive Improvements

Below are examples of positive changes that have resulted from learning from Stage One complaints;

- A review of the Empty Property form has resulted in a new option for the customer to return the review form online, in addition to a paper option, seeing an improvement to the way that customers notify us of changes.
- Where incorrect information had been provided to a customer, this has been fed back to officers and training given.
- Improvements have been made with new bookings for transport. Emergency contact names and numbers will be obtained and the drivers will be familiar with the run and the area.
- Our contactors have adjusted the steering on a collection vehicle following a complaint involving damage to property.
- Additional training has been given to officers regarding communication over the telephone and how to manage calls effectively.
- Instructors have been reminded to ensure that they prepare before an exercise class to ensure that there is no delay at the start. Broken equipment has been fixed and all equipment is operational. Leisure centres will ensure that there is enough equipment for those booked on a class.
- Contractors have been informed of additional areas that were not subject to routine grass or hedge cutting.
- The Waste Team have reviewed their processes and going forward they have allocated a report to a specific officer, to avoid error. A change has also been made to the Bulky Waste Collection app and there is now a pop up warning message when you press the 'Make Payment' Button.
- Cleaning rotas and techniques have been reviewed at leisure facilities and continue to be monitored. A deep clean has been carried out at the swimming pools and the staff have been spoken to and reminded about thoroughly cleaning the drains.
- A procedure has been introduced at Leisure Centres regarding disabled bays. Signage has also been placed around sport centres asking for customers to park appropriately in the bays. Spot checks are now also taking place.
- Library Officers have been reminded to check all envelopes at the end of the day before shredding them.
- An Unacceptable and Inappropriate Behaviour Procedure has been approved.

“YOU SAID”

“WE DID”



- A group has been set up by Commissioning with members of each provider to improve communication by meeting regularly to discuss matters.
- Collection crews have been asked to specifically return blue bags to their collection points.
- The Councils Website has been updated to ensure that it includes information regarding making an insurance claim against the council and that a property claim form must be completed.

Below are examples of positive changes that have resulted from learning from Stage Two complaints;

- There have been occasions where officers were reminded of the importance of providing accurate information to customers.
- Officers have been reminded of the importance of undertaking thorough Stage 1 complaint investigations, ensuring that all points raised are addressed and that they are responded to in line with the timescales defined within the complaints procedure.
- Where the planning service have been made aware of a disability, they will ask if the customer agrees to it being recorded on the record, to ensure that customers receive any additional support they may require during the process.

Further information has been added to the, 'Change in Circumstances' page, on the website about Universal Credits to ensure the process is clear to customers. Benefit Officers also reminded of the importance of signposting customers to the correct organisations for financial support e.g. DWP.

- The elections team will categorise emails in their inbox to prevent them from being incorrectly filed into sub folders.
- Revenues Officers have been reminded of the importance of checking that individuals are the partner of the liable person prior to adding them as a joint liable party on the Council Tax bill.
- Benefits Officers to ensure that minimum income notification letters are sent, where applicable.
- The corporate complaints procedure has been reviewed to ensure that it includes detail about when a holding complaint response might be required.
- Planning Officers have been reminded of the importance of notifying Customer Relationship Team at the earliest convenience, if they are unable to investigate a complaint which relates to a planning application which is being determined. This is to ensure that the customer is notified in a timely manner.
- Services should keep Customer Relationship Team updated of the progress of complaints and if there is likely to be a delay – when the response is likely to be available to send. This is to ensure that they are able to update the customer accordingly.

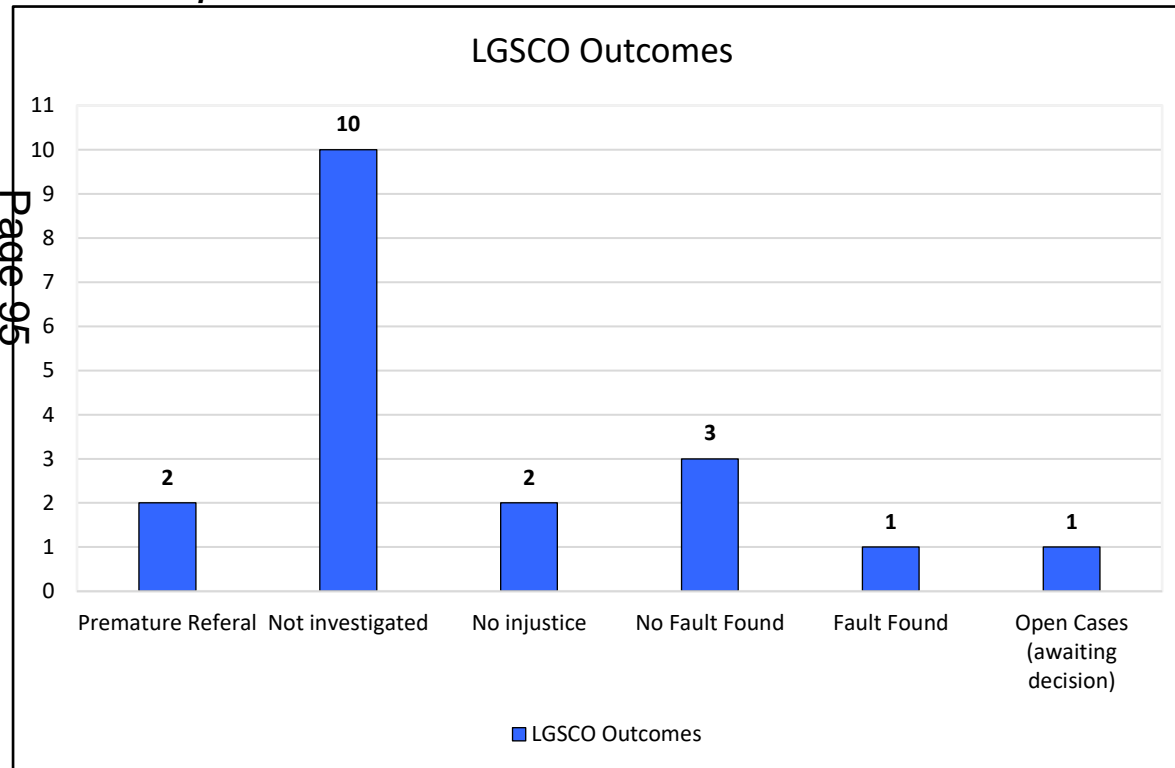


## Local Government and Social Care Ombudsman enquiries

The Local Government and Social Care Ombudsman (LGSCO) has authority to investigate when it appears that our own complaints process has not resolved the complaint. Complainants can refer their complaint to the Ombudsman at any time, although they will generally refer all complaints back to us, if they have not been through the complaints processes first. In exceptional circumstances the Ombudsman will look at things earlier; this is usually dependant on the vulnerability of the person concerned.

During this period 34 complaints were forwarded to the LGSCO, 19 related to corporate complaints.

**Table 12: Corporate LGSCO Outcomes**



Of the 19 corporate complaints one is still open awaiting a decision.

There was one finding of fault for corporate complaints in 2019/20. The Local Government and Social Care Ombudsman found that the Councils was at fault for not making further enquiries before placing a vehicle in storage, when it had been purposefully moved. Following this finding notice templates have been updated to provide clarity, procedures have also been reviewed.

100% of recommendations made by the LGSCO have been completed by Telford & Wrekin Council.



## Concluding comments

The data held in this report highlights that there has been a 6% reduction in the formal customer feedback received in 2019/20. Although there has been an overall reduction in the number of complaints received, the number of compliments and positive feedback has increased.

Each service must continue to ensure that complaints are prioritised to both ensure that our customers receive a response not only within our timescales but that each service has used each complaint to inform continued service improvements.

Whilst the number of complaints received is small in comparison to the number of transactions we need to learn from any errors that have been made.

In 2020/21 the focus must be on continuous learning from complaints, even in cases where the complaint is not upheld and there is no fault found. In these cases we need to consider if there is a point in the customers journey that could be improved in order to prevent the complaint and future complaints, for example improved communication or access channels.

All complaints are an opportunity to learn and improve the service we provide.

Every upheld complaint should have organisational/ resolution actions, services should be actively looking for these when investigating.

Actions will be monitored going forward and services will be challenged for any learning on all complaints including those not upheld, this is to ensure that positive changes are made to the customer's experience when doing business with the Council.

Feedback from our Customer Insight Programme has also added to this the customer feedback received in 2019/20 and the programme will continue in 2020/21 to ensure that we are being proactive in trying to prevent the complaints and improving our customers experience.





## Oversight and support provided by Customer Relationship Team

The Customer Relationship Team continues to support service areas to both manage and learn from complaints. The key services offered by the team are;

1. To manage and support the organisation's approach to customer intelligence ensuring we effectively manage and learn from our interactions with customers.
2. Provide support to services regarding all aspects of customer insight and obtaining feedback.
3. Perform in depth and snapshot reviews of our services, our key front doors and digital front door.
4. Provide services with Complaints advice and support, including support with persistent and unreasonable complainants.
5. Quality Assurance of complaint responses.
6. Acting as a critical friend to challenge service practice.
7. Assistance in drafting comprehensive responses to complaint investigations.
8. Continue to escalate overdue complaints to Directors.

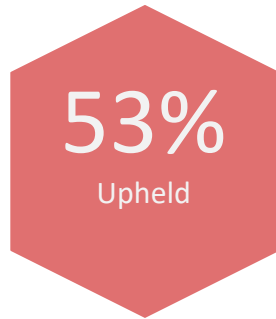
## Customer Relationship Team priorities for 2020/21

During 2020/21 the Customer Relationship Team will focus on a number of key priorities;

- Continue to roll out the Customer Insight Programme, Mystery Customer Snapshot Reviews, and Mystery Customer Website Reviews with the view to proactively reduce complaints.
- Perform a review of how we obtain customer feedback across the Council, mapping what feedback different services gather, ensuring that we obtain feedback from all demographics.
- Use customer feedback to inform a new customer strategy.
- Drive an improvement in the percentage of complaints responded to within timescales from 81% to 90% by the end of 2020/21.
- Obtain approval for the reviewed and updated complaint policies.
- Continue to provide a dashboard for quarterly reporting providing Senior Management with quarterly data, so that improvement can be driven forward continuously during the year.
- Continue to improve and add to the resources available for managers, when responding to complaints and other correspondence and encourage self-help.
- Work to maintain low levels of maladministration findings by the Local Government and Social Care Ombudsman.
- Review the definitions and process for Compliments and Positive Feedback to ensure that the feedback is reflected fairly.

# Corporate Service Performance 2019/20

## Neighbourhood & Enforcement Services



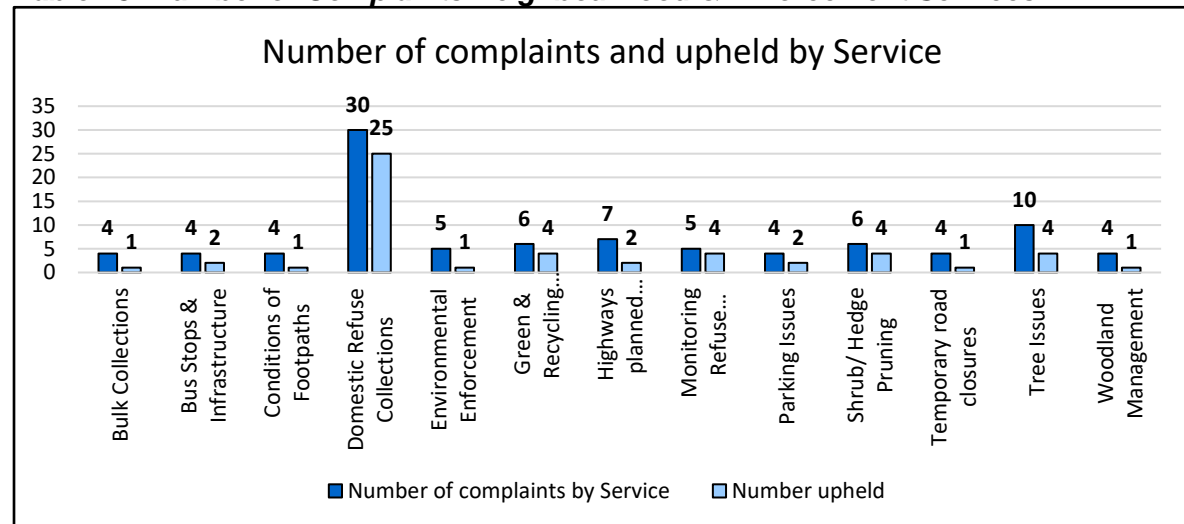
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The majority of Neighbourhood & Enforcement Services are customer focused front line services who have millions of interactions with customers during the year. Our Waste Services emptied approximately 8.3 million refuse bins across the borough in 2019/20. Furthermore 99.94% of bin collections were completed on time across all waste services. Our Neighbourhood Services facilitated emptying 2401 public litter bins in 2019/20 and over 10,000,000 square metres of ground was cleansed and maintained in the year.

The majority of complaints were received by Domestic Refuse Collections. The chart below provides the number of complaints received by service where over three complaints have been received.

Domestic Refuse Collections received 30 complaints, 25 of which were upheld, this was due to a variety of issues including, whole

**Table 13: Number of Complaints Neighbourhood & Enforcement Services**





street and individual missed collections, collection changes in September 2019 and the introduction of food waste collections.

Tree issues received 10 complaints four of which were upheld, issues included no notification of works, disagreement with hedge removal, timescale to action did not meet customers' expectations. Incorrect tree removal, fencing not repaired as agreed including job closure notice and incorrect advice provided regarding fence repairs.

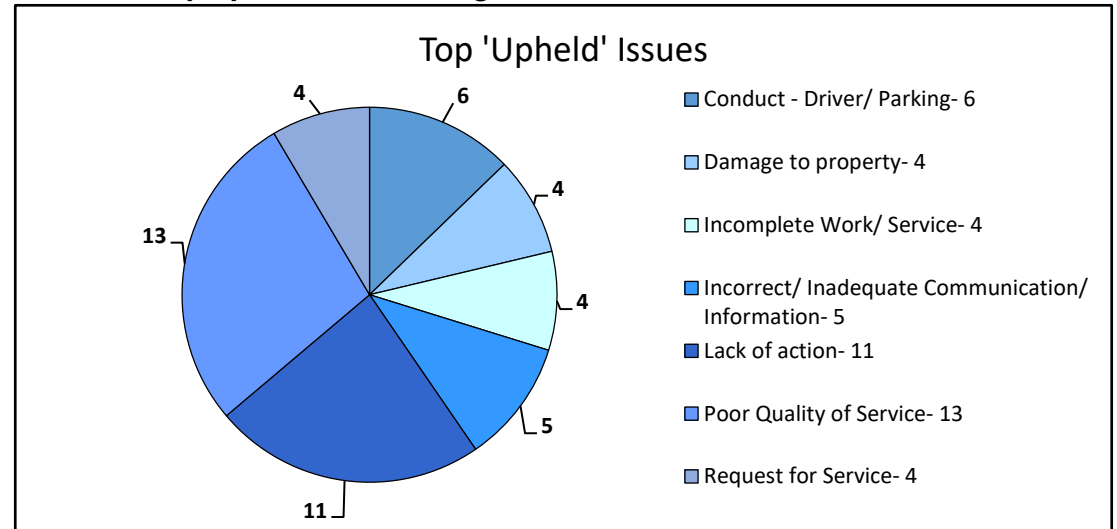
The main 'Upheld' issues for Neighbourhood & Enforcement Service accounting for 49 complaints out of the 75 upheld, were as follows;

Whilst 53% (75) of complaints were upheld this is extremely low compared to interactions that took place.

It should be noted that 13 complaints that were upheld related to poor quality service, these complaints were against waste services particularly Domestic Refuse Collections involving missed collections, changes to timetables and food waste collections, this included missed collections, no bags, and a caddy not received. The number of complaints received by waste has significantly reduced in the last quarter of 2019/20 indicating that there has been an improvement in this area.

Lack of action is also highlighted (11), this is another area that requires monitoring. These complaints involved a delay in action i.e. repairing street lighting or fencing and undertaking works. In situations where there is a delay in carrying out actions customers should be updated and expectations managed.

**Table 14: Top upheld issues- Neighbourhood & Enforcement Services**





# Communities, Customer & Commercial Services

**98**  
Complaints

**49%**  
Upheld

Average number of days to respond  
**11** days

**16**  
exceeded 15 days

Highest number of days to respond  
**45** days

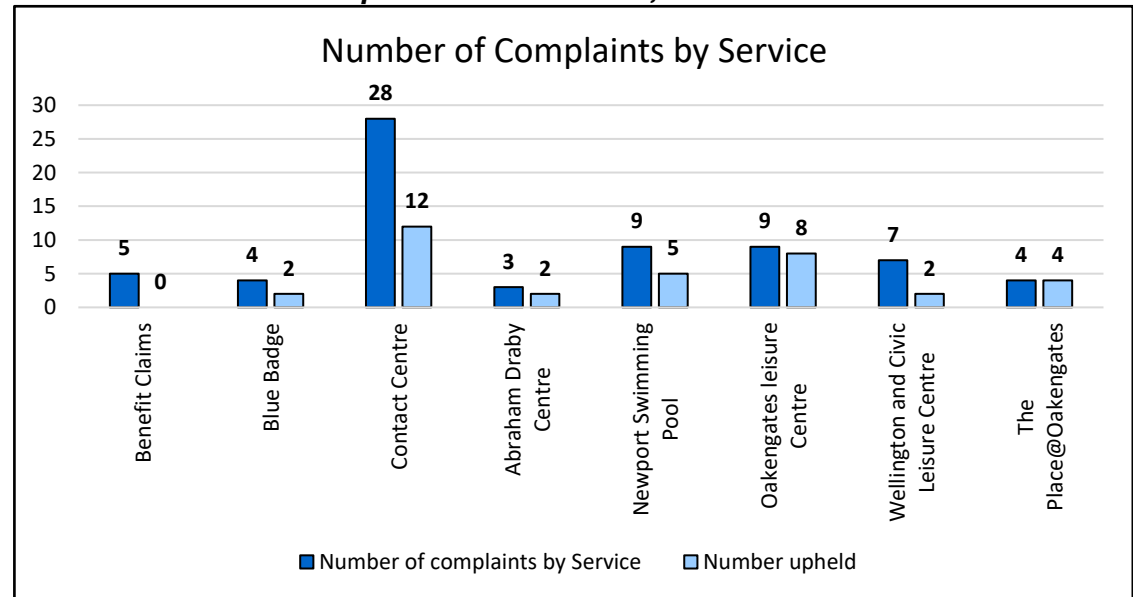
**58**  
Total Compliments/  
Positive Feedback

The chart below provides the number of complaints received by service where over three complaints have been received. The majority of the complaints related to the Contact Centre.

Leisure Services again received over one million visitors to its leisure facilities which include, Wellington and Civic Leisure Centre, Telford Ice Rink and Oakengates Leisure Centre. The town park also welcomed approximately 700,000 visitors in 2019/20. The total number of customer contacts received and dealt with by our Customer Contact Centre in 2019/20 totalled 278,194.

Of the upheld complaints the main service areas were the Customer Contact Centre (28) who had 12 complaints upheld, 5 of the upheld complaints related to staff conduct and behaviour, including tone, attitude, unhelpfulness and incorrect advice provided. Three complaints related to unanswered calls and three related to incorrect/ inadequate communication with incorrect information being provided.

**Table 15: Number of Complaints Communities, Customer & Commercial Services**



The Place@Oakengates received four complaints all of which were upheld. The issues raised included value for money of the VIP experience, lack of action regarding conduct of service users, and also a booking error and staff conduct. Training was identified for staff and an apology and service was provided.

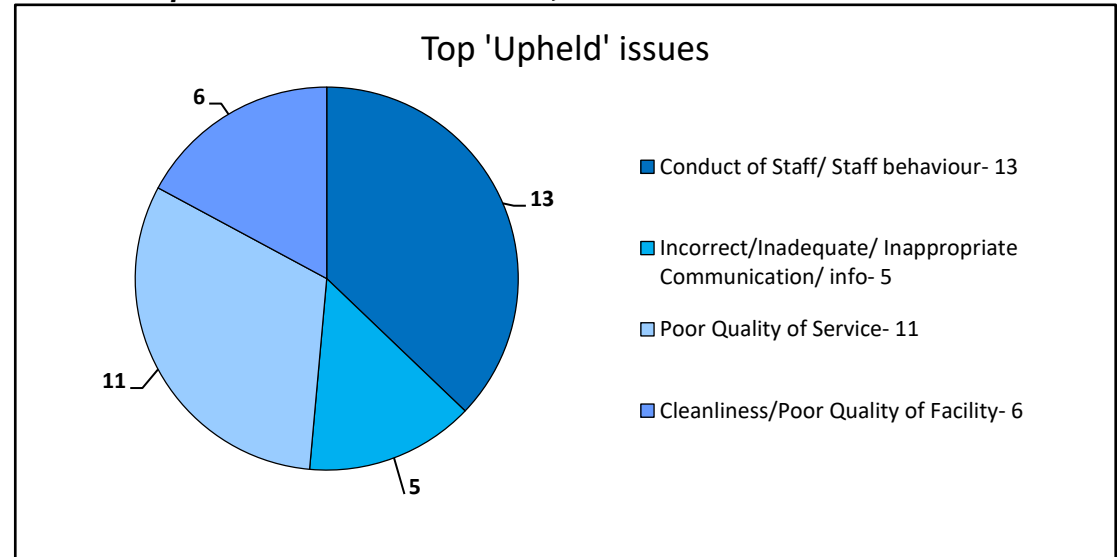


The top five 'upheld' issues for the directorate were as follows;

It should be noted that 13 complaints that were upheld related to staff conduct/ behaviour, 5 of which were for the Contact Centre, where officers tone and behaviour with customers was deemed to be not that which would be expected. The Contact Centre has been working hard to eliminate these concerns and has developed service standards for telephone calls and given officers additional training. Team Leaders have been working closely with the officers involved to prevent reoccurrences going forward which often just requires some guidance on how to deal with customers in certain challenging situations. Each incident was investigated and responded to by the line manager.

Other areas of the directorate also had upheld complaints related to staff conduct/ behaviour this included Leisure facilities and Registration Services. Staff conduct has been raised with each member of staff and training provided.

**Table 16: Upheld Issues- Communities, Customer & Commercial Services**



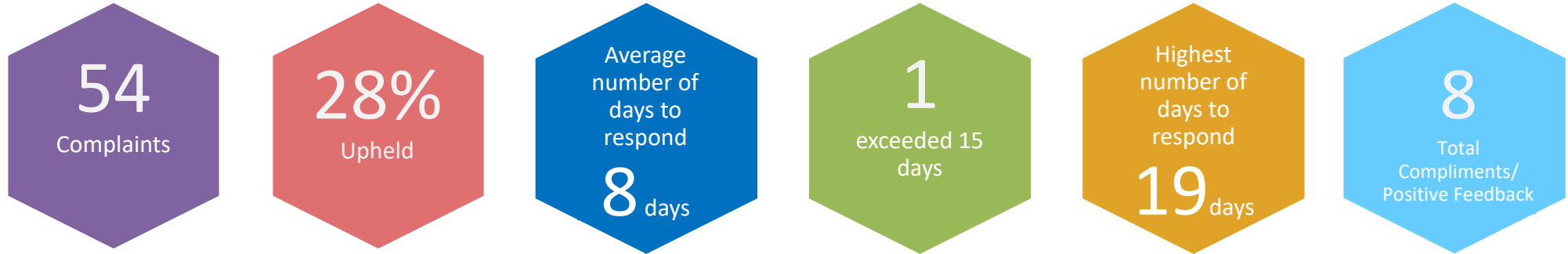
The instances recorded for poor quality service vary, but this area did include classes being cancelled without notice, instructor cover and communication regarding instructor changes, staff knowledge and incorrect forms being issued.

The number of complaints received about cleanliness and poor quality facilities for our leisure services have reduced this year which is excellent and reflects the work that has been undertaken by the services to improve the customer's experience of the facilities.

Incorrect/ inadequate/ inappropriate Communication information included instances where follow up actions were not completed, No further communication, letters sent in error, incorrect name used on correspondence and correspondence sent to an incorrect address.



# Finance & Human Resources

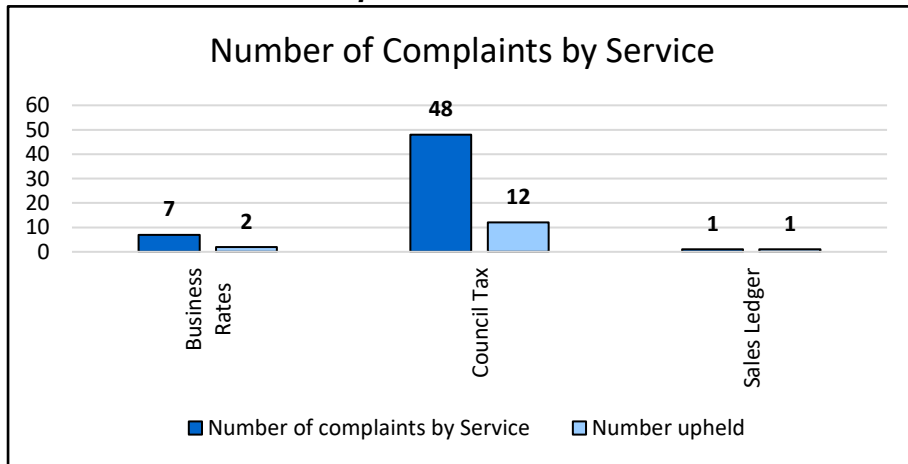


In 2019/20 126,503 paper Council Tax and Business Rates bills were issued and over £89,196,832 was collectable during the year.

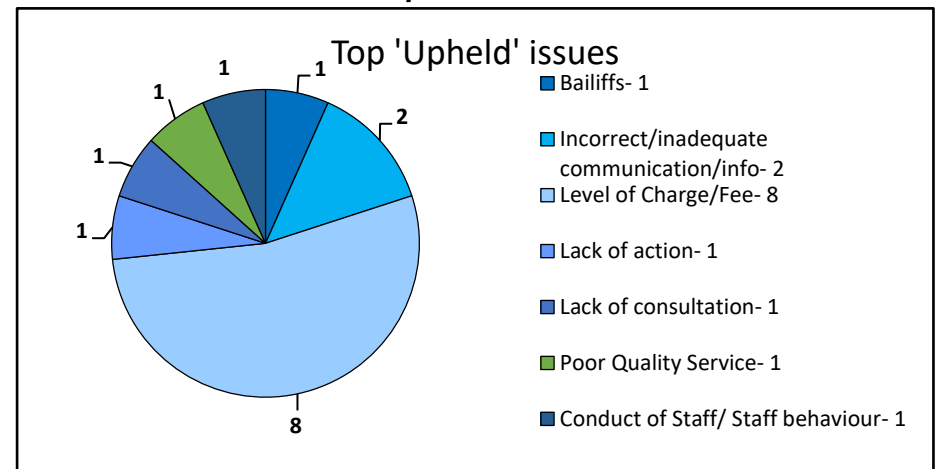
Of the 54 complaints received by the Revenues Service 15 were upheld, two for Business Rates and 12 for Council Tax and one for Sales Ledger. In respect of Council Tax 7 of the 12 were related to the level of charge/fee and two were related to Incorrect/ Inadequate/ Inappropriate Communication/ Information where recovery notices had been issued incorrectly. The upheld complaints relating to Business Rates related to Incorrect/ Inadequate/ Inappropriate Communication/ Information a summons was issued incorrectly and the level of charge/fee.

Page 10

**Table 17: Number of Complaints Finance & Human Resources**



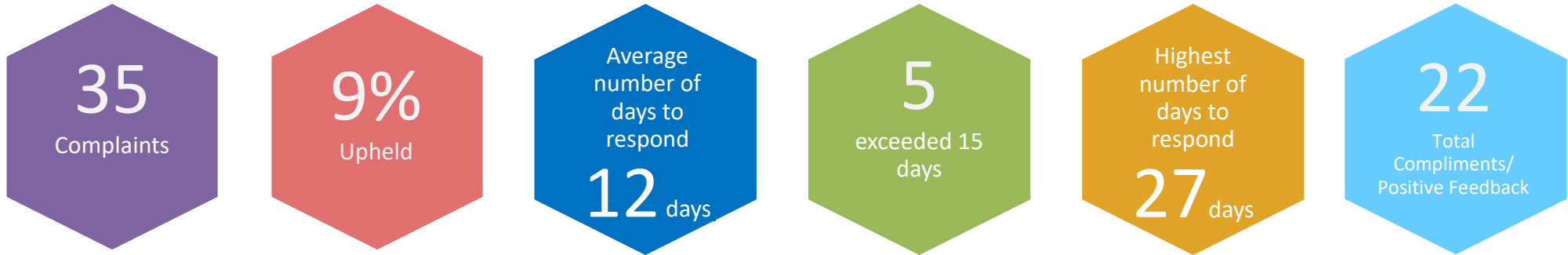
**Table 18: Number of Complaints Finance & Human Resources**



There were 8 issues related to the level of charge/fee. There were no other trends related to this directorate.

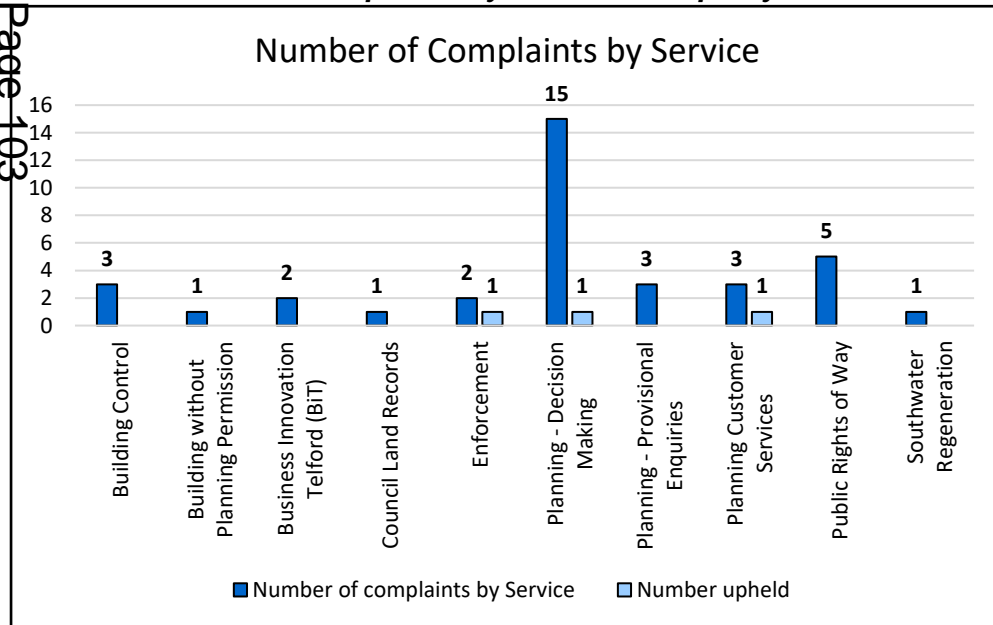


# Prosperity & Investment



The majority of the complaints were related to planning decisions and customers raising concerns regarding the process and procedures that led to the decision.

**Table 19: Number of Complaints by Service- Prosperity & Investment**



The majority of complaints were against Planning- Decision Making (15) only one of these complaints was upheld and this was related to staff conduct/behaviour. A number of multiple complaints regarding individual planning decisions and processes have been received this year.

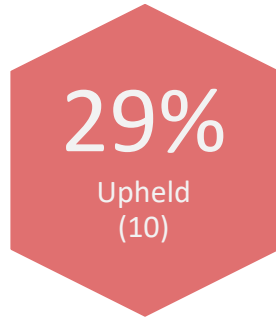
12 complaints progressed to Stage Two of the Corporate Complaints Policy in 2019/20, 7 of which were upheld at Stage Two. The Stage Two complaints were completed by Investigating Officers Independent of the Council. Learning has been identified and is detailed in page 20. Only three of the complaints were upheld at stage one of the Corporate Complaints Process.

Whilst this service has a number of complaints raising concerns regarding planning decisions only three complaints were upheld, on closer examination of the complaints the reasons that they were upheld was in the main due to conduct of staff/ staff behaviour (2) or lack of action (1).

There were no clear trends in this area.

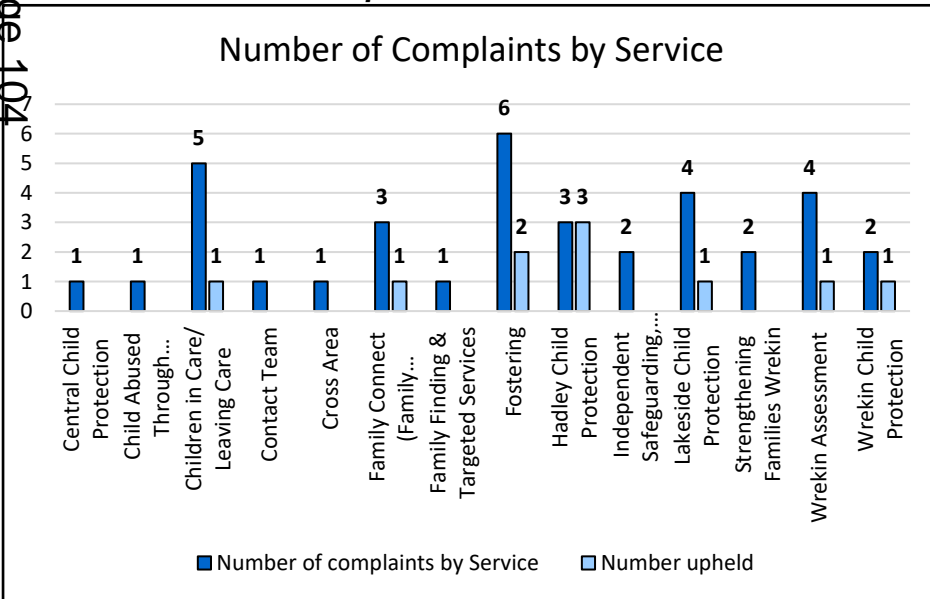


# Children's Safeguarding & Family Support



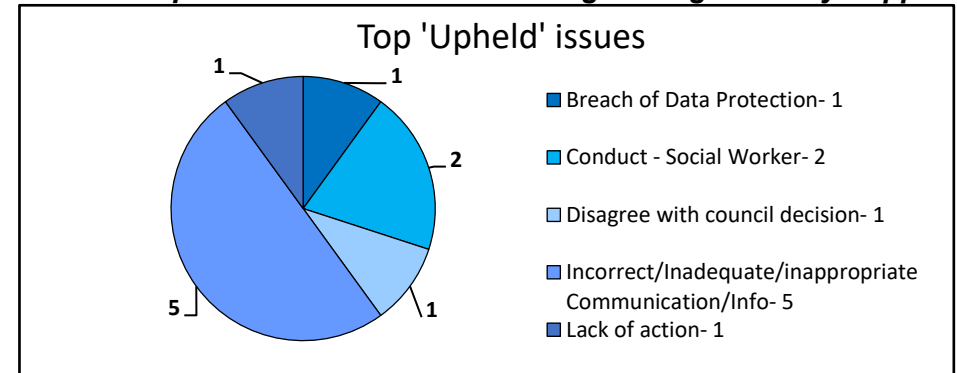
The majority of complaints were related to Fostering and Children in Care/ Leaving Care. Fostering complaints raised issues such as conduct of staff/behaviour, Incorrect/ Inadequate/ Inappropriate Communication/ info and disagreement with a charging policy. Children in care/leaving care complaints highlighted issues such as conduct of staff/behaviour, disagreement with council decision and Incorrect/ Inadequate/ Inappropriate Communication/ info. Involving lack of response from staff and disputed records following a subject access request. Three of the upheld complaints were in Hadley Child Protection, of the upheld complaints two related to Incorrect/ Inadequate/ Inappropriate Communication/ info involving information shared at a meeting and lack of communication and one related to lack of action.

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**Table 20: Number of Complaints**



There were no further trends related to this directorate.

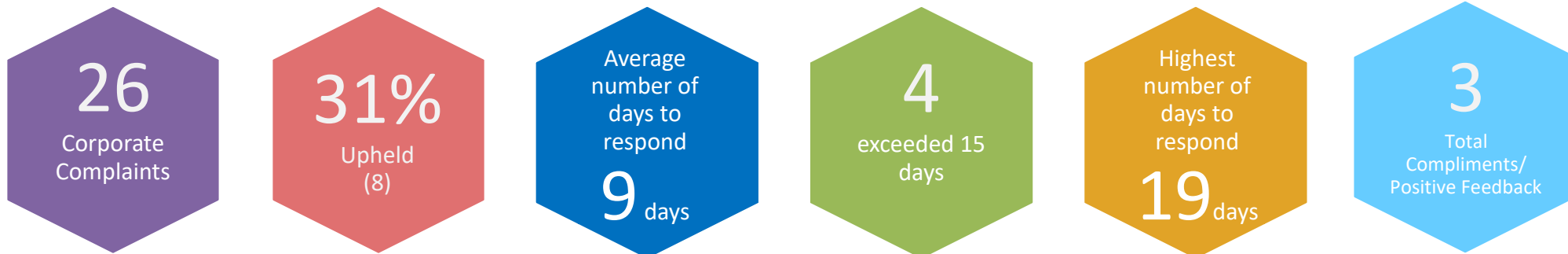
**Table 21: Upheld Issues- Children's Safeguarding & Family Support**





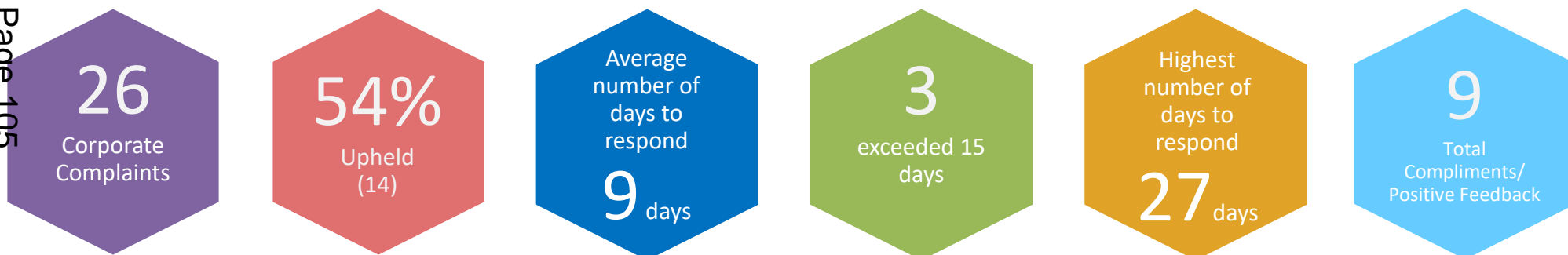


## Policy & Governance

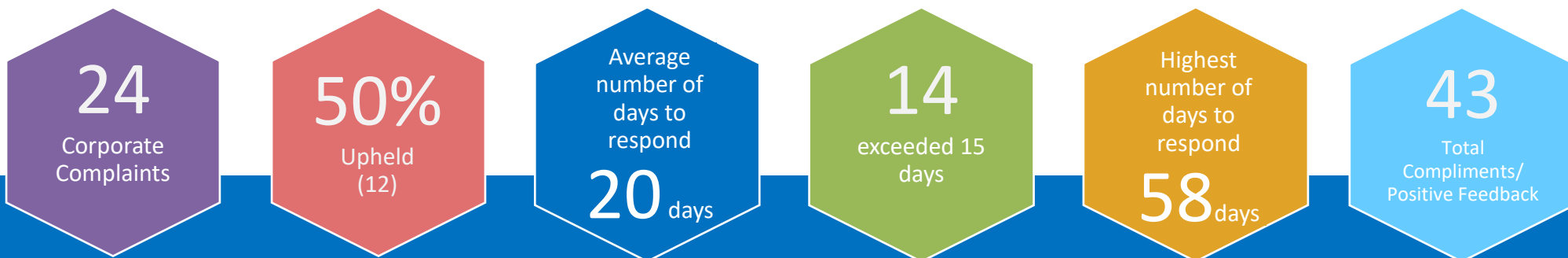


## Cross Portfolio

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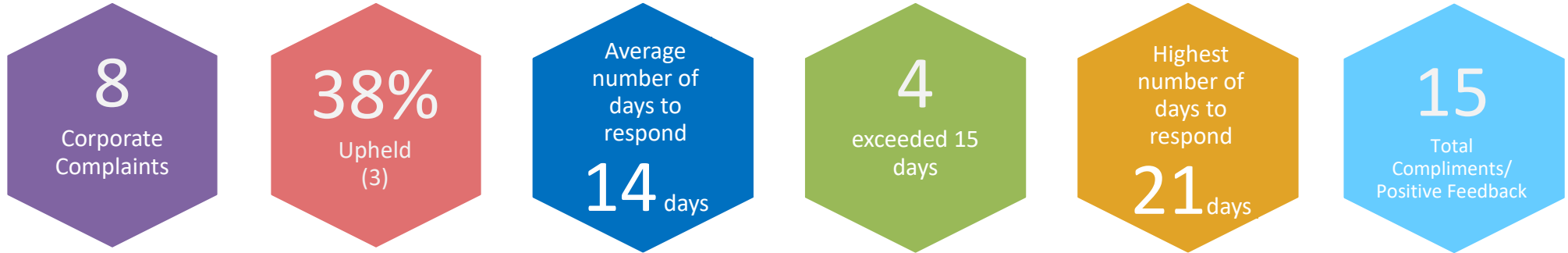


## Adult Social Care

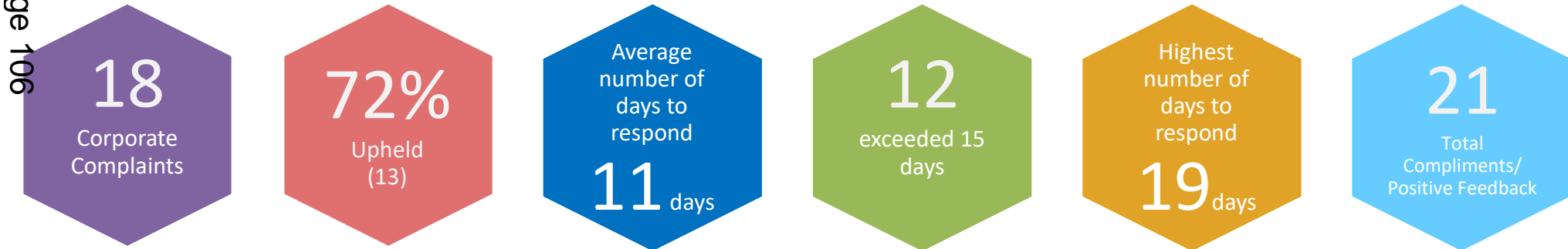




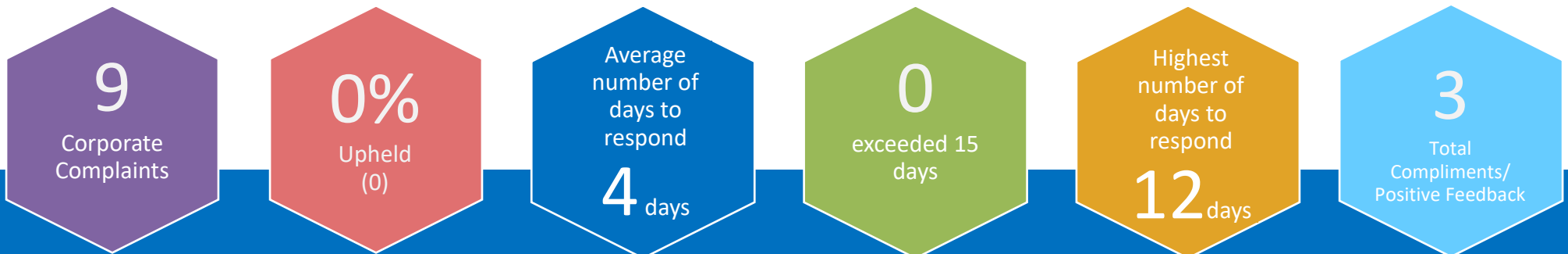
## Education & Skills



## Health, Wellbeing & Commissioning

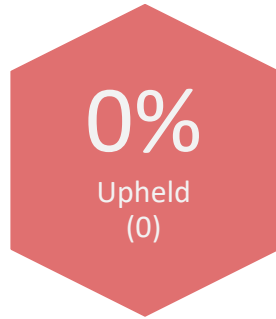


## Housing, Employment & Infrastructure





## Corporate Communication



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to create a  
better borough**



**Telford & Wrekin  
COUNCIL**

## **Adult Statutory Complaints Annual Report 2019-20**

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## 1. Purpose of Report

To report statistical information to Members and Officers detailing Telford and Wrekin Council's Adult Social Care complaints and compliment activity from 1 April 2019 to 31 March 2020.

To provide an open resource to anyone who wishes to scrutinise local services.

To outline the key developments and planned improvements to the complaints processes operated by the Council.

To consider how some of the learning from complaints and compliments can be used to improve the overall customer experience.

## 2. Introduction

This is the Complaints Managers Annual Report for Adult Social Care (ASC). It is a statutory requirement to prepare an annual report for each year about the complaints activity within Adult Social Care that will be made available to any person on request;

This must;

- a) Specify the number of complaints received
- b) Specify the number of complaints which were upheld.
- c) Specify the number of complaints that we have been informed have been referred to the Local Government Ombudsman.
- d) Summarise,
  - a. The subject matter of complaints received;
  - b. Any matters of general importance arising out of those complaints , or the way in which those complaints were handled;
  - c. Any matter where action has been or is to be taken to improve services as a consequence of those complaints.

This report provides information about complaints made between 1 April 2018 and 31 March 2019 under the Local Authority Social Services and National Health Service Complaints (England) regulations 2009.

## 3. Context

### Legislation

Section 5 of the Regulations (2009) requires local authorities to consider complaints made by someone who;

- Is receiving or has received services from the authority;
- Is affected, or likely to be affected by the action, omission or decision of the authority.

A person is eligible to make a complaint where the local authority has a power or duty to provide, or to secure the provision of, a service for someone.

The 2009 regulations set a benchmark for all complaints to be investigated within six months. If the complaint is going to exceed this time scale the Local Authority should write to the complainant to advise them of this and explain the reasons why.

The '**corporate**' complaints process is used for anyone else who makes a complaint.

### **What is a complaint?**

A complaint may generally be defined as an expression of dissatisfaction or disquiet about actions, decisions or apparent failings of a local authority's adult social care provision which requires a response. We will always try to resolve problems or concerns before they escalate into complaints. If it is possible to resolve the matter immediately (or within 24 hours) there may be no need to engage the formal complaints process.

The purpose of a complaints process is to resolve concerns raised by service users and their representatives, to deliver outcomes which are appropriate and proportionate to the seriousness of the issues and to ensure that changes are made in response to any failings which are identified.

To achieve this, the approach to handling complaints must incorporate the following elements

- Engagement with the complainant or representative throughout the process
- Agreement with him/her about how the complaint will be handled
- A planned, risk-based and transparent approach
- Commitment to prompt and focussed action to achieve desired outcomes
- Commitment to improvement and the incorporation of learning from all complaints.

A complaint must be made no later than 12 months after;

- The date on which the matter which is the subject of the complaint occurred; or
- If later, the date on which the matter is the subject of the complaint came to the notice of the complainant.

The time limit will not apply if the complaint manager is satisfied that;

- The complainant had good reasons for not making the complaint within the time limit; and
- Notwithstanding the delay, it is possible to investigate the complaint effectively and fairly.

### **Who can make a complaint?**

A complaint may be made by a relative, carer or someone who is acting on behalf of a person who has died, or is unable to make the complaint themselves because of;

- Physical incapacity, or
- Lack of capacity within the meaning of the Mental Capacity Act 2005, or
- Has requested the representative to act on their behalf.

Complaints may be received through a variety of media (phone, letter, email, feedback-form, personal visit etc) and at various points within the organisation (to staff members, via the respective web addresses, direct to the Customer Relationship Team.



## **Adult Statutory Complaints Procedure in Telford and Wrekin Council**

When a complaint is first received, the Customer Relationship Team will carry out an initial assessment of the complaint to determine the issues, the severity and the potential impact and to identify any other organisations that may be involved.

When someone contacts the Customer Relationship Team to make a complaint, we acknowledge their complaint within 3 working days. We also offer a meeting with the complainant to discuss the matter and to establish their desired outcome. Agreement is sought on the following points;

- Detailed account of the complaint.
- Complainant's view of the impact, which this has had on him/her.
- Specific reference to any aspect which requires immediate action within the adult safeguarding/protection procedures.
- Details of the outcome(s) which will resolve the matter from the complainant's perspective.
- Whether the subject of the complaint could relate, entirely or partly, to another body (eg an NHS body or an independent care provider) and could therefore need a joint approach (see sections 13 and 14 below).
- How the complaint will be investigated, and by whom.
- How long it should reasonably take to investigate the matter and to provide the complainant with the Council's formal response.
- How often and by what means, the complainant will be updated on the progress of the investigation.
- Whether an advocacy, translation or other support service is required.
- Whether the involvement of an impartial mediator might contribute to a satisfactory resolution of the complaint.

We aim to respond to all Adult Statutory complaints within 25 working days, because of the nature and complexity of some issues it may take longer, and complainants will be informed if this is the case. The time scales may be extended to a maximum of 65 working days.

When the investigation is complete, the manager will write a letter explaining what they have found and what they will do to put things right.

If the complainant is not happy with our final decision, or how we have dealt with their complaint, they can refer the matter to the Local Government and Social Care Ombudsman (LGSCO).

### **Adult Social Services Interactions in 2019/20**

In 2019/20 there were just under 5,000 (4,876) adults supported by the Council. Out of those, 2,360 received a Long Term service (a service that was expected to continue and not be time limited or low level).

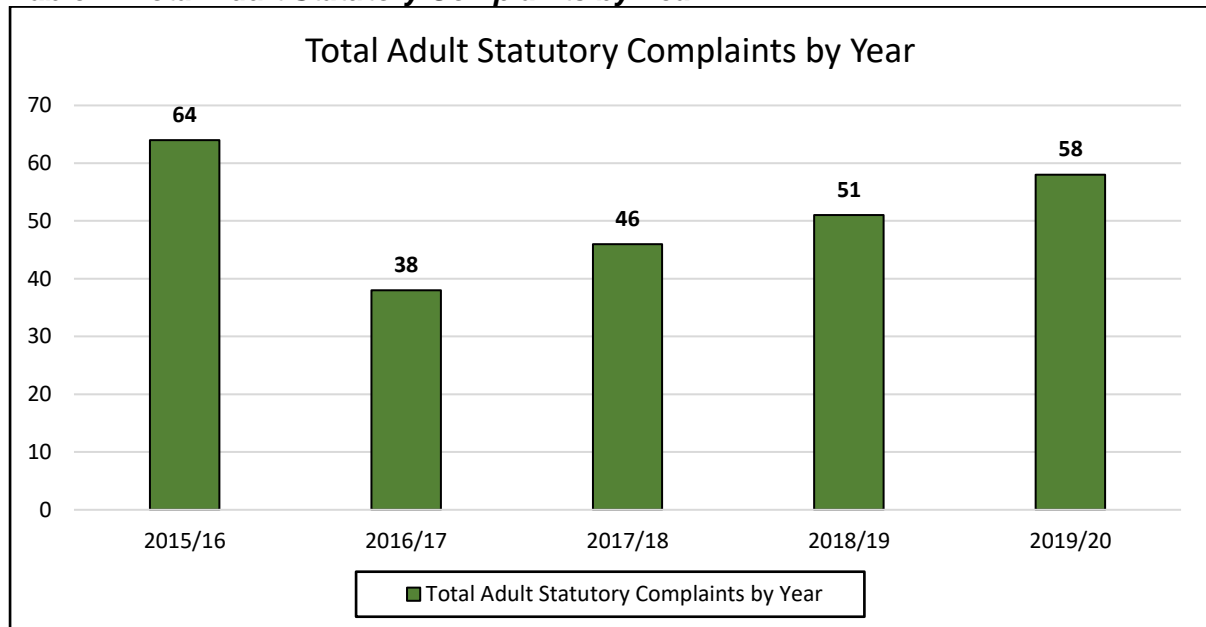
There were 7,385 new contacts in 2019/20 for 4,959 different people, this includes 1,439 contacts for people being discharged from hospital.

As well as this there were a further 100 reviews for people leaving hospital who were already being supported by the Council before going into hospital and were then discharged back to Council services.

## 4. Adult Statutory Complaints 2019/20

We received 58 Adult Statutory complaints between 1 April 2019 and 31 March 2020, in 2018/19 we received 51 and in 2017/18 we received 46. The table below shows comparisons of the number of statutory complaints over the past three years.

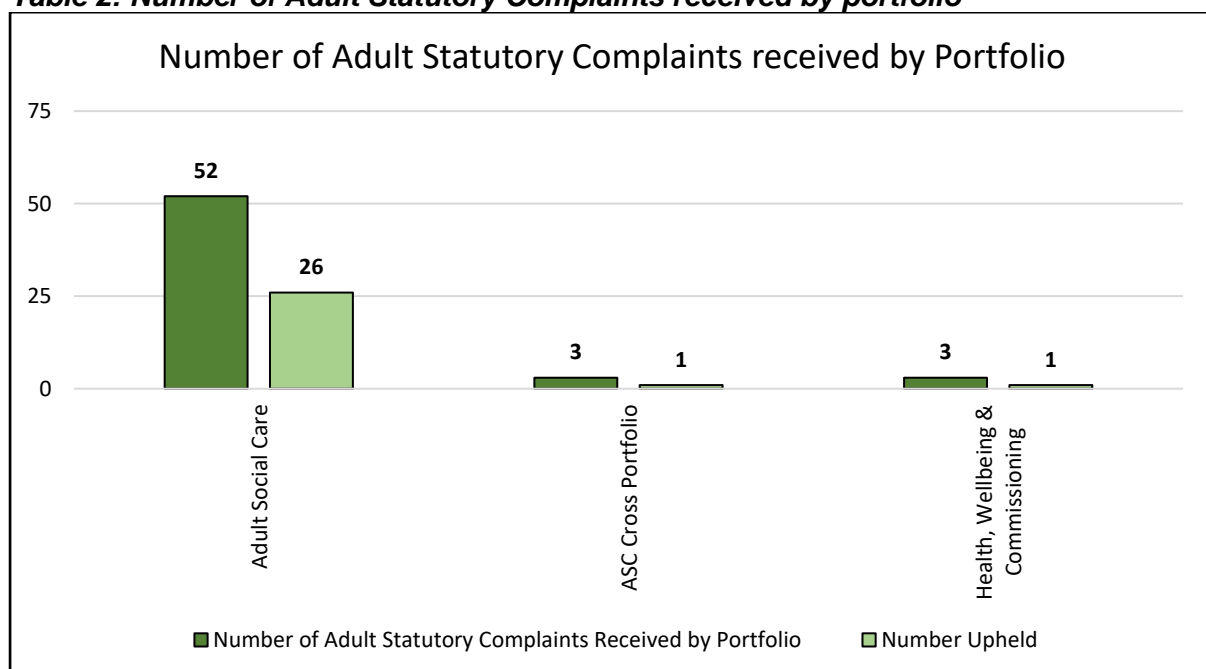
**Table 1: Total Adult Statutory Complaints by Year**



There has been a gradual increase in the number of complaints received over the last three years. However, we have not yet achieved the level received in 2015/16 of 64 complaints.

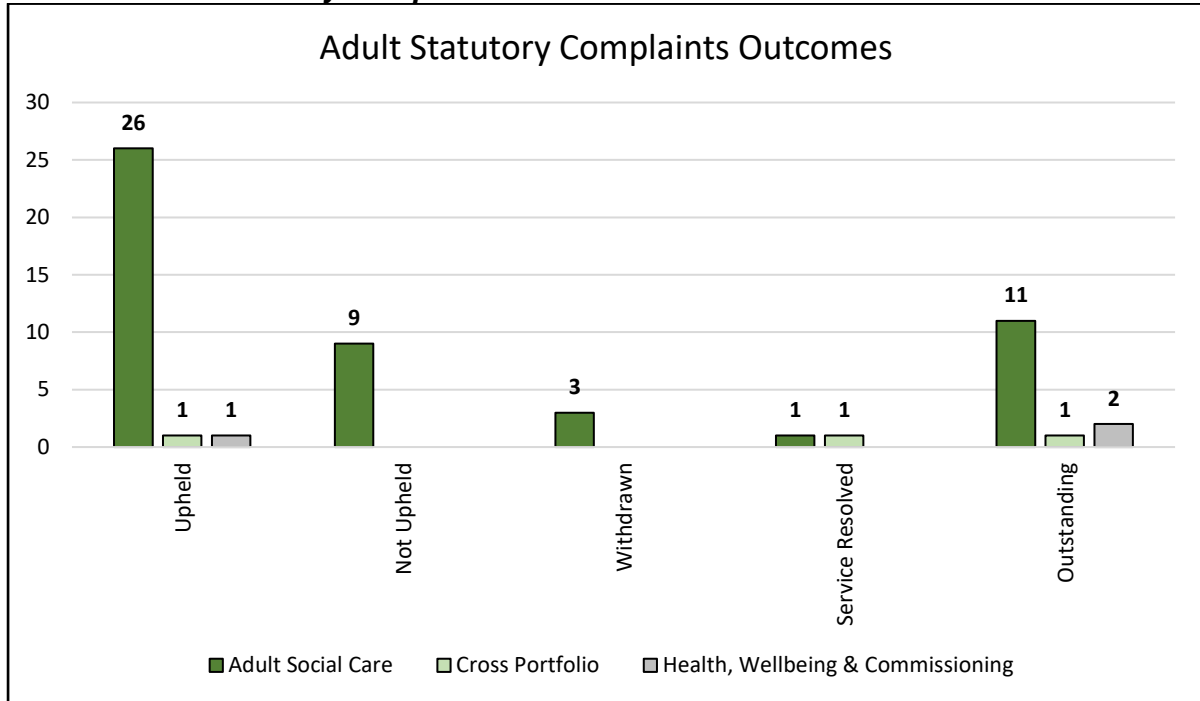
Of the 58 received 43 were completed during the financial year. Below is a table of the statutory complaints received by portfolio against number upheld, these complaints were cross cutting and it was felt that it was appropriate for the complaint to follow the Adult Statutory Complaints Procedure.

**Table 2: Number of Adult Statutory Complaints received by portfolio**



The table below shows the outcomes of all complaints for Adult Statutory Complaints.

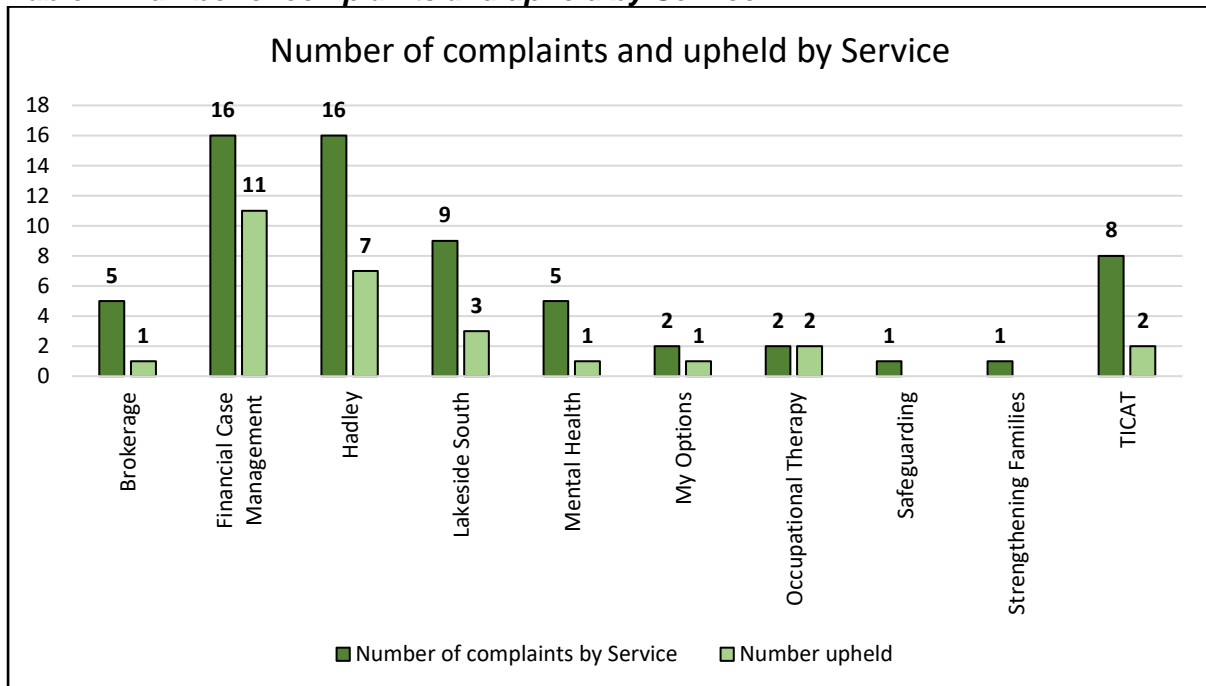
**Table 3: Adult Statutory Complaints Outcomes**



Of the 43 complaints completed, 65% (28) were upheld, 21% (9) were not upheld and 14% (6) were dealt with via another method.

The table below includes the number of complaints received by each service. Please note that number of complaints detailed below is higher than the overall total because individual complaints may have multiple issues against different teams. This table seeks to show all services against issues were raised.

**Table 4: Number of complaints and upheld by Service**



The most upheld complaints were received by the Financial Case Management team where 16 Statutory Complaints were received and 11 upheld. These were due to various issues

including delays in assessment, invoicing, errors in calculations, Data security, Delay in responding, provision of funding and notifying a change.

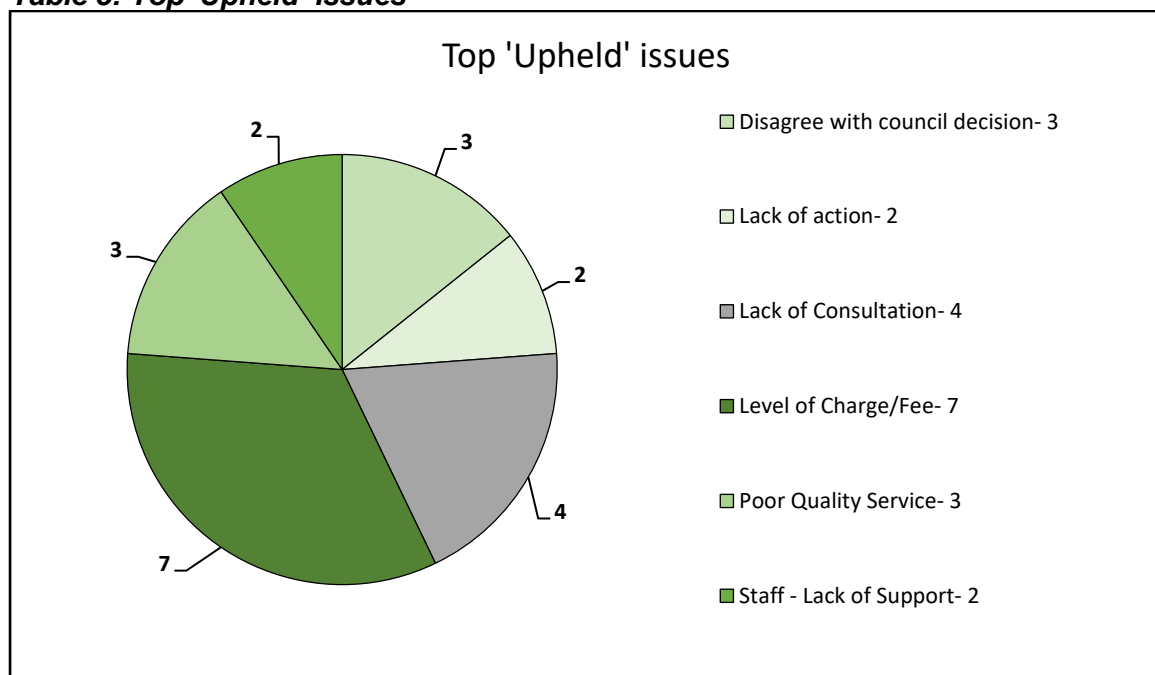
16 complaints were also received for Hadley Locality Team, where 7 were upheld. Involving communication and calls not being returned, delay in carrying out assessments, data security and where complainants disagreed with the decision.

Lakeside Locality Team also received 9 complaints, where 3 were upheld. Lack of support from staff, staff conduct and information not made clear in correspondence.

## 5. Issues for 'upheld' complaints

Of the upheld complaints the top issues raised were as detailed in the table below;

**Table 5: Top 'Upheld' Issues**



**Lack of action-** in total there were 8 complaints received regarding this matter 2 of which were upheld. These concerns related to failings in communication and action regarding safeguarding concerns, and lack of communication and action regarding a financial assessment.

**Poor Quality of Service-** in total there were 5 complaints received regarding this matter 3 of which were upheld. The concerns related to care providers and service received by social care. Care providers not registered and incorrect qualifications. Volume of staff impacting on the support received. Care providers not arriving on time, and not acknowledging customers requested visit times. General concerns regarding the standard of care being provided.

**Disagree with Council Decision-** in total 11 complaints were received regarding this matter, 3 of which have been upheld. These included the use of a personal budget towards socialising, and incorrectly declining a self-referral for a Disabled Facilities Grant.

**Level of Charge/Fee-** in total there were 8 complaints received regarding this matter. 7 of which were upheld. These related to Financial Case Management delays in assessments, incorrect advice provided regarding charges, and calculation errors.

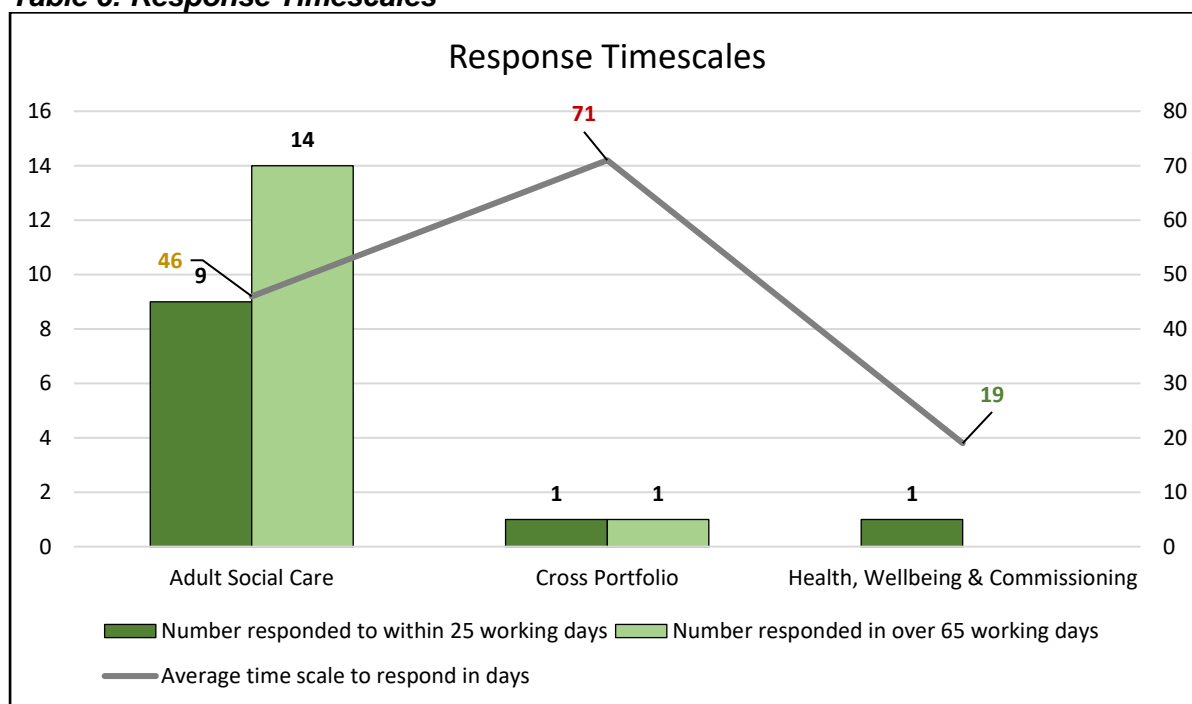
**Lack of Consultation-** in total there were 8 complaints received regarding this matter. 4 of which were upheld. These included where communication needs were not met. Customers had not been kept up to date and invoices were sent in error.

**Staff- Lack of Support-** in total there were 3 complaints received regarding this matter. 2 of which were upheld due to lack of support through communication.

## 6. Timescales for Responses

In 2019/20 the average number of days to respond to an Adult Statutory complaint across all portfolios was **51 days** this is an improvement on the 56 working days achieved in 2018/19. Please see table below;

**Table 6: Response Timescales**



The total number of days to respond to an Adult Statutory Complaint by Adult Social Care portfolio was 46 days which is a significant improvement on the 61 days that was achieved in 2018/19.

Of the 52 complaints received by Adult Social Care, 40 have been completed, 9 of the 40 responses were sent within the 25 working day timescale. However, 14 out of the 40 exceeded the 65 working day time scale. One complaint responded to under cross portfolio exceeded the 65 working day time scale.

Across all portfolios the average number of working days to respond to the complaints did exceed the initial 25 day timescale, however, the average days for all portfolios did not exceed the extended 65 working days, as outlined in the Council's policy achieving an average of 50 days. This does mean that complaints are in the main being responded to within 65 working days. 15 of the 43 complaints were responded to outside of the 65 working days which is 32%.

All complaints were responded to within 6 months, there are currently 5 complaints that are outstanding from the first three quarters of 2019/20 these have exceeded 65 working days, and will be closely monitored to ensure that they do not exceed the 6 months. 23% of complaints were responded to within 25 working days.

## 7. Learning from Adult Statutory Complaints

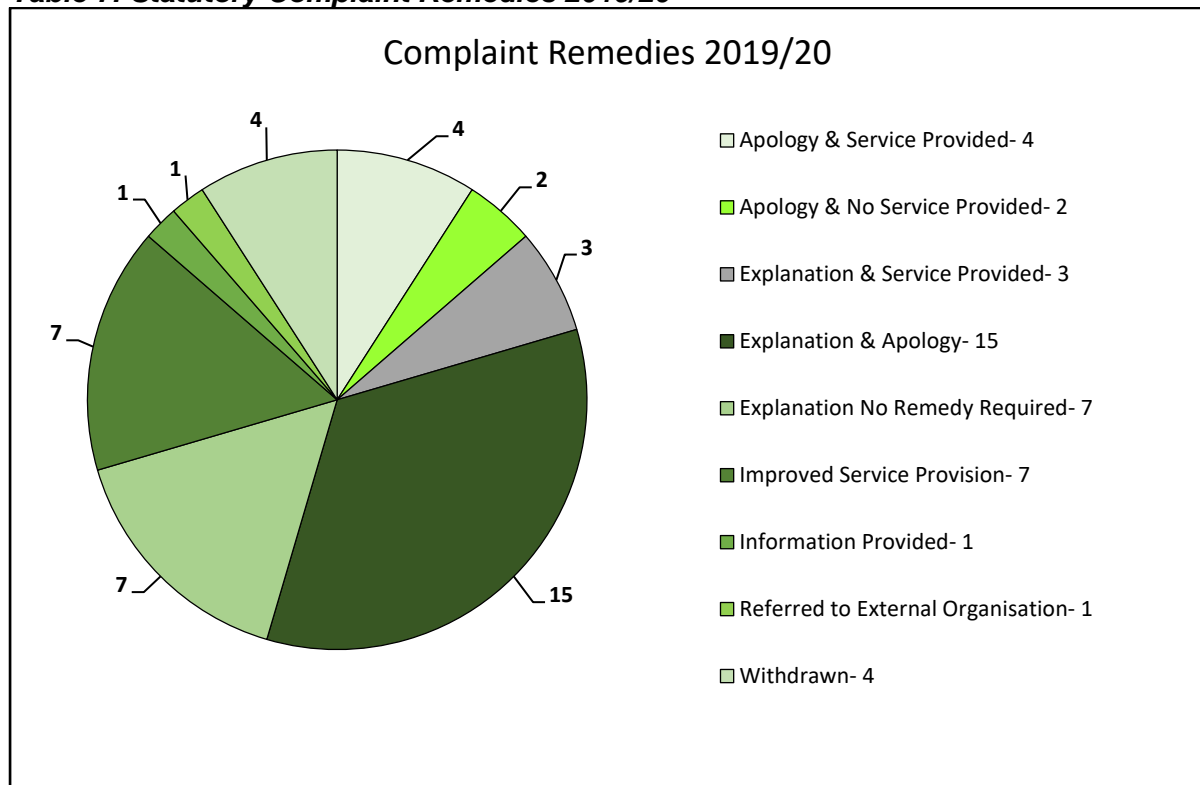
Complaints are a valuable source of information which can help to identify recurring or underlying problems and potential improvements. We know that numbers alone do not tell everything about the attitude towards complaints and how they are responded to locally. Arguably of more importance is to understand the impact those complaints have on people and to learn the lessons from complaints to improve the experience for others. This was echoed by Michael King, The Local Government Ombudsman who said it is not about ‘*how often you are getting it wrong, but how good we are at putting it right*’.

Lessons can usually be learned from complaints that were upheld but also in some instances where no fault was found but the Authority recognises that improvements to services can be made.

Occasionally during the course of an investigation issues will be identified that need to be addressed over and above the original complaint. The Customer Relationship Team will always try to look at the “bigger picture” to ensure that residents receive the best possible service from the Council.

The Customer Relationship Team will provide ongoing daily advice and support to managers around complaints management and resolution and responding to representations.

**Table 7: Statutory Complaint Remedies 2019/20**



Of the remedies recorded against Adult Statutory Complaints in 2019/20;

- 34% were to provide an explanation and an apology.
- 16% was to provide an explanation and no remedy was required.
- 16% was to improved service provision.

## **Positive Improvements:**

Below are examples of positive changes that have resulted from learning from complaints;

- Time scales have been introduced for social workers to complete support plans to ensure that interventions are timely.
- Social workers have been reminded to the importance of offering the opportunity for queries to be discussed and responded to.
- There are ongoing discussions with Social workers in professional development in supervision.
- Introduced a new investigation template and process for Adult Social Services to help with complaints.
- Clarity has been provided to Brokerage and Locality Teams regarding responsibility for keeping in touch with individuals and families.
- Launch of 'zoned' working for domiciliary care providers (move to a place based support model of care delivery in the borough).
- Practitioners are to notify Financial Case Management Team of any billing/invoice address changes so that they can confirm this and update ContrOCC and Agresso. A system report will also be run on a regular basis.
- Family Connect are to ensure that the advice about making further contact should situation change is made clear to callers and the telephone number of the appropriate team is provided should further contact be necessary.
- Review will be completed of Direct Payment processes.
- Review will be completed of current joint working practices across statutory agencies who have responsibility for responding to organisational concerns (to ensure that effective communication and partnership working with providers is strengthened within policy and fully embedded into practice).
- Workers have been advised to ensure that ongoing services, if required, are provided and in place prior to stopping enablement and that discussions take place with the family.
- Guidance has been issued to ensure best practice in taking messages when workers are not available. The importance of good communication/best practice in communication has been discussed with individuals and at team level and during communication sessions. Training has been provided on the importance of Making Every Contact Count, our approach to engaging conversations so that they have positive outcomes.

During 2020/21 more focus will be placed on learning to ensure that continuous service improvement takes place.

## **8. Complaints made to the Local Government and Social Care Ombudsman (LGSCO)**

The LGSCO has authority to investigate when it appears that our own complaints process has not resolved the complaint. Complainants can refer their complaint to the Ombudsman at any time, although they will generally refer all complaints back to us, if they have not been through the complaints processes first. In exceptional circumstances the, however the Ombudsman will look at things earlier; this is usually dependant on the vulnerability of the person concerned.

The Council were notified of 6 Adult Statutory complaints that were received and escalated to the LGSCO between 1 April 2019 and 31 March 2020. Three were not investigated and one was a premature referral.

Two cases remain open and have been allocated for investigation.

There were no findings of fault for Adults Statutory complaints in 2019/20.

Decisions were also made by the LGSCO for three cases from 2018/19, one was not upheld, one was not investigated as it was out of time and one had no finding of fault.

The low number of complaints investigated by the Ombudsman suggests that investigations and responses undertaken are clear and transparent.

## **9. Concluding Comments**

This annual report shows that whilst in the vast majority of cases the Council manages complaints well and is committed to putting right anything that has gone wrong there remains clear opportunities to improve in a number of areas. Although the number of complaints received have increased over the last 3 years this is against a backdrop of major reductions in government funding for local authorities and particularly for adult social care services.

The number of statutory complaints upheld is high in comparison with the number received (47%).

It is positive to see that overall the average time to respond to an Adult's Statutory Complaint's has reduced to 50 days from the 56 days reported in 2018/19. However, there is still some work to be done to improve timescales further.

### **Recommendations:**

Please see below the recommendations for this financial year;

- When completing a complaint investigation and response, services should assess whether any element of the customer journey could have been improved, even if this does not form part of the complaint i.e. Could improve communication have prevented the concerns being escalated to a formal complaint?
- Whilst response times have improved since 2018/19 services should continue to respond in a timely manner, so that customers get a resolution as swiftly as possible. Where an amended response date has been provided this must be honoured and not further extended.
- Services should continue to ensure that they are prioritising complaints and responding within the stated timescales, where there are unforeseen delay's the



Customer Relationship Team should be notified immediately so that we can notify the customer and advise them of the date they should expect their response.

- The legislation allows for complaints not to be registered if it is resolved within 24hrs of receipt. This should be used as an opportunity to reduce the number of complaints going forward.
- When responding to a complaint all points should be addressed, so that the customer is getting a full response and as a Council we are getting it right first time. Resources are available to assist officers investigating and responding to complaints. The Customer Relationship Team does quality check responses, and often makes comments and suggested amendments. The role of the Customer Relationship Team is to ensure that the complaint progresses and complaint standards are adhered to and this is reflected in the advice provided.
- The Customer Relationship Team will also continue to escalate those that have exceeded timescales to the Director.
- The Council's Adults Statutory Complaint Policy has been reviewed and will be approved in 2020/21. The Customer Relationship Team will continue to work with senior leadership teams to effectively utilise complaints intelligence to support positive improvements to service delivery.

## **10. Oversight and support provided by Customer Relationship Team**

The Customer Relationship Team continues to support service areas to both manage and learn from complaints. The key services offered by the team are;

1. Complaints advice and support.
2. Quality Assurance of complaint responses.
3. Acting as a critical friend to challenge service practice.
4. Support with persistent and unreasonable complainants.
5. Assistance in drafting comprehensive responses to complaint investigations.
6. Continue to escalate overdue complaints to Directors.

## **11. Customer Relationship Team priorities for 2020/21**

During 2020/21 the Customer Relationship Team will focus on a number of key priorities;

- Obtain approval for the updated Adult Statutory Complaint Policy.
- Help to improve the Councils record in timely complaint responses.
- Continue to improve our case management complaint system.
- Continue to improve and add to the resources available for managers, when responding to complaints and other correspondence and encourage self-help.
- Work to maintain low levels of maladministration findings by the Local Government and Social Care Ombudsman.
- Continue to provide a dashboard for quarterly reporting providing Senior Management with quarterly data so that improvement can be driven forward continuously during the year.

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to create a  
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**Telford & Wrekin  
C O U N C I L**

# **Children's Statutory Complaints Annual Report 2019-20**

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## 1. Purpose of Report

To report statistical information to Members and Officers detailing Telford and Wrekin Council's Children's Social Care complaints and compliment activity from 1 April 2019 to 31 March 2020.

To provide an open resource to anyone who wishes to scrutinise local services.

To outline the key developments and planned improvements to the complaints processes operated by the Council.

To consider how some of the learning from complaints and compliments can be used to improve the overall customer experience.

## 2. Introduction

This annual report covers all complaints made about Children's Social Care, which are received by the Customer Relationship Team and dealt with under the statutory complaints procedure for the period 1 April 2019 to 31 March 2020.

The 2006 Social Care complaints guidance 'getting the Best from Complaints' DFES 2006 requires that the annual Report should be arranged by the Complaints Manager and should provide a mechanism by which the Local Authority can be kept informed about the operation of its complaints procedure. The report should be presented to staff, the relevant local authority committee and should be made available to the regulator and the general public. It should provide details about;

- Representations made to the Local Authority
- The number of complaints at each stage
- The types of complaints made;
- The outcome of complaints
- Compliance with time scales, and complaints resolved within extended timescales as agreed.
- Complaints that were considered by the Local Government Ombudsman;
- A review of the effectiveness of the complaints procedure. Learning and service improvements, including changes to services that have been implemented and details of any that have not been implemented.

## 3. Context

### Legislation

The Children Act 1989 Representations Procedure (England) Regulations 2006 is for all representations received from children and young people, their parents, foster carers or other qualifying adults about social care services provided or commissioned by Children's Social Care. The act and regulations set down procedures that Councils with social care responsibility have to follow when a complaint is made.

The Children's Statutory complaints procedure is a three stage process, stage one where complaints are investigated at service level, Stage two where an independent investigation will take place and Stage three which is a panel of independent persons who will reviewed the investigations at stage one and stage two.

The '**corporate complaints**' process is used for anyone else who makes a complaint.

## What is a complaint?

We define a complaint as:

**‘A statement, written or verbal, which expresses dissatisfaction about any aspect of the social services provided by or on behalf of the Service Delivery Units responsible for services to children.’**

The purpose of a complaints process is to resolve concerns raised by service users and their representatives, to deliver outcomes which are appropriate and proportionate to the seriousness of the issues and to ensure that changes are made in response to any failings which are identified.

To achieve this, the approach to handling complaints must incorporate the following elements

- Engagement with the complainant or representative throughout the process
- Agreement with him/her about how the complaint will be handled
- A planned, risk-based and transparent approach
- Commitment to prompt and focussed action to achieve desired outcomes
- Commitment to improvement and the incorporation of learning from all complaints.

A complaint must be made no later than 12 months after; nevertheless, the Council has discretion to waive this time limit if:

- It would not be reasonable to expect the complainant to have made the complaint sooner, and
- It is still possible to deal with the complaint effectively and fairly

## Who can make a complaint?

A complaint may be made by;

- Children or young people who are receiving or have received services provided by the Council, or are entitled to receive such a service, because they are looked after by the Borough, or because they are deemed to be ‘in need’ as defined by the Children Act 1989.
- People who have parental responsibility for these children and young people
- Advocates and representatives of any of the above children and young people (providing that it has been established as far as possible that the advocate or representative is reflecting the child or young person’s own wishes).
- Foster carers who want to comment or complain about the service being provided to a child or young person for whom they are caring
- Any other person, providing that s/he is deemed to have sufficient interest in the child’s welfare to justify the Council in considering the complaint.

Complaints may be received through a variety of media (phone, letter, email, feedback-form, personal visit etc) and at various points within the organisation (to staff members, via the respective web addresses, direct to the Customer Relationship Team).

## **Children's Statutory Complaints Procedure in Telford and Wrekin Council**

When a complaint is first received, the Customer Relationship Team will carry out an initial assessment of the complaint to determine the issues, the severity and the potential impact and to identify any other organisations that may be involved.

Whenever a complaint is received from a child or young person, the Customer Relationship Team will notify the Rights & Representations Service of the need to offer the complainant an advocacy service, within the remit of the 2004 Advocacy (Services & Representations) Regulations. A child/young person whose complaint is being considered within this procedure is entitled to advocacy services throughout the process. Subject to the approval of the child/young person, all correspondence with regard to the complaint will be copied to the advocate, who will be entitled to accompany the complainant at any meeting or interview about the complaint, which the complainant attends.

When someone contacts the Customer Relationship Team to make a complaint, we acknowledge their complaint within 2 working days. The Customer Relationship Team will pass details of the complaint to the appropriate Service Delivery Manager.

We aim to respond to all Children' Statutory Stage One complaints within 10 working days, because of the nature and complexity of some issues it may take longer, and in agreement with complainants the time scales may be longer (subject to a maximum of 20 working days).

When the investigation is complete, the manager will write a letter explaining what they have found and what they will do to put things right.

If the complainant is not happy with the response, or how we have dealt with their complaint, they can request that their complaint is considered at Stage two of the procedure where the complaint will be investigated by an independent investigator.

Following the investigation the findings will be sent to the customer at which point they may request that the investigation at stage one and stage two is reviewed at stage three by a panel.

Following the panel if the customer is not happy with the final decision, or how we have dealt with their complaint, they can refer the matter to the Local Government and Social Care Ombudsman (LGSCO).

### **Children's Social Services Interactions in 2019/20**

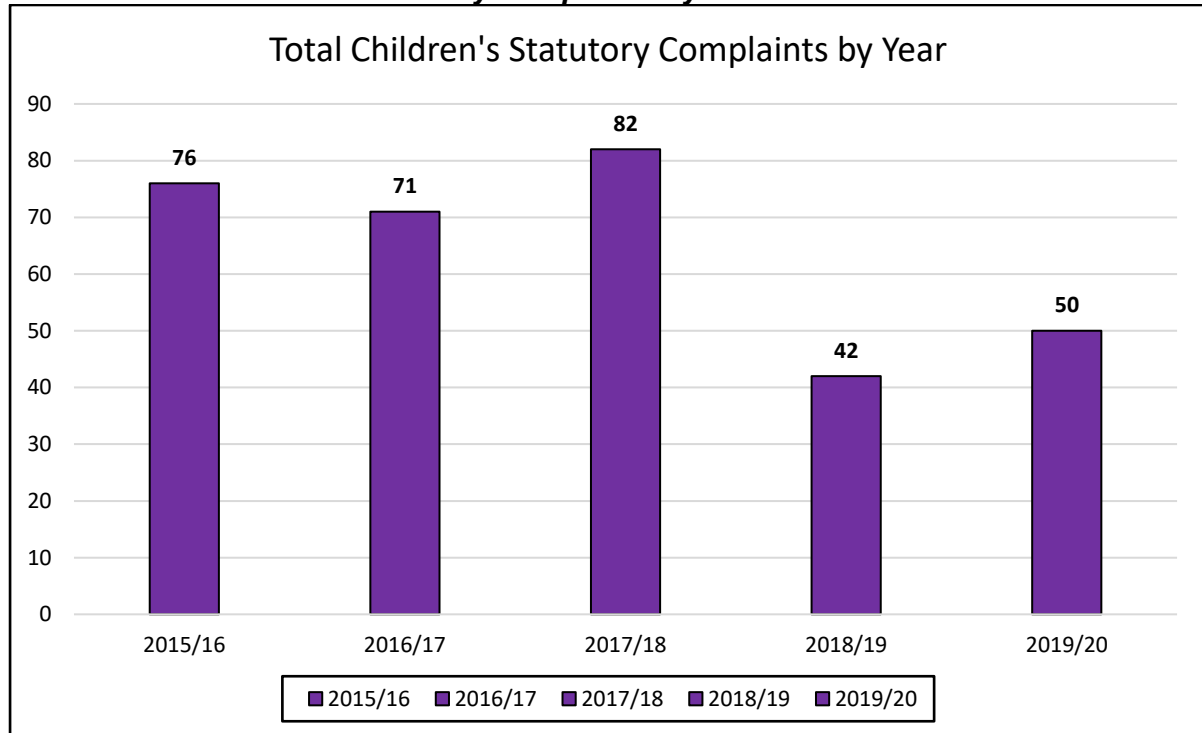
Children's Social Services recorded approximately 13,074 contacts in 2019/20, with nearly 6,500 children and young people being the subject of contacts (multiple contacts were received for some children and young people).

Family Connect recorded 11,579 contacts in 2019/20.

#### 4. Children’s Statutory Complaints 2019/20

We received 50 Children’s Statutory complaints between 1 April 2019 and 31 March 2020, in 2018/19 we received 42, 2017/18 we received 82 and in 2016/17 we received 71. The number of complaints received in 2019/20 has increased slightly by 26% from 2018/19. It is good to see that the increase has not reached the numbers received in 2017/18. The table below shows comparisons of the number of statutory complaints over the past five years.

**Table 1: Total Children’s Statutory Complaints by Year**



The 50 complaints were dealt with at Stage One, with only seven progressing to an independent stage 2 investigation. Three complaints remain outstanding.

Stage	Number of Complaints
1	50
2	7
3	0
<b>Total</b>	<b>57</b>

Of the 50 Stage One complaints received 47 were completed during the financial year. Seven Stage Two complaints were received and sent to independent investigation all are completed.

No Stage Three panels were completed in 2019/20. Two requests were received however both were refused as they did not add any further value as errors had already been identified and acknowledged.



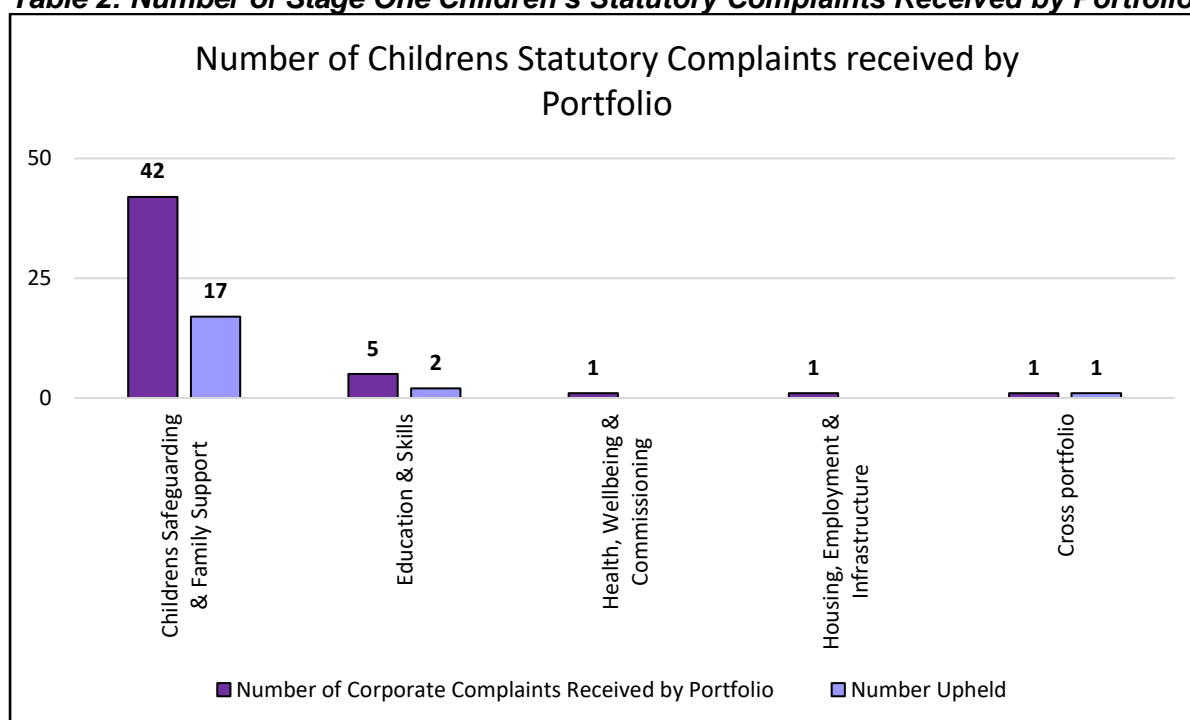
Statutory Children’s Complaints were received from the following in 2019/20;

Complainant	Number of Complaints
Parent/ Carer	36
Child/ Young Person	5
Young Person/ Care Leaver	2
Foster Carers	2
Other Family Member	4
Advocate/ Representative	1
Other Professionals	0
Children and Young Peoples Social Workers	0
<b>Total</b>	<b>50</b>

5 complaints were received directly from children and young people this is 10% of the overall complaints received. Work has been carried out during 2019-20 to review the literature available for Children and Young Persons to ensure that the complaints process is easily understood. The amendments that have been made will be available in 2019/20 once approved and it is anticipated that this will further increase the accessibility of the complaint procedure.

The table below details the statutory complaints received by portfolio, against number upheld.

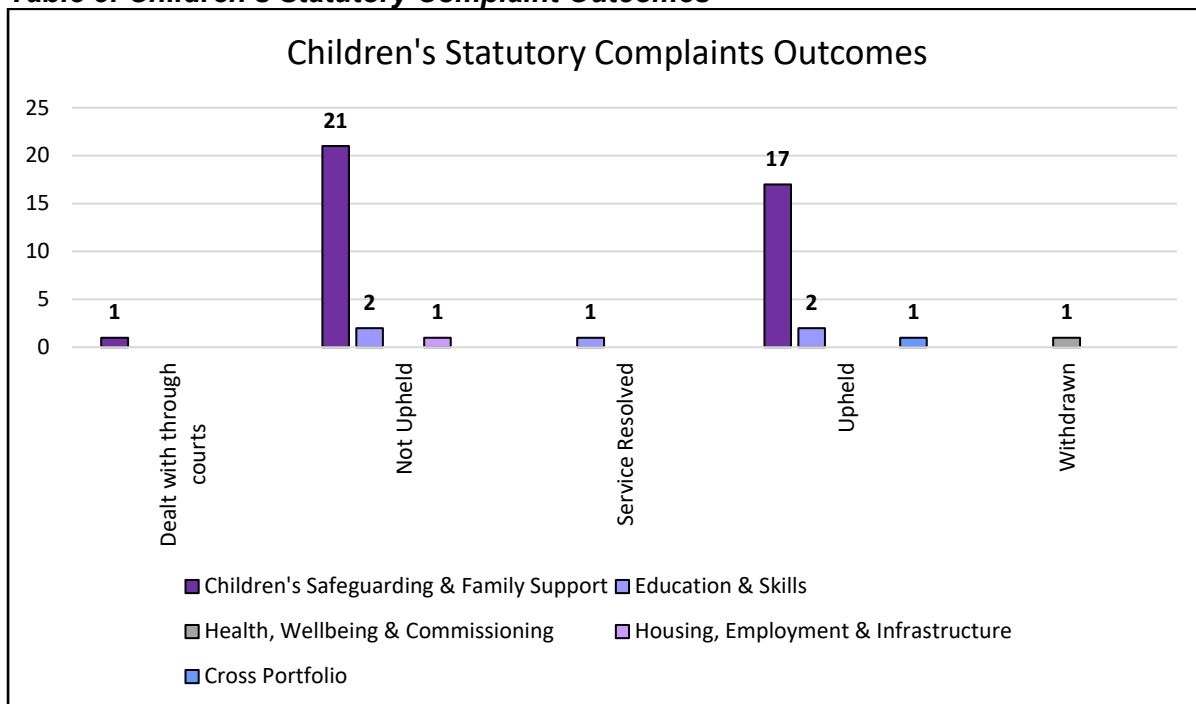
**Table 2: Number of Stage One Children’s Statutory Complaints Received by Portfolio**



The number of upheld complaints against number received for Children’s Safeguarding & Family Support is 40%. Education & Skills saw 40% of their complaints upheld.

Of the Child Statutory Complaints received 20 were upheld and 24 were not upheld, 1 was withdrawn and 1 was resolved by the service. The table below shows the outcomes and a breakdown by portfolio of all complaints for Children’s Social Care.

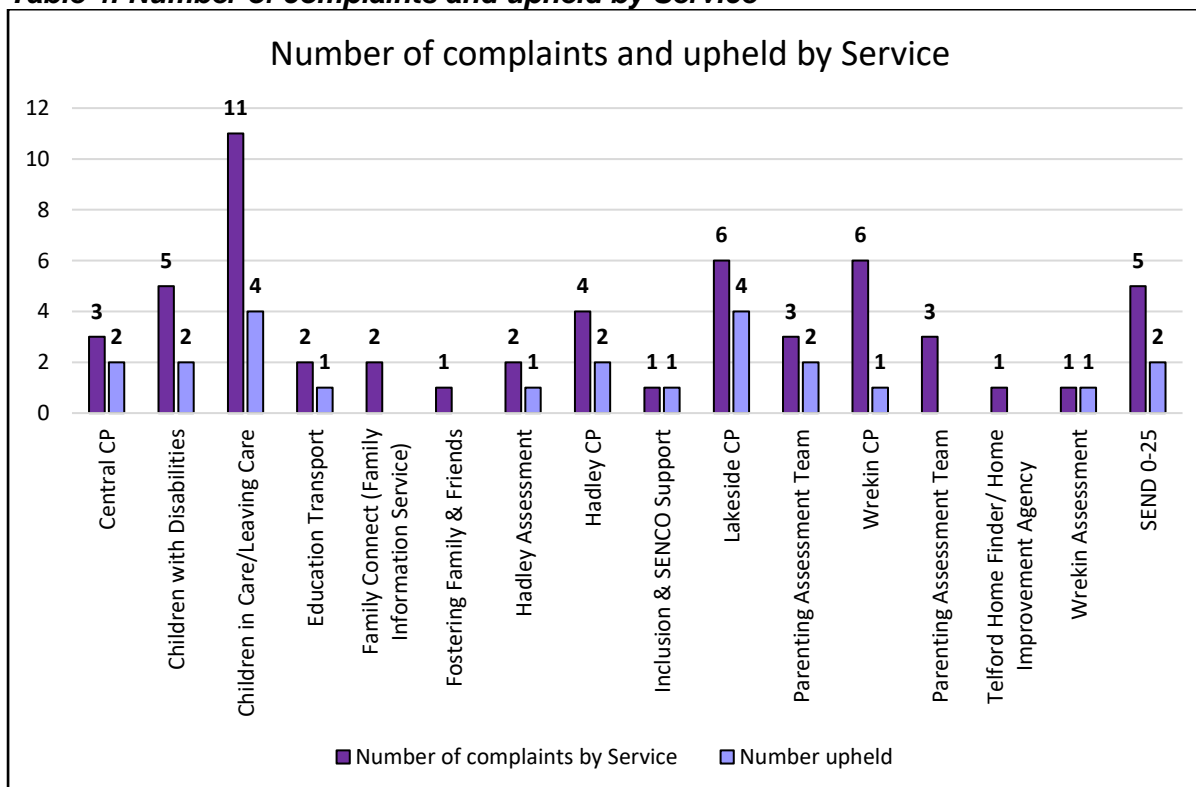
**Table 3: Children's Statutory Complaint Outcomes**



Of the 47 complaints completed, 43% (20) of the complaints were upheld, 51% (24) were not upheld and 6% (3) were dealt with via another method.

The table below includes the number of complaints received by each service. Please note that number of complaints detailed below is higher than the overall total because individual complaints may have multiple issues against different teams. This table seeks to show all services against issues were raised, so an individual complaint may be counted multiple times in this table.

**Table 4: Number of complaints and upheld by Service**



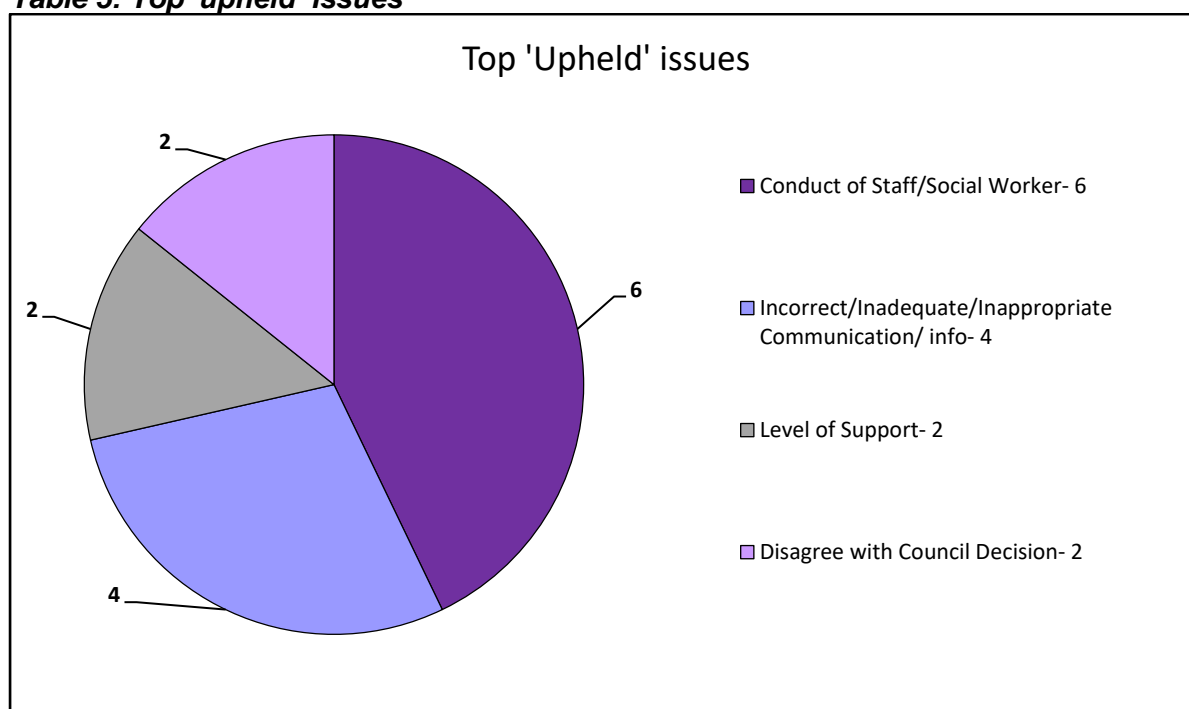
The most upheld complaints can be found in Children in Care/Leaving Care where 11 complaints were received, 4 were upheld.

There were 6 complaints received by Lakeside CP, of which 4 were upheld and 6 were received by Wrekin CP of which one was upheld.

## 5. Issues for 'Upheld' complaints

Of the upheld statutory complaints the top issues raised were as detailed in the table below;

**Table 5: Top 'upheld' Issues**



**Conduct of Staff/ Social Worker-** accounted for 6 upheld complaints, these concerns related to manner and behaviour of the social worker, lack of understanding, social worker arriving late to meetings, No support provided by social worker, inappropriate disclosure of information.

**Incorrect/ Inadequate/Inappropriate Communication/ Information-** These concerns related to an occasion not communication or information provided for an extended period of time. Lack of communication and notification of meetings and cancelled meetings.

**Level of Support-** These concerns related to lack of support, in cases further support was provided. These cases included incorrect support being provided under EHCP, and that a transport provision was not sufficient under EHCP.

**Disagree with Council Decision-** this included cases where family contact was not at the level required. Disagreement with a CAF assessment and a decision on how to accommodate a care leaver.

## 6. Timescales for Responses

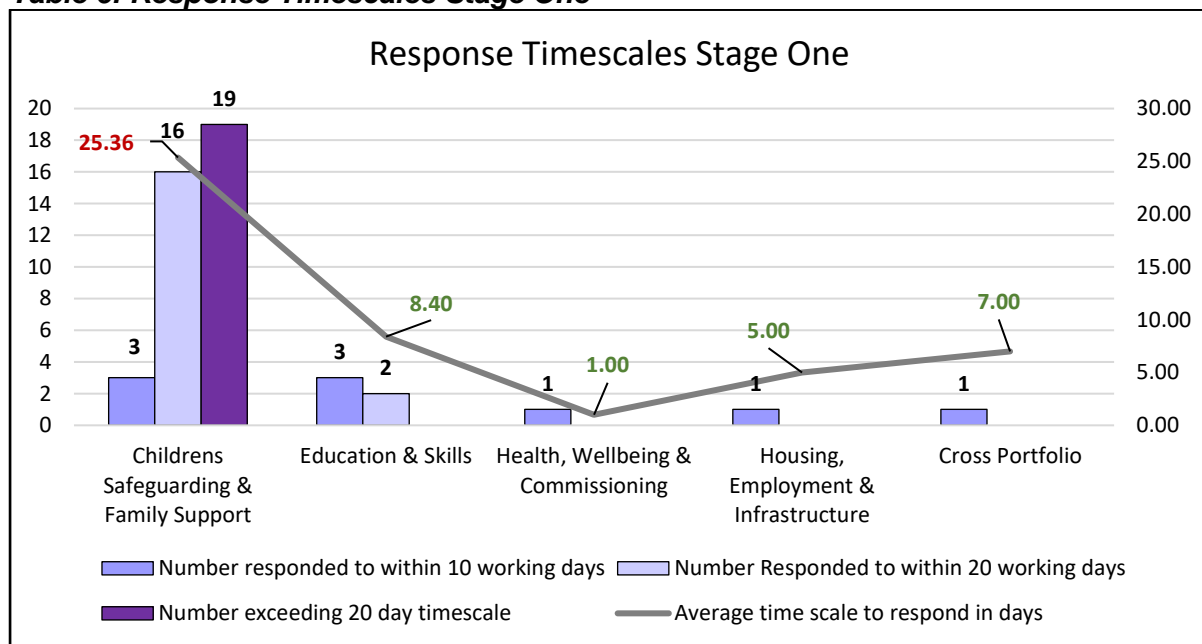
Our Children’s Statutory Complaints Policy has been written in line with The Children Act 1989 Representations Procedure (England) Regulations 2006, which outlines, how Child Statutory Complaints should be handled and the three stages for Child Statutory Complaints.

Stage One should be an opportunity to resolve the complaint at service level, this should be done within 10 working days, which may be extended to 20 working days in exceptional circumstances and with prior agreement with the customer.

Stage Two is an Independent Investigation which should be completed within 25 working days and this can be extended to 65 working days in more complex cases.

Stage Three is a panel where the investigation at Stage One and Two is reviewed.

**Table 6: Response Timescales Stage One**



Of the 39 complaints that have been completed in the Children’s Safeguarding & Family Support Portfolio, three were responded to within the 10 working day timescale, however, 19 complaints exceeded the extended 20 working day timescale, this equates to 49% of the 39 complaints failing to be responded in accordance with the legislation. The average number of days to respond in Children’s Safeguarding & Family Support was 25.36 days this is an improvement on the 26.13 days achieved in 2018/19.

Of the 5 complaints responded to in the Education & Skills Portfolio three were responded to within the 10 working day timescale, two responses were completed within 20 working days and no responses exceeded the 20 working days. The average number of days to respond in this portfolio was 8.40 days. This is an improvement on the 13.75 days achieved in 2018/19.

Complaints in Health, Wellbeing & Commissioning, Housing, Employment & Infrastructure and Cross Portfolio were all responded to within 10 working days. The Cross Portfolio complaint related to Education Transport and Inclusion and SENCO Support.

The average time scales for all Children’s Statutory Stage One Complaints is 21 working days, which exceeds the timescales outlined in the regulations. However this does show an

improvement since 2018/19 where complaints were responded to in an average of 25 days. As an authority we should be ensuring that we meet the statutory requirements.

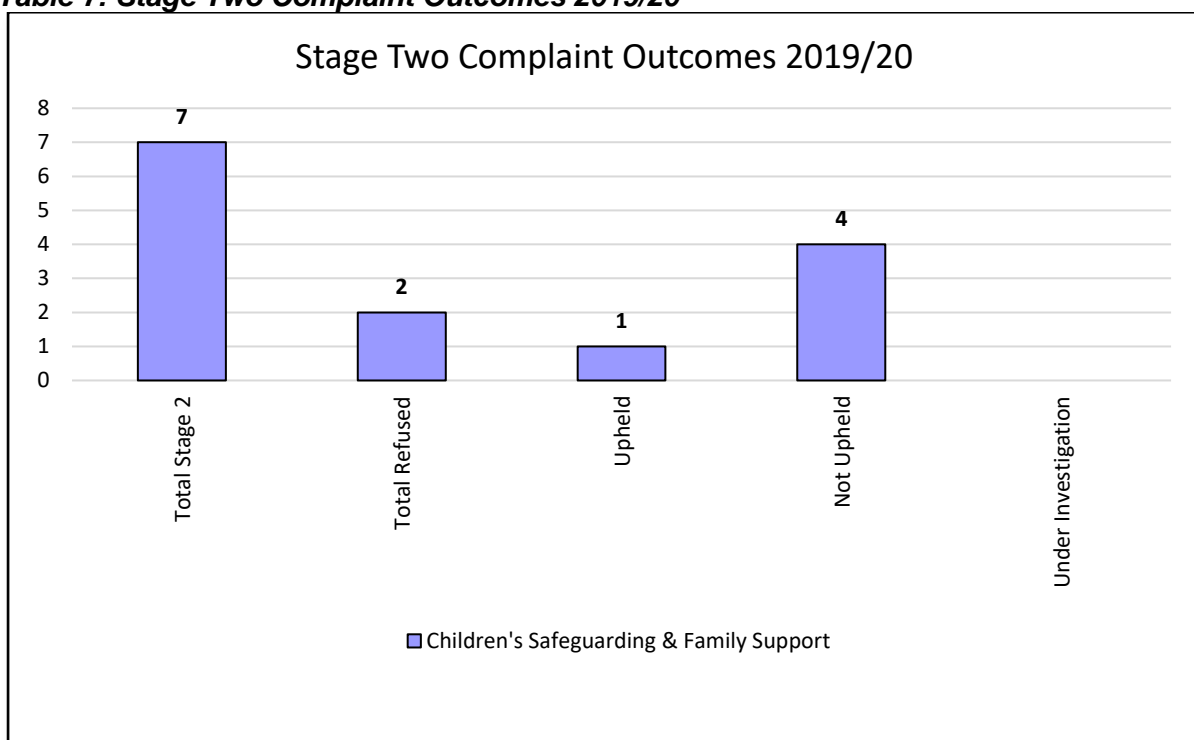
There is still some work to be done to ensure that the percentage responded to within the initial 10 day time scale (19%) is increased.

Overall 57% of complaints are responded to within the statutory time scale of 20 working days 19% are responded to within 10 working days.

## 7. Statutory Stage Two Complaints 2019/20

During 2019/20, 7 (10%) Statutory Stage One complaints progressed to Stage Two of the process.

**Table 7: Stage Two Complaint Outcomes 2019/20**



All Stage Two Complaints were for Children's Safeguarding & Family Support portfolio. There are no Stage Twos currently being investigated.

The upheld complaint related to a finding that the complaint was initial handled under the incorrect complaint procedure, all other elements related to Children's Safeguarding & Family Support were not upheld. Changes have been made to the Customer Relationship Team since this complaint was originally received in 2018/19, processes are clearer and there is greater oversight.

There has been an increase in Statutory Stage Two investigations in 2019/20, all were investigated and Independent persons used.

The average number of days to complete a Stage Two Investigation was 37.43 days.

There have been no Stage Three Panels in 2019/20.

## 8. Learning and Outcomes from Children’s Statutory Complaints

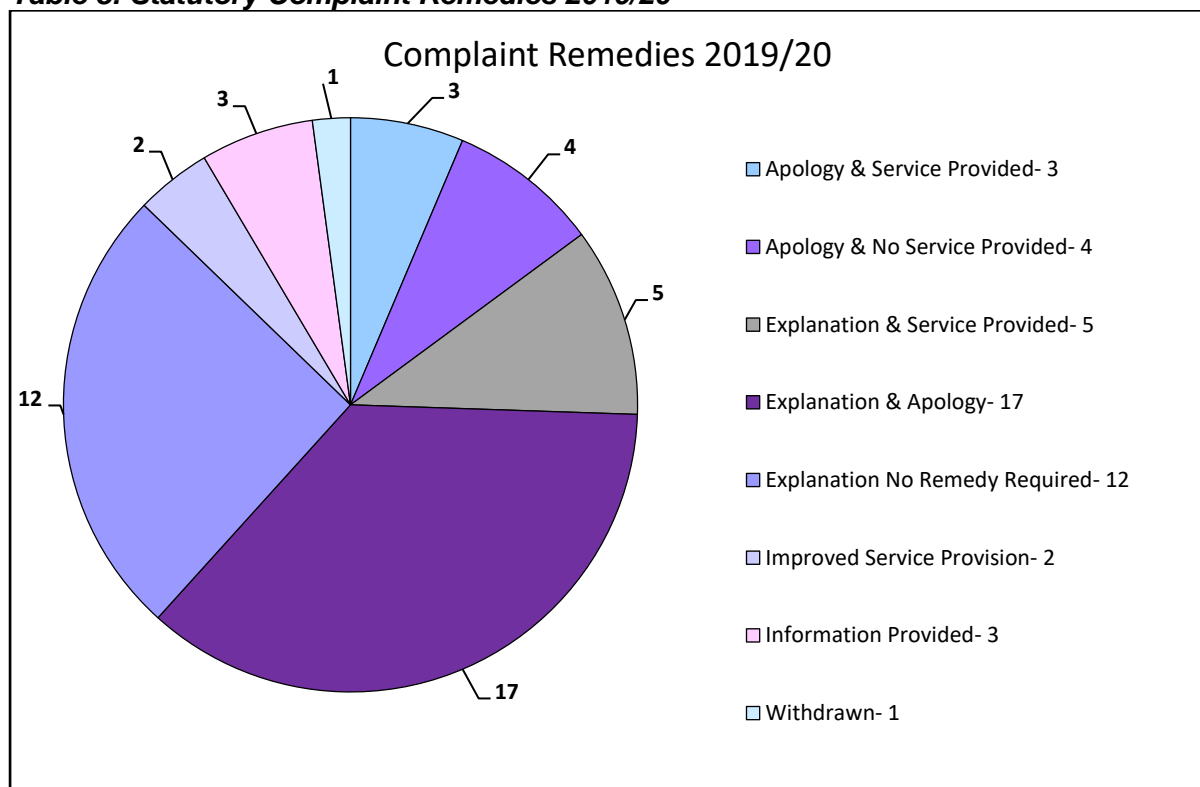
Complaints are a valuable source of information which can help to identify recurring or underlying problems and potential improvements. We know that numbers alone do not tell everything about the attitude towards complaints and how they are responded to locally. Arguably of more importance is to understand the impact those complaints have on people and to learn the lessons from complaints to improve the experience for others. This was echoed by Michael King, The Local Government Ombudsman who said it is not about ‘*how often you are getting it wrong, but how good you are at putting it right*’.

Lessons can usually be learned from complaints that were upheld but also in some instances where no fault was found but the Authority recognises that improvements to services can be made.

Occasionally during the course of an investigation issues will be identified that need to be addressed over and above the original complaint. The Customer Relationship Team will always try to look at the “bigger picture” to ensure that residents receive the best possible service from the Council.

The Customer Relationship Team will provide ongoing daily advice and support to managers around complaints management, resolution and responding to representations.

**Table 8: Statutory Complaint Remedies 2019/20**



Of the remedies recorded against Children’s Statutory Complaints in 2019/20;

- 36% were to provide an explanation and an apology.
- 26% was to provide an explanation and no remedy was required.
- 11% was to provide an explanation and service was provided
- 9% was to provide an apology and no service was provided.

### **Positive Improvements:**

Below are examples of positive changes that have resulted from learning from complaints;

- A new guidance document is now available online to all schools via the SEND area on the local offer. This has also been discussed at the SENCO network meeting with SENDCOs from both primary and secondary settings. A new annual review will be carried out by the SEND officers.
- Individual remedies have been completed regarding support plans and working agreements and assessments.
- Additional training to officers regarding communication and failure to keep complainant informed.
- If social workers are absent for more than two weeks, the service will look to reallocate cases, more complex cases will be reallocated as a priority.
- Introduction of systems to prevent delay in recording so that minutes can be provided to parents and professionals in a timely manner.
- Delivery of workshops to practitioners to ensure that following the completion of direct sessions, the assessments are written up and shared with families within a much shorter time frame.

During 2020/21 more focus will be placed on learning to ensure that continuous service improvement takes place.

## **9. Local Government and Social Care Ombudsman (LGSCO) Enquiries**

The LGSCO has authority to investigate when it appears that our own complaints process has not resolved the complaint. Complainants can refer their complaint to the Ombudsman at any time, although they will generally refer all complaints back to us, if they have not been through the complaints processes first. In exceptional circumstances, however the Ombudsman will look at things earlier; this is usually dependant on the vulnerability of the person concerned.

The Council were notified of 9 Children's Statutory complaints that were received and escalated to the LGSCO between 1 April 2019 and 31 March 2020.

6 cases remain open, there were two complaints not investigated and 1 complaint where fault was found but there was no injustice. The LGSCO found that a family member had not been consulted during an assessment, however they considered that this did not cause any significant injustice to the complainant.

## 10. Concluding Comments

This annual report shows that the number of Children's Statutory complaints received has increase in 2019/20, however it has not reached the level of 82 that were received in 2017/18. Our services are maintaining a low number of complaints during the year when we have seen major reductions in Government funding for Local Authority service provision. Despite this financial back drop the Council continues to manage complaints well and is committed to putting right anything that has gone wrong.

However, for Children's Statutory Complaints the number upheld is high in comparison with the number received (43%). We will continue working to reduce the number upheld going forward as learning is being taken from complaints.

Response times are also a concern, whilst the Customer Relationship Team does update the customers of delays and extended timescales we should be reaching the initial timescale of 10 working days, often however we are surpassing this and the extended timescale.

It is positive to see that overall the average time to respond to a Children's Statutory Complaint has reduced to 21 days from the 25 days reported in 2018/19. However, there is still some work to be done to ensure that the percentage responded to within the initial 10 day time scale is increased from 19%.

Overall 57% of complaints are responded to within the statutory time scales.

### **Recommendations:**

Please see below the recommendations for this financial year;

- When completing a complaint investigation and response, services should assess whether any element of the customer journey could have been improved, even if this does not form part of the complaint i.e. could improved communication have prevented the concerns being escalated to a formal complaint?
- Where services become aware that they are unable to respond to a complaint, due to court action or any other reason, they should notify the Customer Relationship Team at the earliest opportunity, so we can notify the complainant.
- It is recognised that some delay's maybe occurring due to Social Workers availability, however, ideally the case notes should be sufficiently detailed to allow others to respond in their absence.
- If a meeting takes place with a complainant, it is recommended that detailed minutes are taken. This financial year a number of complainants have disputed the discussion and outcome of the meetings and in the absence of any notes it's difficult to take a view.
- There have been some complaints returned to service this year because they have not responded to each point raised by the customer. When responding to a complaint all points should be addressed, so that the customer is getting a full response and as a Council we are getting it right first time. Resources are available to assist officers investigating and responding to complaints. The Customer Relationship Team does quality check responses, and often makes comments and suggested amendments. The role of the Customer Relationship Team is to ensure that the complaint progresses and complaint standards are adhered to and this is reflected in the advice provided.



- Going forward services need to ensure that they are prioritising complaints and responding within the stated timescales, where there are unforeseen delay's the Customer Relationship Team should be notified immediately so that they can notify the customer and advise them of the date they should expect their response.
- Delays have also been experienced when investigating at Stage Two of the process where there has been a delay in service providing necessary documents and details. Stage Two investigations are completed by Independent Investigators, often external from the Council, therefore this information requested should be prioritised.
- We would recommend that Children's Safeguarding & Family Support and Education & Skill's develop a service level Complaints Guide, which may increase the number of responses sent in line with the timescales, the Customer Relationship Team will assist in developing this approach which works well in other parts of the council.

## **11. Oversight and support provided by Customer Relationship Team**

The Customer Relationship Team continues to support service areas to both manage and learn from complaints. The key services offered by the team are;

1. Complaints advice and support.
2. Quality Assurance of complaint responses.
3. Acting as a critical friend to challenge service practice.
4. Support with persistent and unreasonable complainants.
5. Assistance in drafting comprehensive responses to complaint investigations.
6. Continue to escalate overdue complaints to Directors.

## **12. Customer Relationship Team priorities for 2020/21**

During 2020/21 the Customer Relationship Team will focus on a number of key priorities;

- Obtain approval for the updated Child Statutory Complaint Policy and Child Friendly Policy.
- Help to improve the Councils record in timely complaint responses.
- Continue to improve our case management complaint system.
- Continue to improve and add to the resources available for managers, when responding to complaints and other correspondence and encourage self-help.
- Work to maintain low levels of maladministration findings by the Local Government and Social Care Ombudsman.
- Continue to provide a dashboard for quarterly reporting providing Senior Management with quarterly data so that improvement can be driven forward continuously during the year.
- Work with Children's Safeguarding & Family Support and Education & Skills to develop a service level complaints guide and process.

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22 July 2020

*By email*

Mr Sidaway  
Chief Executive  
Telford & Wrekin Council

Dear Mr Sidaway

### **Annual Review letter 2020**

I write to you with our annual summary of statistics on the decisions made by the Local Government and Social Care Ombudsman about your authority for the year ending 31 March 2020. Given the exceptional pressures under which local authorities have been working over recent months, I thought carefully about whether it was still appropriate to send you this annual update. However, now, more than ever, I believe that it is essential that the public experience of local services is at the heart of our thinking. So, I hope that this feedback, which provides unique insight into the lived experience of your Council's services, will be useful as you continue to deal with the current situation and plan for the future.

### **Complaint statistics**

This year, we continue to place our focus on the outcomes of complaints and what can be learned from them. We want to provide you with the most insightful information we can and have made several changes over recent years to improve the data we capture and report. We focus our statistics on these three key areas:

**Complaints upheld** - We uphold complaints when we find some form of fault in an authority's actions, including where the authority accepted fault before we investigated. A focus on how often things go wrong, rather than simple volumes of complaints provides a clearer indicator of performance.

**Compliance with recommendations** - We recommend ways for authorities to put things right when faults have caused injustice. Our recommendations try to put people back in the position they were before the fault and we monitor authorities to ensure they comply with our recommendations. Failure to comply with our recommendations is rare. An authority with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

**Satisfactory remedies provided by the authority** - We want to encourage the early resolution of complaints and to credit authorities that have a positive and open approach to resolving complaints. We recognise cases where an authority has taken steps to put things right before the complaint came to us. The authority upheld the complaint and we agreed with how it offered to put things right.

Finally, we compare the three key annual statistics for your authority with similar types of authorities to work out an average level of performance. We do this for County Councils, District Councils, Metropolitan Boroughs, Unitary Councils, and London Boroughs.

This data will be uploaded to our interactive map, [Your council's performance](#), along with a copy of this letter on 29 July 2020, and our Review of Local Government Complaints. For further information on how to interpret our statistics, please visit our [website](#).

### **Resources to help you get it right**

There are a range of resources available that can support you to place the learning from complaints, about your authority and others, at the heart of your system of corporate governance. [Your council's performance](#) launched last year and puts our data and information about councils in one place. Again, the emphasis is on learning, not numbers. You can find the decisions we have made, public reports we have issued, and the service improvements your Council has agreed to make as a result of our investigations, as well as previous annual review letters.

I would encourage you to share the tool with colleagues and elected members; the information can provide valuable insights into service areas, early warning signs of problems and is a key source of information for governance, audit, risk and scrutiny functions.

Earlier this year, we held our link officer seminars in London, Bristol, Leeds and Birmingham. Attended by 178 delegates from 143 local authorities, we focused on maximising the impact of complaints, making sure the right person is involved with complaints at the right time, and how to overcome common challenges.

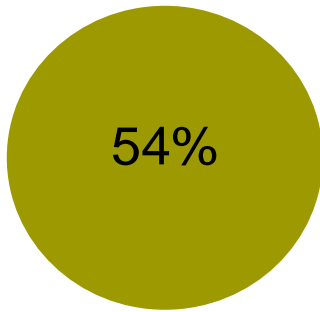
We have a well-established and successful training programme supporting local authorities and independent care providers to help improve local complaint handling. During the year, we delivered 118 courses, training more than 1,400 people. This is 47 more courses than we delivered last year and included more training to adult social care providers than ever before. To find out more visit [www.lgo.org.uk/training](http://www.lgo.org.uk/training).

Yours sincerely,



Michael King  
Local Government and Social Care Ombudsman  
Chair, Commission for Local Administration in England

### Complaints upheld



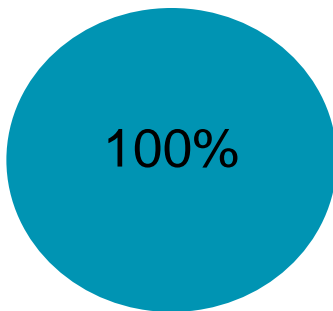
**54%** of complaints we investigated were upheld.

This compares to an average of **56%** in similar authorities.

**7**  
upheld decisions

Statistics are based on a total of 13 detailed investigations for the period between 1 April 2019 to 31 March 2020

### Compliance with Ombudsman recommendations



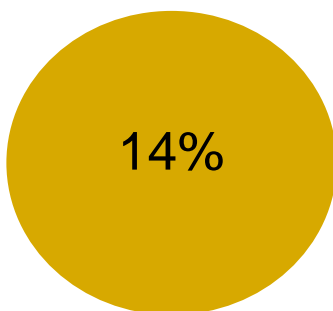
In **100%** of cases we were satisfied the authority had successfully implemented our recommendations.

This compares to an average of **99%** in similar authorities.

Statistics are based on a total of 2 compliance outcomes for the period between 1 April 2019 to 31 March 2020

- Failure to comply with our recommendations is rare. An authority with a compliance rate below 100% should scrutinise those complaints where it failed to comply and identify any learning.

### Satisfactory remedies provided by the authority



In **14%** of upheld cases we found the authority had provided a satisfactory remedy before the complaint reached the Ombudsman.

This compares to an average of **11%** in similar authorities.

**1**  
satisfactory remedy decision

Statistics are based on a total of 13 detailed investigations for the period between 1 April 2019 to 31 March 2020

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