

Governance Committee

Monday, 2nd October, 2023
at 5.00 pm

PLEASE NOTE TIME OF MEETING

Conference Room 3, Civic Centre

This meeting is open to the public

Members of the Committee

Councillor A Frampton (Chair)
Councillor P Baillie
Councillor Chapman
Councillor Denness
Councillor McCreanor
Councillor McEwing
Councillor Rayment

Contacts

Director of Governance, Legal and HR
Richard Ivory
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Senior Democratic Support Officer
Claire Heather
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PUBLIC INFORMATION

Role of the Governance Committee

Information regarding the role of the Committee's is contained in Part 2 (Articles) of the Council's Constitution.

[02 Part 2 - Articles](#)

It includes at least one Councillor from each of the political groups represented on the Council, and at least one independent person, without voting rights, who is not a Councillor or an Officer of the Council.

Access – Access is available for disabled people. Please contact the Democratic Support Officer who will help to make any necessary arrangements.

Public Representations At the discretion of the Chair, members of the public may address the meeting on any report included on the agenda in which they have a relevant interest. Any member of the public wishing to address the meeting should advise the Democratic Support Officer (DSO) whose contact details are on the front sheet of the agenda

Southampton: Corporate Plan 2022-2030 sets out the four key outcomes:

- Communities, culture & homes - Celebrating the diversity of cultures within Southampton; enhancing our cultural and historical offer and using these to help transform our communities.
- Green City - Providing a sustainable, clean, healthy and safe environment for everyone. Nurturing green spaces and embracing our waterfront.
- Place shaping - Delivering a city for future generations. Using data, insight and vision to meet the current and future needs of the city.
- Wellbeing - Start well, live well, age well, die well; working with other partners and other services to make sure that customers get the right help at the right time

Smoking policy – The Council operates a no-smoking policy in all civic buildings.

Mobile Telephones:- Please switch your mobile telephones or other IT devices to silent whilst in the meeting

Use of Social Media:- The Council supports the video or audio recording of meetings open to the public, for either live or subsequent broadcast. However, if, in the Chair's opinion, a person filming or recording a meeting or taking photographs is interrupting proceedings or causing a disturbance, under the Council's Standing Orders the person can be ordered to stop their activity, or to leave the meeting. By entering the meeting room you are consenting to being recorded and to the use of those images and recordings for broadcasting and or/training purposes. The meeting may be recorded by the press or members of the public.

Any person or organisation filming, recording or broadcasting any meeting of the Council is responsible for any claims or other liability resulting from them doing so.

Details of the Council's Guidance on the recording of meetings is available on the Council's website.

Dates of Meetings: Municipal Year 2023/2024

2023	2024
12 June	12 February
24 July	22 April
25 September	
13 November	
11 December	

CONDUCT OF MEETING

Terms of Reference

The terms of reference of the Governance Committee are contained in Part 3 of the Council's Constitution.

[03 - Part 3 - Responsibility for Functions](#)

Rules of Procedure

The meeting is governed by the Council Procedure Rules as set out in Part 4 of the Constitution.

Business to be discussed

Only those items listed on the attached agenda may be considered at this meeting.

Quorum

The minimum number of appointed Members required to be in attendance to hold the meeting is 3.

DISCLOSURE OF INTERESTS

Members are required to disclose, in accordance with the Members' Code of Conduct, **both** the existence **and** nature of any "Disclosable Pecuniary Interest" or "Other Interest" they may have in relation to matters for consideration on this Agenda.

DISCLOSABLE PECUNIARY INTERESTS

A Member must regard himself or herself as having a Disclosable Pecuniary Interest in any matter that they or their spouse, partner, a person they are living with as husband or wife, or a person with whom they are living as if they were a civil partner in relation to:

- (i) Any employment, office, trade, profession or vocation carried on for profit or gain.
- (ii) Sponsorship:

Any payment or provision of any other financial benefit (other than from Southampton City Council) made or provided within the relevant period in respect of any expense incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

(iii) Any contract which is made between you / your spouse etc (or a body in which the you / your spouse etc has a beneficial interest) and Southampton City Council under which goods or services are to be provided or works are to be executed, and which has not been fully discharged.

(iv) Any beneficial interest in land which is within the area of Southampton.

(v) Any license (held alone or jointly with others) to occupy land in the area of Southampton for a month or longer.

(vi) Any tenancy where (to your knowledge) the landlord is Southampton City Council and the tenant is a body in which you / your spouse etc has a beneficial interests.

(vii) Any beneficial interest in securities of a body where that body (to your knowledge) has a place of business or land in the area of Southampton, and either:

- a) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body, or
- b) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you / your spouse etc has a beneficial interest that exceeds one hundredth of the total issued share capital of that class.

Other Interests

A Member must regard himself or herself as having an, 'Other Interest' in any membership of, or occupation of a position of general control or management in:

Any body to which they have been appointed or nominated by Southampton City Council

Any public authority or body exercising functions of a public nature

Any body directed to charitable purposes

Any body whose principal purpose includes the influence of public opinion or policy

Principles of Decision Making

All decisions of the Council will be made in accordance with the following principles:-

- proportionality (i.e. the action must be proportionate to the desired outcome);
- due consultation and the taking of professional advice from officers;
- respect for human rights;
- a presumption in favour of openness, accountability and transparency;
- setting out what options have been considered;
- setting out reasons for the decision; and
- clarity of aims and desired outcomes.

In exercising discretion, the decision maker must:

- understand the law that regulates the decision making power and gives effect to it. The decision-maker must direct itself properly in law;
- take into account all relevant matters (those matters which the law requires the authority as a matter of legal obligation to take into account);
- leave out of account irrelevant considerations;
- act for a proper purpose, exercising its powers for the public good;
- not reach a decision which no authority acting reasonably could reach, (also known as the "rationality" or "taking leave of your senses" principle);
- comply with the rule that local government finance is to be conducted on an annual basis. Save to the extent authorised by Parliament, 'live now, pay later' and forward funding are unlawful; and
- act with procedural propriety in accordance with the rules of fairness.

AGENDA

1 **APOLOGIES**

To receive any apologies.

2 **DISCLOSURE OF PERSONAL AND PECUNIARY INTERESTS**

In accordance with the Localism Act 2011, and the Council's Code of Conduct, Members to disclose any personal or pecuniary interests in any matter included on the agenda for this meeting.

NOTE: Members are reminded that, where applicable, they must complete the appropriate form recording details of any such interests and hand it to the Democratic Support Officer.

3 **STATEMENT FROM THE CHAIR**

4 **MINUTES OF PREVIOUS MEETING (INCLUDING MATTERS ARISING)**

(Pages 1 - 4)

To approve and sign as a correct record the Minutes of the meeting held on 24th July 2023 and to deal with any matters arising, attached.

5 **STATEMENT OF ACCOUNTS 2021/22** (Pages 5 - 146)

Report of the Executive Director of Corporate Services detailing the final version of the audited Statement of Accounts 2021/22, including updated Annual Governance Statement.

6 **EXTERNAL AUDIT - 2021/22 AUDIT RESULTS** (Pages 147 - 200)

Report of the External Auditor detailing the External Audit Results.

7 **MEMBERS CODE OF CONDUCT 2023/24** (Pages 201 - 206)

Report of Director Legal, Governance and HR detailing the Members Code of Conduct 2023/24

8 **FREEDOM OF INFORMATION, DATA PROTECTION & REGULATION OF INVESTIGATORY POWERS ACTS: ANNUAL REVIEW 2022-23** (Pages 207 - 260)

Report of Director of Governance, Legal, and HR detailing the statistical information for the financial year 2022-23 with regard to Information Governance.

9 **ANNUAL COMPLAINTS REPORT 2022 - 2023** (Pages 261 - 266)

Report of the Director Legal Governance and HR detailing the Annual Complaints Report 2022-2023 and associated learning.

10 INTERNAL AUDIT PROGRESS REPORT (Pages 267 - 288)

Report of Chief Internal Auditor detailing the progress made to date across the 2023-24 Audit Plan.

11 INTERNAL AUDIT UPDATE ON HOUSING VOIDS ACTION PLAN

To receive a presentation from the Chief Internal Auditor providing an update on the loss of rental income and action plan for Housing Voids.

12 QUARTERLY HR STATISTICS (Pages 289 - 294)

Report of the Head of Human Resources and Organisational Development detailing the Quarterly HR Data Update.

Friday, 22 September 2023

Director Governance Legal and HR

GOVERNANCE COMMITTEE
MINUTES OF THE MEETING HELD ON 24 JULY 2023

Present: Councillors Frampton (Chair), P Baillie, Chapman, Deness, McCreanor, Noon and Rayment

1. **APOLOGIES AND CHANGES IN MEMBERSHIP**

Apologies were received from Councillor McEwing.

The Panel noted the resignation of Councillor McEwing and the appointment of Councillor Noon in place thereof in accordance with the provisions of Council Procedure Rule 4.3.

2. **ELECTION OF VICE-CHAIR**

RESOLVED: that Councillor McCreanor be appointed Vice-Chair for the forthcoming Municipal Year.

3. **MINUTES OF PREVIOUS MEETING (INCLUDING MATTERS ARISING)**

RESOLVED: that the minutes for the Committee meeting on 24th April 2023 be approved and signed as a correct record.

4. **CIPFA REVIEW OF FINANCIAL MANAGEMENT**

The Committee considered the report of the Executive Director Corporate Services and Section 151 officer detailing the CIPFA Review that had been undertaken and presented to Full Council on 19th July 2023 as part of the update on the Medium-Term Financial Strategy (MTFS) and The Financial Procedure Rules (FPRs) which were interconnected with the measures taken in response to the CIPFA Review and the Financial Strategy.

The Committee noted that the report referred to the action plan that was to be put in place and questioned when the timeframe for this would be available, it was noted that this was still awaited from CIPFA. The Committee therefore recommended that an additional recommendation be added to the report requesting that an update position on the action plan and identified savings for each Directorate be presented to the next meeting.

RESOLVED:

- (i) That the CIPFA report and further work to finalise the report be noted;
- (ii) That the changes to the Financial Procedure Rules be noted; and
- (iii) That a position update report be presented to the next meeting detailing the action plan and identified savings for each Directorate.

5. **EXTERNAL AUDIT – VALUE FOR MONEY ARRANGEMENTS UPDATE JULY 2023**

The Committee considered the report of the External Auditor detailing the External Audit – Value for Money Arrangements Update following concerns that were raised at the 24th April Governance Committee regarding the Council's financial sustainability.

The report presented the External Auditors updated observations following publication of the Council's Medium Term Financial Strategy update at 19th July Council meeting.

The Committee referenced internal investment/savings and indicated that it appeared there were high numbers of staff on long term sickness and suspension and requested that a data report be presented to the next meeting detailing staff sickness and suspensions numbers.

RESOLVED:

- (i) That the External Audit Value for Money Update be noted; and
- (ii) That a data report be presented to the next meeting detailing staff sickness and suspension numbers across all Directorates.

6. **ANNUAL INTERNAL AUDIT OPINION 2022-23**

The Committee considered the report of the Chief Internal Auditor detailing the Annual Internal Audit Opinion 2022-23. The report also provided an update on the internal audit work carried out since the last reporting period.

The wCommittee referred to the Housing Voids and the action plan that was in place to deal ith these and the associated cost savings that could be made if dealt with and requested an update on the implementation of the action plan at the next meeting.

RESOLVED:

- (i) That the Chief Internal Auditor's Annual Audit Opinion for 2022-23 be noted; and
- (ii) That a progress report be presented to the next meeting detailing the implementation of the Housing Voids Action Plan.

7. **DRAFT STATEMENT OF ACCOUNTS 2022/23**

The Committee considered the report of the Executive Director Corporate Services detailing the Draft Statement of Accounts 2022/23 and noted that the annual audit carried out by external auditors Ernst & Young LLP was expected to commence August 2023 to be completed in October 2023, any major changes to the Statement of Accounts arising from the annual audit were expected to be reported to 13th November Governance Committee.

RESOLVED:

- (i) That the draft Statement of Accounts 2022/23 had been signed by the Deputy S151 Officer be noted; and
- (ii) That the audited Statement of Accounts 2022/23 was expected to be presented to Committee on 13 November 2023 for approval.

8. **DRAFT ANNUAL GOVERNANCE STATEMENT 2022-23**

The Committee considered the report of the Executive Director Corporate Services detailing the Draft Annual Governance Statement 2022/23 in accordance with the requirements of the Accounts and Audit Regulations that required the Council to develop and publish an Annual Governance Statement (AGS).

The Committee referred to the Governance Issue raised in 2022 when the Council through the Local Government Association commissioned the Centre for Governance and Scrutiny to undertake an informal peer review to assist the Council to consider how it might enhance its approach to Governance and Decision Making. The final report was presented in November 2022 which following that a 10-point Action Plan was formulated and agreed in February 2023 by political Group Leaders to be implemented incrementally over the next 6 months with target for completion being Autumn 2023. Considering this the Committee requested a report detailing the progress and position update to the next meeting.

RESOLVED:

- (i) That the draft 2022-23 AGS as detailed in Appendix 1 of the report be noted;
- (ii) That the status of the agreed actions from the 2021-22 AGS as detailed in Appendix 2 of the report be noted; and
- (iii) That an update report detailing the progress and position regarding the 10-point Action Plan following the informal peer review be presented to the next meeting.

9. **REVIEW OF PRUDENTIAL LIMITS AND TREASURY MANAGEMENT OUTTURN 2022/23**

The Committee received and noted the report of the Executive Director of Corporate Services and Section 151 Officer detailing the Review of Prudential Limits and Treasury Management Outturn 2022/23. The Committee also noted the Treasury Management activities for 2022/23 and the outturn on the Prudential Indicators and the continued proactive approach to Treasury Management had led to reductions in borrowing costs and safeguarded investment income during the year.

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Agenda Item 5

DECISION-MAKER:		GOVERNANCE COMMITTEE	
SUBJECT:		STATEMENT OF ACCOUNTS 2021/22	
DATE OF DECISION:		2 OCTOBER 2023	
REPORT OF:		EXECUTIVE DIRECTOR CORPORATE SERVICES	
<u>CONTACT DETAILS</u>			
Executive Director	Title:	Executive Director Corporate Services	
	Name:	Mel Creighton	Tel: 023 80833528
	E-mail:	Mel.Creighton@southampton.gov.uk	
Author:	Title:	MTFS & Revenue Manager	
	Name:	Stephanie Skivington	Tel: 023 80832692
	E-mail:	Stephanie.Skivington@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
NOT APPLICABLE			
BRIEF SUMMARY			
<p>An update on the 2021/22 statement of accounts was provided to the Governance Committee in April 2023. This noted that although the audit of the accounts was substantially complete by September 2022 the audit was still in progress, largely due to accounting issues beyond the control of the authority. Since April the statement of accounts has been amended to reflect an update to the pension liability following the Hampshire Local Government Pension Fund triennial review and the going concern disclosure has been updated to reflect management's conclusion of a material uncertainty in respect of the council's ability to continue as a going concern, in recognition of the difficult financial position the council currently faces. The annual governance statement has also been brought up to date.</p>			
<p>The audit of the accounts is now expected to be completed by the end of September 2023 and the final version is brought to the committee for approval.</p>			
RECOMMENDATIONS:			
	(i)	Notes the changes made to the Statement of Accounts 2021/22, and Annual Governance Statement included within, since the version presented to this committee in April 2023.	
	(ii)	Considers and approves the final version of the audited Statement of Accounts 2021/22 and Annual Governance Statement included within.	
REASONS FOR REPORT RECOMMENDATIONS			
1.	It is a legal requirement that the statement of accounts 2021/22 is considered and approved by this committee, following the audit, and signed by the person presiding at this meeting.		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED			
2.	The statement of accounts has been prepared in accordance with statutory requirements. No other options have been considered as it is a legal		

	requirement that the statement of accounts is prepared, and signed by the person presiding at this meeting, following completion of the audit.
DETAIL (Including consultation carried out)	
	CONSULTATION
3.	Not applicable.
	STATEMENT OF ACCOUNTS
4.	A copy of the updated statement of accounts is available in the Members' Room.
	STATEMENT OF ACCOUNTS AMENDMENTS
5.	<p>The Code of Practice on Local Authority Accounting in the UK 2021/22 (the Code) requires 'events after the reporting date' to be reflected in the statement of accounts. These are events that occur between the end of the reporting period (31 March 2022 for the 2021/22 accounts) and the date when the financial statements are authorised for issue. There are two types of events:</p> <ul style="list-style-type: none"> • Adjusting events – those that provide evidence of conditions that existed at the end of the reporting period – amounts recognised in the financial statements are adjusted. • Non-adjusting events – those that are indicative of conditions that arose after the reporting period – amounts are not adjusted, however where material these are disclosed. <p>For the audited accounts, the authorised for issue date is the date the chief finance officer re-confirms the financial statements before the committee approves them in accordance with regulations.</p>
6.	As noted in the report to the committee in April, the delay in completing the audit of the accounts arising from infrastructure assets accounting issues meant that new information on pension liabilities as at 31 March 2022 had come to light as a result of the triennial actuarial review of the Hampshire Local Government Pension Fund. This was an adjusting event requiring an amendment to the accounts. The pension liability reduced by £42.4M with a corresponding reduction to the pension reserve. The amendments had no impact on the reported General Fund position for 2021/22.
7.	The general principles for the preparation of the accounts are set out in Note 1 (page 33) to the statement of accounts. This includes that the accounts are prepared on a going concern basis. In view of the budget shortfalls and depleted revenue reserves, as reported to Council in the MTFs Update in July, management has concluded that there is a material uncertainty in respect of the council's ability to continue as a going concern and Note 1 has been updated in this respect. A section has also been added to the narrative statement to draw readers attention to this change to the going concern assessment.
8.	The Code requires that the annual governance statement relates to the governance system as it applied during the financial year for the accounts that it accompanies. However, significant events or developments relating the governance system that occur between the reporting date and the date on which the statement of accounts is authorised for issue shall also be reported. The 2021/22 annual governance statement contained within the statement of accounts document has therefore been updated in this respect.

9.	Other minor amendments have been made to the statement of accounts since the version presented to the committee in April.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
10.	Not applicable
<u>Property/Other</u>	
11.	Not applicable
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
12.	Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2021, the Accounts and Audit (Amendment) Regulations 2022 and the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022.
<u>Other Legal Implications:</u>	
13.	None.
RISK MANAGEMENT IMPLICATIONS	
14.	Not applicable
POLICY FRAMEWORK IMPLICATIONS	
15.	Not applicable. It should be note that the Statement of Accounts has been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK 2021/22 as updated.
KEY DECISION?	Yes/No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None
Documents In Members' Rooms	
1.	Updated Statement of Accounts 2021/22

Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		Yes/No
Privacy Impact Assessment		
Do the implications/subject of the report require a Privacy Impact Assessment (PIA) to be carried out.		Yes/No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.		
2.		

Agenda Item 6

DECISION-MAKER:	GOVERNANCE COMMITTEE		
SUBJECT:	External Audit – 2021/22 Audit Results Report		
DATE OF DECISION:	2 October 2023		
REPORT OF:	EY LLP (External Auditor)		
<u>CONTACT DETAILS</u>			
Executive Director	Title	Executive Director Corporate Services	
	Name:	Mel Creighton	Tel: 023 8083 35
Author:	E-mail:	Mel.creighton@southampton.gov.uk	
Author:	Title	EY LLP	
	Name:	Kevin Suter	Tel:
	E-mail:	ksuter@uk.ey.com	
STATEMENT OF CONFIDENTIALITY			
N/A			
BRIEF SUMMARY			
<p>The Audit Results Report summarises the findings from the 2021/22 audit. It includes messages arising from the audit of the Council’s financial statements and the work undertaken to assess the Council’s arrangements to secure value for money in its use of resources.</p> <p>The report summarises the status of the audit, which is substantially complete. This report updates the Committee members since EY provided a previous version to the 24 April 2023 Governance Committee, particularly due to the conclusions we have drawn in our assessment of the Council’s financial position and the impact on our audit report.</p>			
RECOMMENDATIONS:			
	(i)	To note the 2021/22 Audit Results Report as attached	
REASONS FOR REPORT RECOMMENDATIONS			
1.	Please see summary above.		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED			
2.	None		
DETAIL (Including consultation carried out)			
3.	See summary above and attached Audit Results Report		
RESOURCE IMPLICATIONS			
<u>Capital/Revenue</u>			
4.	None		
<u>Property/Other</u>			
5.	None		
LEGAL IMPLICATIONS			

<u>Statutory power to undertake proposals in the report:</u>		
6.	<ul style="list-style-type: none"> Local Audit and Accountability Act 2014 Accounts and Audit Regulations 2015 	
<u>Other Legal Implications:</u>		
7.	None	
RISK MANAGEMENT IMPLICATIONS		
8.	None	
POLICY FRAMEWORK IMPLICATIONS		
9.	None	
KEY DECISION?		No
WARDS/COMMUNITIES AFFECTED:		
<u>SUPPORTING DOCUMENTATION</u>		
Appendices		
1.	2021/22 Southampton City Council Audit Results Report	
2.	Letter of Representation	
Documents In Members' Rooms		
1.	None	
Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		No
Data Protection Impact Assessment		
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None	

Southampton City Council Final Audit results report

Year ended 31 March 2022

August 2023

Page 11

Agenda Item 6

Appendix 1

EY

Building a better
working world



21 September 2023



Dear Governance Committee Members

2022 Audit results report

We are pleased to attach our final audit results report. We previously reported progress to the April meeting of the Governance Committee, and this final report summarises the key conclusions from any outstanding matters at that time.

The audit is designed to express an opinion on the 2022 financial statements and address current statutory and regulatory requirements. This report contains our findings related to the areas of audit emphasis, our views on SCC's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process.

This report is intended solely for the use of the Governance Committee, other members of the Council, and senior management. It is not intended to be and should not be used by any one other than these specified parties.

Yours faithfully

A handwritten signature in blue ink that reads "Kevin Suter". The signature is written in a cursive, slightly slanted style.

Kevin Suter

Associate Partner

For and on behalf of Ernst & Young LLP

Contents

01 Executive Summary

02 Areas of Audit Focus

03 Audit Report

04 Audit Differences



05 Value for Money

06 Other Reporting Issues

07 Assessment of Control Environment

08 Data Analytics

09 Independence

10 Appendices

Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Governance Committee and management of Southampton City Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Governance Committee, and management of Southampton City Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Governance Committee and management of Southampton City Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

Executive Summary

Executive Summary

Scope update

In our audit planning report presented at the 25 April 2022 Governance Committee meeting, we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan.

Status of the audit

We have substantially completed our audit of Southampton City Council's financial statements for the year ended 31 March 2022 and have performed the procedures outlined in our audit planning.

Our report to the Committee in April 2023 included two significant matters to be completed. These are set out below.

The Council published its medium term financial plan in February 2023. This highlighted that the Council was failing to achieve its planned savings for 2022/23, needs to use significant reserves (£23.73m) to balance the budget for 2023/24 and is forecasting significant budget gaps from 2024/25 onwards. An update was then published in July 2023. As a result, we have requested that the Council update its going concern assessment and disclosure, so that we could consider the impact on our audit report.

We have completed this work and concluded that although the Council is aware of their financial position and has put in place actions to address the situation, the actions are still to be embedded and the outcomes are not yet assured to avoid the need for a s114 notice. Therefore, there is material uncertainty in respect of the council's ability to continue as a going concern for the period of 12 months from the date of approval of these financial statements.

We have separately reported our concerns on the Council's value for Money arrangements in our interim Value for Money arrangements report to the April 2023 Governance Committee, and an update to the July 2023 Governance Committee.

The triennial valuation of the local government pension fund for the year ended 31 March 2022 was published by 31 March 2023. The Council obtained an updated IAS19 actuarial valuation from its actuary, taking account of this triennial valuation. This resulted in material adjustments to the accounts. We gained assurance over the amended assumptions, and via the Hampshire Pension Fund, obtained assurance over the accuracy of the underpinning membership data submitted to the actuary. We ensured the adjustments were appropriately made within the final set of the Council's accounts.

Subject to satisfactory completion of the following outstanding items we do not expect to modify our opinion for any issues other than the going concern issue described above. However until work is complete, further amendments may arise:

- ▶ Completion of subsequent events review
- ▶ Receipt of the signed management representation letter

We do not expect to issue the audit certificate at the same time as the audit opinion. We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission for 2021/22. However, we cannot certify the audit as complete until the NAO have confirmed that no further assurances will be required from us. The audit certificate will be issued once this confirmation is received.

Auditor responsibilities under the Code of Audit Practice 2020

Under the Code of Audit Practice 2020 we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Authority a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

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

Status of the audit - Value for Money

In the Audit Plan presented to the Governance Committee on 25 April 2022, we reported that our value for money (VFM) initial risk assessment was complete and there were no risks identified.

We have completed our risk assessment and review procedures through to the date of this report. During the course of our audit, information came to our attention regarding your arrangements for Value for Money in 2022/23. We concluded that this information did not affect our risk assessment for 2021/22 and we do not expect to have any matters to report by exception in our audit report on the financial statements for 2021/22. However, we have identified a significant weakness in the Council's arrangements for Value for Money in 2022/23 and action points for the Council. We reported this to the April 2023 Governance Committee, with an updated report to the July 2023 Governance Committee.

Further detail on this is included in section 5 of this report.

Executive Summary

Audit differences

We identified one adjusted difference above our performance materiality level in relation to the updated IAS 19 disclosures following receipt of the triennial valuation of £42.4m.

We have identified five audit differences in the draft financial statements which management has chosen not to adjust. Uncorrected misstatements decrease the deficit on of provision of service by £1.3m, being an increase of £1.7m relating to current year differences and decrease of £3.0m relating to prior year differences.

- Management perform a rolling revaluation programme for Property, Plant and Equipment (PPE), meaning that not all assets are revalued in the current year. We applied an index to the assets which were not revalued to assess whether they could be material misstatements. This indexation exercise identified that the assets not revalued in 2021/22 are overstated by £2.7m.
 - Council Dwellings valuation were understated by £4.2m due to differences in the indexation applied to the assets.
 - Investment assets valuation is understated by £1.7m, due to management applying a 0.15% 'cost of disposal' to the recorded valuation.
 - Gross income and Gross expenditure were both understated by £6.8m due to how schools income and expenditure are reflected in the CIES. This error has no impact on the net expenditure of the Council.
 - We performed sample testing on receipts in advance, and identified a classification error in an item from our representative sample. The error identified was ~2% of the £14m receipt in advance balance. However, as the error identified was part of our representative sample, we extrapolated the error over the untested population. The total extrapolated error was £8m. This error has no impact on the net expenditure of the Council.
- Turnaround impact on the income statement of the overstatement of the depreciation on HRA dwellings in 2020/21 of £3m.

We ask that a rationale as to why these are not corrected be approved by the Governance Committee and included in the Letter of Representation. We agree with management's assessment that the impact is not material.

Other reporting issues

We review the information presented in the Annual Governance Statement for consistency with our knowledge of the Authority. We have no matters to report as a result of this work.

We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission for 2021/22. However, we do not expect any issues in performing this work as the Council falls below the threshold set within the guidance from HM Treasury and the group audit instructions for 2021/22 on which our work is based.

We have no other matters to report.

Independence

Please refer to Section 9 for our update on Independence. We have no independence issues to report.

Executive Summary

Areas of audit focus

Our audit planning report identified key areas of focus for our audit of Southampton City Council's financial statements. This report sets out our observations and conclusions, including our views on areas which might be conservative, and where there is potential risk and exposure. We summarise our consideration of these matters, and any others identified, in the "Areas of Audit Focus" section of this report. The areas of focus were as shown below. Where work is ongoing at the time of writing this report, a verbal update will be provided at the Governance Committee meeting on 2 October.

- ▶ Misstatements due to fraud or error - no issues have been identified from our work to address this risk
- ▶ Risk of fraud in revenue and expenditure recognition: inappropriate capitalisation of revenue expenditure - no issues have been identified from our work to address this risk
- ▶ Valuation of Investment Property and Land and Buildings - no material audit differences have been identified from our work to address this risk
- ▶ Pension Liability Valuation - As stated on page 5, completed additional procedures as a result of the publication of the triennial valuation of the local government pension fund as at 31 March 2022.
- ▶ Restatement of the Comprehensive Income and Expenditure Statement (CIES), Expenditure and Funding Analysis (EFA) and related disclosure notes - no issues have been identified from our work to address this risk

▶ Infrastructure assets valuation - our work is complete and we are satisfied that the approach taken by management is reasonable and in line with the CIPFA Code amendment

We ask you to review these and any other matters in this report to ensure:

- ▶ There are no other considerations or matters that could have an impact on these issues
- ▶ You agree with the resolution of the issue
- ▶ There are no other significant issues to be considered.

There are no matters, apart from those reported by management or disclosed in this report, which we believe should be brought to the attention of the Governance Committee.

Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls.

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

There are no matters we wish to report.



02 Areas of Audit Focus



Areas of Audit Focus

Significant risk

Misstatements due to fraud or error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

What judgements are we focused on?

Our assessment of risk led us to create a series of criteria for the testing of journals, focusing specifically on areas that could be open to management manipulation. We have also focused specifically on capitalisation of expenditure as a potential area of manipulation, which is recorded as a separately identified significant risk on the previous page of this report.

Our work on estimates focussed on PPE and Investment Property valuation, and IAS19 pension estimates, which we have identified as areas of significant or higher inherent risk. Our findings on these areas are set out on the subsequent pages in this section of our report.

What did we do?

Our approach focused on:

- Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements.
- Assessing accounting estimates for evidence of management bias.
- Evaluating the business rationale for significant unusual transactions.

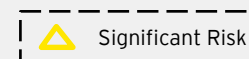
Further to this, we have:

- Inquired of management about risks of fraud and the controls put in place to address those risks, as well as gaining an understanding of the oversight given by those charged with governance of management's processes over fraud.
- Considered the effectiveness of management's controls designed to address the risk of fraud.

What are our conclusions?

As a result of our procedures:

- We have not identified any evidence of material management override.
- We have not identified any instances of inappropriate judgements being applied or other management bias both in relation to accounting estimates and other balances and transactions.
- We have not identified any other transactions which appeared unusual or outside the Authority's normal course of business





Areas of Audit Focus

Significant risk

Risk of fraud in revenue and expenditure recognition - inappropriate capitalisation of revenue expenditure

What is the risk?

Under ISA (UK) 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure, as there is an incentive to reduce expenditure which is funded from Council Tax. This could then result in funding of that expenditure, that should properly be defined as revenue, through inappropriate sources such as capital receipts, capital grants, or borrowing.

The value of Property, Plant & Equipment (PPE) additions in 2021/22 was £83.4m, and the value of Investment Property (IP) additions was £0.

The value of Revenue Expenditure financed by Capital Under Statute (REFCUS) was £15.4m

Page 21

What judgements are we focused on?

Our work has focussed on any judgements exercised in determining whether expenditure is capital in nature, and therefore appropriate to be capitalised rather than charged to the Comprehensive Income and Expenditure Statement.

What did we do?

Our approach focused on:

- We selected a sample of additions, using lowered testing thresholds, to test and confirm the item was appropriate to capitalise through agreement to evidence such as invoices and capital expenditure authorisations.
- We selected a sample of REFCUS, testing whether the classification was appropriate as capital expenditure on an asset not owned by the Council,
- Perform an analytical review against the capital budget.

What are our conclusions?

We have not identified any indication of management inappropriately capitalising revenue expenditure, or incorrectly classifying expenditure as REFCUS.





Areas of Audit Focus

Significant Risk

Infrastructure asset valuation

What is the risk?

Where management incur subsequent expenditure to replace part of an asset, the CIPFA Code requires management to write out the value of the old part being replaced.

Nationally, audit firms have identified an issue with applying this accounting treatment to infrastructure assets. Across the country Authorities are not keeping sufficient detailed records of infrastructure spend to allow the value of the part being replaced to be written out.

What did we do?

Our approach focused on:

- Page 22
- ▶ Engaging with management on the changes to the guidance to understand the impact on Southampton City Council and 2021/22 financial statements
 - ▶ Reviewing the draft financial statements to identify prima facie whether the Council is recording disposals of infrastructure assets, or components
 - ▶ Making enquiries to understand management's current processes, including bringing forward our knowledge from previous year's audits
 - ▶ Identifying whether the process is compliant with the Code
 - ▶ Assessing the changes made following the update to the CIPFA Code and issue of the Statutory Instrument
 - ▶ Assessing the reasonableness of the depreciation of the infrastructure assets.

What are our conclusions?

As outlined in our audit plan, nationally, audit firms have identified an issue with applying the CIPFA code accounting treatment to infrastructure assets. Where management incur subsequent expenditure to replace part of an asset, the CIPFA Code requires management to write out the value of the old part being replaced. Across the country Authorities have not kept sufficient detailed records of infrastructure spend to allow the value of the part being replaced to be written out.

Changes were made to the Local Authority Accounting Code by CIPFA, and DLUHC has issued a Statutory Instrument to temporarily change accounting rules in this area. Together they temporarily resolve the derecognition and existence issues identified above, and the Council has amended the disclosures in its financial statements to comply with the revised requirements. The amended disclosure requirements report infrastructure assets on a net book value basis, and require additional disclosures for when this is adopted by an authority. We are content with the changes made following further minor amendments to the updated disclosures as a result of our work.

A bulletin has also been issued by CIPFA which covers how infrastructure assets should be depreciated. Management produced an assessment of their approach to depreciating infrastructure assets. We reviewed the reasonableness of assets lives, and considered the sensitivity of the depreciation using the example asset lives within the CIPFA bulletin. We are satisfied that the approach taken by management is reasonable.

The Statutory Instrument and Accounting Code are only expected to provide a temporary solution to this issue, with the Code update only currently extending to 31 March 2025. We therefore raise the following recommendation for improvement.

Recommendation: Develop more granular accounting records and/or further supportable estimation techniques to allow for infrastructure assets and components to be derecognised when they are replaced, and to demonstrate the continued existence of assets accounted for.



Areas of Audit Focus

Other areas of audit focus

Valuation of Investment Property and Land and Buildings (valued using DRC, EUV & FV method)

What is the risk?

The value of Investment Property (IP) and Land and Buildings valued using DRC/EUV/FV methods, represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews, and market fluctuations. Management is required to make material judgements and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

The value of IP in the draft accounts at 31/03/2022 was £114m. The value of land and buildings was £1,213m.

What did we do?

- ▶ Considered the work performed by the Council's valuer, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work.
- ▶ Sample tested key input information used by the valuer in performing the valuations and challenged the key assumptions used by the valuer.
- ▶ Commissioned EY Real Estates, our internal specialists on asset valuations, to consider the valuation approach in more detail for a smaller sub-set of the sample of assets.
- ▶ Tested whether valuations have been correctly processed in the financial statements.
- ▶ Considered the annual cycle of valuations to ensure that assets have been valued within a suitable rolling programme as required by the Code for PPE, and annually for IP. We also considered if there are any specific changes to assets that have occurred and whether these have been communicated to the valuer.
- ▶ Reviewed assets not subject to valuation in 2021/22 to confirm the remaining asset base was not materially misstated.

What are our conclusions?

We have completed our work in relation to Valuation of Investment Property and Land and Buildings.

Our internal specialist has completed their work on a sample of investment properties and no differences were noted on the valuation of the properties.

We have completed our work on Land & buildings and identified differences in relation to indexation applied to Council Dwellings resulting in an understatement of £4.2m.

We have also completed our work on assets not revalued. This identified the assets were overstated by £2.7m, again detailed in section 4.

We agreed the valuation of investment properties, but noted that the Council then applied a 0.15% reduction in value on the basis of disposal costs to all properties. We do not believe this is appropriate, understating the value by £1.7m.



Areas of Audit Focus

Other areas of audit focus

Pension Liability Valuation

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Hampshire County Council. The Authority's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Authority's balance sheet. The information disclosed is based on the IAS 19 report issued to the Authority by the actuary to the County Council.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

The net pension liability in the draft accounts at 31 March 2022 was £466m.

Page 24

What did we do?

We:

- Liaised with the auditors of Hampshire County Council Pension Fund, to obtain assurances over the information supplied to the actuary in relation to Southampton City Council.
- Assessed the work of the Pension Fund actuary (Aon Solutions) including the assumptions they used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors, and considered any relevant reviews by the EY actuarial team.
- Reviewed and tested the accounting entries and disclosures made within the Authority's financial statements in relation to IAS19.

What are our conclusions?

We have assessed the work of the pension fund actuary on the pension liability. This included the use of Consulting Actuaries commissioned by the National Audit Office for all local government sector auditors & our EY actuary team. This showed the pension liability was fairly stated.

We reviewed and tested the accounting entries and disclosures made by the authority and confirmed they were in line with relevant account standards and The Local Authority Accounting Code of Practice.

The triennial valuation of the local government pension fund for the year ended 31 March 2022 was published in March 2023. There were significant movements compared to the roll forward valuation included in the actuarial report and the financial statements have been amended to reflect the updated position. Further details are on the following page.



Areas of Audit Focus

Other areas of audit focus

Pension liability valuation (continued)

Our findings and conclusions

The pension liability and related disclosures in the draft statement of accounts were based on an IAS19 report which included estimates based on roll forward of the information and assumptions in the March 2019 triannual valuation. The Council obtained an updated IAS19 report in March 2023 following release of the March 2022 triannual valuation. This has resulted in an amendment to the draft Statement of Accounts decreasing the pension liability by £42.4 million. Further details can be found in section 04 of this report.

We have completed our work in this area. We have:

- Reviewed the assessment of the Pension Fund actuary by PwC and EY Pensions and have followed up on relevant points and have not identified any issues. The assumptions updated by the actuary within the revised IAS19 report are judged to be reasonable, and appropriate to update based on the triennial valuation information;
- Completed our procedures to determine our own estimate for the Council's pension liability and found that the updated liability (based on the 2022 triennial valuation) calculated by the actuary fell within our reasonable range;
- Obtained assurance from the pension fund audit, specifically for the impact of the triennial valuation to include detailed testing on the membership data submitted to the actuary and the accuracy of that data; and
- Agreed the Council's IAS 19 disclosures to the updated actuaries' report and ensured these are fairly stated in the accounts.



Areas of Audit Focus

Other areas of audit focus

Restatement of Comprehensive Income and Expenditure Statement, Expenditure and Funding Analysis, and related disclosure notes

What is the risk?

Under CIPFA's "Telling the Story" agenda, the Council is required to disclose its income and expenditure in accordance with the structure used for internal reporting, rather than the previous presentation as prescribed by SERCOP.

The Council has changed its internal reporting structure in 2021/22, which will mean the Comprehensive Income and Expenditure Statement, the supporting Expenditure and Funding Analysis, and related disclosure notes, will need to be restated in line with the new structure

What did we do?

We:

- Agreed the restated comparative figures back to the Council's prior year financial statements and supporting working papers
- Reviewed the analysis of how these figures are derived from the Council's ledger system

What are our conclusions?

The Comprehensive Income and Expenditure Statement, Expenditure and Funding Analysis, and related disclosure notes, have been restated appropriately following the change to internal reporting structures.



Areas of Audit Focus

Other areas of audit focus

Going Concern

What is the risk?

The Council published its medium term financial plan in February 2023. This highlighted that the Council was failing to achieve its planned savings for 2022/23, needs to use significant reserves (£23.73m) to balance the budget for 2023/24 and is forecasting significant budget gaps from 2024/25 onwards. An update was then published in July 2023.

As a result, we have requested that the Council update its going concern assessment and disclosure, so that we could consider the impact on our audit report.

What did we do?

Page 27

- Page 27
- Challenged management's identification of events or conditions impacting going concern;
 - Reviewed the Council's updated cashflow forecast through to the end of October 2024;
 - Assessed the impact of the medium term financial strategy update and the implications for the Council's reserves;
 - Undertook a 'stand back' review to consider all of the evidence obtained, whether corroborative or contradictory, to be able to draw our conclusions on going Concern; and
 - Challenged the disclosure made in the accounts in respect of going concern and any material uncertainties.

What are our conclusions?

In the public sector, and specifically under the CIPFA Code of Practice on Local Authority Accounting, the concept of going concern is linked to the continuation of services. There is a presumption that the accounts will be prepared on a going concern basis unless there is clear evidence that services will be discontinued. In this context we have concluded that:

The Council has sufficient liquidity over its going concern period (assessed to the end of October 2024), with headroom to borrow funds if necessary due to its previous internal borrowing to fund the capital programme, and within its prudential indicators. Therefore, we do not identify an uncertainty due to available cashflows.

Our concern is that the medium term financial strategy's deficit projections, made on a reported worst case basis, would indicate that the Council is likely to fall below the minimum level of reserves established by the s151 officer. This could trigger a s114 notice, as the Council already reported within its February 2023 budget report.

Management's assessment is that while they are working to mitigate via the actions summarised within their July 2023 medium term strategy update, informal discussions have commenced with Government to appraise them of the Council's financial position and the possible need for exceptional financial support. The prospect of a section 114 notice being required in the next 12 months remains real, which has the potential to impact on the level of service provision.

We have commented separately on the financial challenges within our interim value for money report to the Governance Committee in April 2023, and an update in July 2023. The Council faces a significant financial challenge and management have accepted it will take time to verify whether the mitigating actions they are putting in place will successfully address the challenge and avoid need for a s114 notice, or have to apply for financial support from central government. We will continue to assess the council's response to its financial challenges within our value for money work for the 22/23 audit, and beyond.

Therefore, while we have concluded that the accounts should continue to be prepared on a going concern basis in line with the CIPFA's Codes presumption, we have concluded that although the Council is aware of their financial position and has put in place actions to address the situation, the actions are still to be embedded and the outcomes are not yet assured to avoid the need for a s114 notice. Therefore, there is material uncertainty in respect of the council's ability to continue as a going concern for the period of 12 months from the date of approval of these financial statements.



03 Audit Report



Audit Report

Draft audit report

Our draft opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTHAMPTON CITY COUNCIL

Opinion

We have audited the financial statements of Southampton City Council (the Council) for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- ▶ Comprehensive Income and Expenditure Statement,
- ▶ Movement in Reserves Statement,
- ▶ Balance Sheet,
- ▶ Cash Flow Statement
- ▶ the related notes 1 to 40 and Expenditure and Funding Analysis.
- ▶ Housing Revenue Account Income and Expenditure Statement, the Statement of Movement on the Housing Revenue Account, and the related notes 1 to 5
- ▶ Collection Fund and the related notes 1 to 4

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- ▶ give a true and fair view of the financial position of Southampton City Council as at 31 March 2022 and of its expenditure and income for the year then ended; and
- ▶ have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22

as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

In auditing the financial statements, we have concluded that the Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We draw your attention to note 1 a of Accounting Policies, which indicates that there is a material uncertainty, which may cast significant doubt on the Council's ability to continue to operate the current planned operational services within available sources of funding. This is caused by the Council's revenue reserves being insufficient to cover the Council's risks and highlights the potential for a s114 notice being required within the next 12 months.

Our opinion is not modified in respect of this matter.



Audit Report

Draft audit report (cont.)

Our draft opinion on the financial statements

Other information

The other information comprises the information included in the Statement of Accounts 2021/22, other than the financial statements and our auditor's report thereon. The Section 151 Officer is responsible for the other information contained within the Statement of Accounts 2021/22.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- ▶ in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council
- ▶ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)

- ▶ we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)
- ▶ we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We have nothing to report in these respects

Responsibility of the Section 151 Officer

As explained more fully in the Statement of Responsibilities set out on page 25, the Section 151 Officer is responsible for the preparation of the Statement of Accounts 2021/22, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Section 151 Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Section 151 Officer is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to cease operations, or has no realistic alternative but to do so.



Audit Report

Draft audit report (cont.)

Our draft opinion on the financial statements

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Council and determined that the most significant are:

- ▶ Local Government Act 1972,
- ▶ School Standards and Framework Act 1998,
- ▶ Local Government and Housing Act 1989 (England and Wales),
- ▶ Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992),
- ▶ Education Act 2002 and school Standards and Framework Act 1998 (England),
- ▶ Local Government Act 2003,
- ▶ The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020, and 2022,
- ▶ National Health Service Act 2006,
- ▶ The Local Government Finance Act 2012,
- ▶ The Local Audit and Accountability Act 2014 (as amended), and
- ▶ The Accounts and Audit Regulations 2015.

In addition, the Council has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

We understood how Southampton City Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, the head of internal audit and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Council's committee minutes, through enquiry of employees to confirm Council policies, and through the inspection of other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our



Audit Report

Draft audit report (cont.)

Our draft opinion on the financial statements

procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Council's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified manipulation of reported financial performance through inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Council's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine. We also tested a sample of revenue expenditure financed from capital under statute (REFCUS) items to confirm they were appropriately classified.

To address our fraud risk of management override of controls, we tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements; assessed accounting estimates for evidence of management bias; and evaluated the business rationale for any identified significant unusual transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether Southampton City Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether Southampton City Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, Southampton City Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



Audit Report

Draft audit report (cont.)

Our draft opinion on the financial statements

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until the NAO as group auditor has confirmed that no further assurances will be required from us as component auditors of Southampton City Council. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2022. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of Southampton City Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kevin Suter (Key Audit Partner)
For and on behalf of Ernst & Young LLP
Southampton



04 Audit Differences





Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences and unadjusted differences

We report to you any uncorrected misstatements greater than our nominal value of £0.669m.

We have identified five audit differences in the draft financial statements which management has chosen not to adjust. Uncorrected misstatements decrease the deficit on of provision of service by £1.3m, being an increase of £1.7m relating to current year differences and decrease of £3.0m relating to prior year differences.

Page 35 Management perform a rolling revaluation programme for Property, Plant and Equipment (PPE), meaning that not all assets are revalued in the current year. We applied an index to the assets which were not revalued to assess whether they could be material misstatements. This indexation exercise identified that the assets not revalued in 2021/22 are overstated by £2.7m.

Council Dwellings valuation were understated by £4.2m due to differences in the indexation applied to the assets.

- Investment assets valuation is understated by £1.7m, due to management applying a 0.15% 'cost of disposal' to the recorded valuation.
- Gross income and Gross expenditure were both understated by £6.8m due to how schools income and expenditure are reflected in the CIES. This error has no impact on the net expenditure of the Council.
- We performed sample testing on receipts in advance, and identified a classification error in an item from our representative sample. The error identified was ~2% of the £14m receipt in advance balance. However, as the error identified was part of our representative sample, we extrapolated the error over the untested population. The total extrapolated error was £8m. This error has no impact on the net expenditure of the Council.
- Turnaround impact on the income statement of the overstatement of the depreciation on HRA dwellings in 2020/21 of £3m.

We agree with management's assessment that the impact is not material. We ask that a rationale as to why these are not corrected be approved by the Governance Committee and included in the Letter of Representation.

There is one adjusted difference above our performance materiality level in relation to the updated IAS 19 disclosures following receipt of the triennial valuation of £42.4m.



05

Value for Money



Value for money

The Council's responsibilities for value for money (VFM)

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

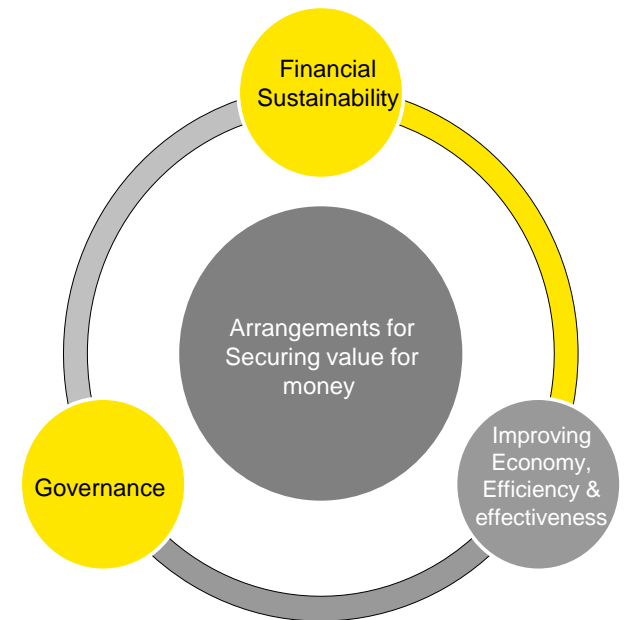
As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the Cipfa code of practice on local authority accounting. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Page 31 Risk assessment

We have previously reported to the Governance Committee that following our initial planning procedures we have not identified a risk of significant weaknesses in the Council's VFM arrangements.

We have completed our risk assessment and review procedures through to the date of this report. During the course of our audit, information came to our attention regarding your arrangements for Value for Money in 2022/23. We concluded that this information did not affect our risk assessment for 2021/22 and we do not expect to have any matters to report by exception in our audit report on the financial statements for 2021/22. However, we have identified a significant weakness in the Council's arrangements for Value for Money in 2022/23 and action points for the Council to address.

More detailed reporting on the Council's arrangements is included within our Value for Money Arrangements 2021/22 report which we have provided for the Governance Committee meeting on 24 April 2023, and our subsequent update to the July 2023 Governance Committee meeting. This will also be included within our Auditor's Annual Report.





06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the 2021/22 Financial Statements document with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

We have conclude that:

Financial information in the 2021/22 Draft Financial Statements document and published with the financial statements was consistent with the audited financial statements

The Annual Governance Statement is consistent with other information from our audit of the financial statements and we have no other matters to report.

Page 39

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We have performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission for 2021/22. However, we cannot certify the audit as complete until the NAO have confirmed that no further assurances will be required from us. The audit certificate will be issued once this confirmation is received.

Other reporting issues

Other reporting issues

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. “a report in the public interest”). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. We did not identify any issues.

During the audit we received an objection to the Council’s accounts. In our discretion we decided not to accept the objection.

Part 6 of the objection was in regard to issues raised in the area of Children’s Direct Payments awarded to families. We decided not to accept the objection as the area had already been reviewed by Internal Audit raising a number of concerns, and the Council had responded with an action plan. In our view, accepting the objection would only identify the same findings, and therefore be a duplication of effort at a cost to the public. We also took into consideration that Internal Audit would be following up the issues raised as part of their 2022/23 audit plan.

Subsequently, Internal Audit have not been able to follow-up the issue because the action plan has not been completed. We are disappointed to note that the Council has not completed the agreed action plan on a timely basis.

Recommendation:

The Council should complete the action plan responding to the Internal Audit review of Children’s Direct Payments, without further delay.

Other reporting issues

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Council's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations; and
- Consideration of laws and regulations.

Page 4

We have nothing further to report on these issues that is not contained within other sections of our report.



07

Assessment of Control Environment



Assessment of Control Environment

Financial controls

It is the responsibility of the Authority to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Authority has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have not tested the operation of controls.

Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.

We have included two recommendations within our report:

1. **Develop more granular accounting records and/or further supportable estimation techniques to allow for infrastructure assets and components to be derecognised when they are replaced, and to demonstrate the continued existence of assets accounted for.** (See page 15)
2. **The Council should complete the action plan responding to the Internal Audit review of Children's Direct Payments, without further delay.** (See page 29)



08 Data Analytics



Use of Data Analytics in the Audit

Data analytics – Income & expenditure testing, payroll testing and journals

Analytics Driven Audit

Page 45

Data analytics

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- ▶ Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- ▶ Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2021/22, our use of these analysers in the Council's audit included testing selecting samples for general income and expenditure testing, testing payroll costs, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis

We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.

Payroll Analysis

We also use our analysers in our payroll testing. We obtain all payroll transactions posted in the year from the payroll system and perform completeness analysis over the data, including reconciling the total amount to the General Ledger trial balance. We then analyse the data against a number of specifically designed procedures. These include analysis of payroll costs by month to identify any variances from established expectations, as well as more detailed transactional interrogation.

Financial insights

We also noted the following insights from our review of the journal data we extracted;

- People making manual postings to unfamiliar accounts are less productive and more likely to make a mistake. There are 250 accounts that have an individual posting less than 5.0% of the total activity to that account by volume. There are 74 people making these infrequent postings
- There are 20,679 manual journals smaller than 500 in value posted across the period (47.0% of all manual journals). This is estimated to take around 3,446 hours to post to your accounts at 10 minutes per journal. Can these postings be grouped together, automated or eliminated?



Page 46

09

Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and your Authority, senior management and its affiliates, including all services provided by us and our network to your Authority, senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1st April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The table below sets out a summary of the fees for the year ended 31 March 2022 in line with the disclosures set out in FRC Ethical Standard and in statute. As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

Page 47

	Planned Fee 2021/22	Scale Fee 2021/22	Final Fee 2020/21
	£	£	£
PSAA Scale Fee	109,891	109,891	109,891
Scale fee rebasing (1)	85,260	N/a	57,918
Scale fee variations (2,3)	tbc	N/a	
Total fees	195,151	109,891	167,809

All fees exclude VAT

Notes:

- As detailed in our 2020/21 Auditor's Annual Report we are submitting a proposed rebasing of the scale fee to reflect changes in work required to address professional and regulatory requirements and scope associated with risk.
- The 2020/21 Code work included a proposed additional fee of £35,853, for additional work undertaken in relation to property valuations, HRA depreciation, CIES/EFA restatement, new fixed asset register, Covid-19 grants, value for money, and pensions. This also includes the impact of amended auditing standards, and the changing requirements for our VFM responsibilities. PSAA has provided outline amounts to charge for the work required to address these latter areas.

For 2020/21, PSAA determined the total additional fee of £57,918, 51% of our submission.

- As noted in the previous sections of this report, we have identified new and continuing risks for 2021/22 that are not within the scale fee. Additional work has been required, and we will quantify the impact at this time after the audit is complete. These will include:
 - CIES/EFA restatement
 - Infrastructure Assets
 - Consideration of the objection received
 - Value for money additional risk assessment / Going Concern assessment
 - Triennial valuation of the pension fund

Other communications

EY Transparency Report 2022

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained. Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2022:

[EY UK 2022 Transparency Report | EY UK](#)






10 Appendices

Appendix A

Required communications with the Governance Committee

There are certain communications that we must provide to the audit committees of UK clients. We have detailed these here together with a reference of when and where they were covered:

			 Our Reporting to you
Required communications	 What is reported?	 When and where	
Terms of engagement	Confirmation by the Governance Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies	
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report - 25 April 2022	
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report - 25 April 2022	
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit results Report - 24 April 2023 and updated Audit Results Report issued August 2023 and updated Audit Results Report issued August 2023	

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit results Report - 24 April 2023 and updated Audit Results Report issued August 2023
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit results Report - 24 April 2023 and updated Audit Results Report issued August 2023
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the Governance Committee where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Audit results Report - 24 April 2023 and updated Audit Results Report issued August 2023
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Governance Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the Authority ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the Authority, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Governance Committee responsibility. 	Audit results Report - 24 April 2023 and updated Audit Results Report issued August 2023

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the Authority's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the Authority 	Audit results Report - 24 April 2023 and updated Audit Results Report issued August 2023
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgments are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit Planning Report - 25 April 2022</p> <p>Audit results Report - 24 April 2023 and updated Audit Results Report issued August 2023</p>
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	We have received all requested confirmations
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Governance Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Governance Committee may be aware of. 	We have asked management and those charged with governance. We have not identified any material instances or non-compliance with laws and regulations

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit results Report - 24 April 2023 and updated Audit Results Report issued August 2023
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit results Report - 24 April 2023 and updated Audit Results Report issued August 2023
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit results Report - 24 April 2023 and updated Audit Results Report issued August 2023
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit results Report - 24 April 2023 and updated Audit Results Report issued August 2023
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit planning report is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Audit Planning Report - 25 April 2022 Audit results Report - 24 April 2023 and updated Audit Results Report issued August 2023

Management representation letter

Provisional Management Representation Letter

Ernst & Young LLP

Grosvenor House
Grovesnor Square
Southampton
Hampshire
SO15 2BE

This letter of representations is provided in connection with your audit of the financial statements of Southampton City Council (“the Council”) for the year ended 31 March 2022. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Council financial position of Southampton City Council as of 31 March 2022 and of its income and expenditure for the year then ended in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

Management representation letter

Provisional Management Representation Letter

4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), that are free from material misstatement, whether due to fraud or error. We have disclosed to you any significant changes in our processes, controls, policies and procedures that we have made to address the effects of the COVID-19 pandemic on our system of internal controls. and the effects of the conflict and related sanctions in Ukraine, Russia and/or Belarus on our system of internal controls.
5. We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We have not corrected these differences identified by and brought to the attention from the auditor because [specify reasons for not correcting misstatement].
6. We confirm the Council does not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - ▶ involving financial improprieties;
 - ▶ related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
 - ▶ related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
 - ▶ involving management, or employees who have significant roles in internal controls, or others; or
 - ▶ in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

Management representation letter

Provisional Management Representation Letter

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - ▶ Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - ▶ Additional information that you have requested from us for the purpose of the audit; and
 - ▶ Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic. and including those related to the conflict and related sanctions in Ukraine, Russia and/or Belarus.
3. We have made available to you all minutes of the meetings of the Council, Cabinet and Governance Committee (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the year to the most recent meeting on the following date: 2 October 2023
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at 31 March 2022. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

Management representation letter

Provisional Management Representation Letter

6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From 24 November 2021, the date of our last management representation letter through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants) , to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed in the financial statements all guarantees that we have given to third parties.

E. Going Concern

1. Note 1(a) to the financial statements discloses all the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than as described in Note 7 to the financial statements, there have been no events, including events related to the COVID-19 pandemic, , and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

Management representation letter

Provisional Management Representation Letter

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises the Narrative Statement and Annual Governance Statement.
2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and reflected in the financial statements.
2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), aligned with the statements we have made in the other information or other public communications made by us.

I. Ownership of Assets

1. Except for assets capitalised under finance leases, the Council has satisfactory title to all assets appearing in the balance sheet, and there are no liens or encumbrances on the Council's assets, nor has any asset been pledged as collateral. All assets to which the Council has satisfactory title appear in the balance sheet.

J. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

K. Contingent liabilities

- L. We are unaware of any violations or possible violations of laws or regulations the effects of which should be considered for disclosure in the financial statements or as the basis of recording a contingent loss (other than those disclosed or accrued in the financial statements).
1. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance.

Management representation letter

Provisional Management Representation Letter

L. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of property, plant and equipment and investment property, the IAS19 pension liability, and the business rates appeals provision, and the disclosures regarding financial instruments and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

M. Estimates

Valuation of property, plant and equipment and investment property, and IAS19 pension liability

1. We confirm that the significant judgments made in making the valuation of property, plant and equipment and investment property, and IAS19 pension liability have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the valuation of property, plant and equipment and investment property, and IAS19 pension liability.
3. We confirm that the significant assumptions used in making the valuation of property, plant and equipment and investment property, and IAS19 pension liability appropriately reflect our intent and ability to carry out specific courses of action on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimates, including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
5. We confirm that appropriate specialized skills or expertise has been applied in making the valuation of property, plant and equipment and investment property, and IAS19 pension liability.
6. We confirm that no adjustments are required to the accounting estimates and disclosures in the financial statements, including due to the COVID-19 pandemic.



Appendix B

Management representation letter

Provisional Management Representation Letter

N. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Yours faithfully,

Mel Creighton
(Section 151 Officer)

Councillor Andy Frampton
(Chairman of the Governance Committee)

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ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

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Agenda Item 7

DECISION-MAKER:	GOVERNANCE COMMITTEE
SUBJECT:	ANNUAL REPORT ON THE MEMBERS' CODE OF CONDUCT
DATE OF DECISION:	2nd OCTOBER 2023
REPORT OF:	DIRECTOR OF GOVERNANCE, LEGAL AND HR AND MONITORING OFFICER

<u>CONTACT DETAILS</u>			
Executive Director	Title	DIRECTOR OF RESOURCES	
	Name:	Mel Creighton	Tel: 023 8083 27
	E-mail	Richard.ivory@southampton.gov.uk	
Author:	Title	DIRECTOR OF GOVERNANCE, LEGAL & HR AND MONITORING OFFICER	
	Name:	Richard Ivory	Tel: 023 8083 2794
	E-mail	Richard.ivory@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY		
None.		
BRIEF SUMMARY		
At the time of the adoption of the current Code of Conduct for Members the Council requested the Monitoring Officer (currently the Director of Governance, Legal & HR) to produce an annual report outlining the impact of the Code, a summary of the complaints received and any action taken.		
RECOMMENDATIONS:		
	(i)	The Committee is asked to note this annual report for the year 2022/23.
REASONS FOR REPORT RECOMMENDATIONS		
1.	Unless there are any changes required to be made to either the Code or the procedures for investigation, this report is only for noting	
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED		
2.	None.	
DETAIL (Including consultation carried out)		
3.	The Governance Committee has the following terms of reference in relation to corporate governance and the Code of Conduct issues:	
	<ul style="list-style-type: none"> To lead on the Council's duties under Chapter 7 Localism Act 2011 and to design, implement, monitor, approve and review the standards of ethics and probity of the Council, both for Councillors and employees. The Committee's powers shall include responding to consultation documents and the promulgation of Codes of Conduct but the adoption 	

	and revisions to the local Members Code of Conduct shall be reserved to the Council.
	<ul style="list-style-type: none"> To lead on all aspects of Corporate Governance by promoting the values of putting people first, valuing public service and creating a norm of the highest standards of personal conduct.
	<ul style="list-style-type: none"> To oversee and manage programmes of guidance, advice and training on ethics, standards and probity for Councillors and employees and on the Members Code of Conduct.
	<ul style="list-style-type: none"> To be responsible for the Council's register of Members' interests and to receive reports from the Monitoring Officer on the operation of the register from time to time
	<ul style="list-style-type: none"> To be responsible for written guidance and advice on the operation of the system of declarations of Members' Interests and to receive reports from the Monitoring Officer on the operation of the system of declarations from time to time.
	<ul style="list-style-type: none"> To establish, monitor, approve and issue advice and guidance to Councillors on a system of dispensations to speak on, or participate in, matters in which they have interests and give dispensation in appropriate cases
	<ul style="list-style-type: none"> To exercise the functions of the Council in relation to the ethical framework, corporate governance and standards of conduct of Joint Committees and other bodies
	<ul style="list-style-type: none"> To establish a Standards Sub-Committee to investigate and determine appropriate action in respect of alleged breaches of the Members Code of Conduct.
	<ul style="list-style-type: none"> To support the Monitoring Officer and Executive Director of Resources as Section 151 Officer in their statutory roles and the issuing of guidance on them from time to time
	<ul style="list-style-type: none"> To receive regular reports on the performance of the Corporate Complaints process, Local Government & Social Care Ombudsman referrals, Annual Governance Statement and Code of Corporate Governance and to recommend revisions to related policies and procedures as appropriate.
4.	The Council has a responsibility for making arrangements to receive and consider complaints against Councillors in Southampton. Stage 1 is receipt and initial consideration and, where appropriate, informal resolution by the Monitoring Officer. Where warranted, at Stage 2, the Governance Committee will determine the complaint following a detailed investigation by the Monitoring Officer or someone on his behalf.
5.	Since the adoption of the current Members' Code of Conduct, the Standards Sub-Committee has not had cause to meet to consider any allegations of breach of the Members' Code of Conduct
<u>Complaints Received</u>	
6.	The Council adopted a revised Members' Code of Conduct consistent with the requirements of the Localism Act 2011 on 11 th July 2012.
7.	In summary, the regime remains low key. All members have completed their Register of Interests, are reminded annually of the need to keep it updated

	(the Register is publicly accessible and viewable online) and a few complaints have been received. All issues / complaints have been resolved by the Monitoring Officer, investigated as appropriate and/or rejected and advice given to the complainant at Stage 1 of the complaints procedure, meaning that there have been no determinations or findings of a failure to comply with the relevant Code of Conduct by the Committee.
8.	The Monitoring Officer received 2 written complaints about Councillors in 2022/23 which required preliminary investigation.
9.	All complaints, formal and informal, are taken seriously and investigated proportionately as appropriate. In order to be considered under the formal complaints process, complaints must be submitted in writing, must provide substantiated information and should outline what form of resolution the complainant is seeking. When a complaint does not meet these criteria and does not reveal a potential breach of the Members' Code of Conduct, it is treated as a "general enquiry". This means that the Monitoring Officer responds to the complainant in writing explaining why the matters complained of do not constitute a potential breach of the Members' Code of Conduct. Very occasionally, due to capacity, conflict or other reasons that the Monitoring Officer deems appropriate, independent external assistance may be sought to assist in determining complaints, however this is rare.
10.	When a complaint is submitted which provides the relevant information, the Monitoring Officer will consider and decide as to whether it will be treated as a valid complaint or not. Where it is considered valid, the Monitoring Officer may deal with the matter under delegated powers unless, after consultation with the Designated Independent Person, it is considered that the breach is potentially serious enough to merit putting before the Standards Sub Committee for determination. None met that threshold. All complaints received were determined at an early stage and the complainant advised of the reasons. Members against whom a complaint is made are generally not advised at this preliminary stage.
<u>Applications for Dispensation</u>	
11.	If a member wishes to apply for a dispensation to allow them to take part in a meeting with a disclosable pecuniary interest, they must submit a written application to the Monitoring Officer. Applications are then decided by him or by the Governance Committee.
12.	The Localism Act 2011 substantially changed the rules on interests. Regrettably, it was incomplete to order to permit members to carry out their full duties in relation to being able to vote on the budget. Annually before Full Council, all members are granted a blanket dispensation by the Monitoring Officer to allow them to take part in the decision to approve the Council's budget and set the Council Tax bands. No other dispensations have been applied for.
<u>Supporting Members of the Council</u>	
13.	Training has previously been provided to newly elected members and as a refresher to others, and as required for new Cabinet Members and those members who sit on regulatory bodies such as Licensing Committee and the Planning & Rights of Way Panel. Importantly, the adopted Member Learning & Development Strategy has been implemented and member training via external partners, such as the LGA, CfGS and SEE, has gradually increased.

	Group Leaders have committed to increasing member development at all levels of office to better support members in discharging their roles. The budget is however severely limited. The planned induction and training programme has been implemented and ongoing development is currently being discussed. Attendance at the members induction and refresher programme post the May elections was however generally poorly attended. However, all core training to ensure the lawful discharge of licensing and planning meetings was delivered. As a result discussions have taken place with Group Leaders to redesign the programme including the times of the sessions to try and accommodate members wishes and ensure better access and take up.
14.	It is essential that all councillors are equipped with the skills and knowledge required to enable them to fulfil their various roles effectively and the programme will offer a range of learning and development opportunities utilising external training events, online resources and support via the LGA and other third party providers. The programme will continue to offer a mix of in-house training, external mentoring and development opportunities via officer led training, e-learning packages and briefings.
15.	Presently bespoke training sessions are offered to support councillors with their roles on committees and panels (including specific training around planning and licensing legislation, as well as opportunities around effective scrutiny and chairing skills).
16.	
17.	In addition, the Head of Business Operations and the Head of Organisational Development have developed and are implementing individual and team development for Cabinet Members and then with the Executive Management Team that includes use of psychometric and 360-degree feedback tools to support them.
18.	Lastly, members will be aware that the CfGS were commissioned to undertake a light touch governance review. The final report was reported to Governance Committee and the subsequent Action Plan agreed and delivered save for residual and ongoing support in some aspects of authors report writing.
<u>Gifts & Hospitality</u>	
19.	The requirement for members to register any gifts or hospitality received in their capacity as an elected member is currently set at a minimum of £50. Minimal notifications have been made which probably reflects the limited quantity and value of any received. This requirement does, however, exclude anything relevant to elected members who are the Lord Mayor or Sherriff when acting in those capacities.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
20.	None.
<u>Property/Other</u>	
21.	None.

LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
22.	Chapter 7 Localism Act 2011.
<u>Other Legal Implications:</u>	
23.	None.
RISK MANAGEMENT IMPLICATIONS	
24.	None.
POLICY FRAMEWORK IMPLICATIONS	
25.	None.

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None

Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
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Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None
2.	

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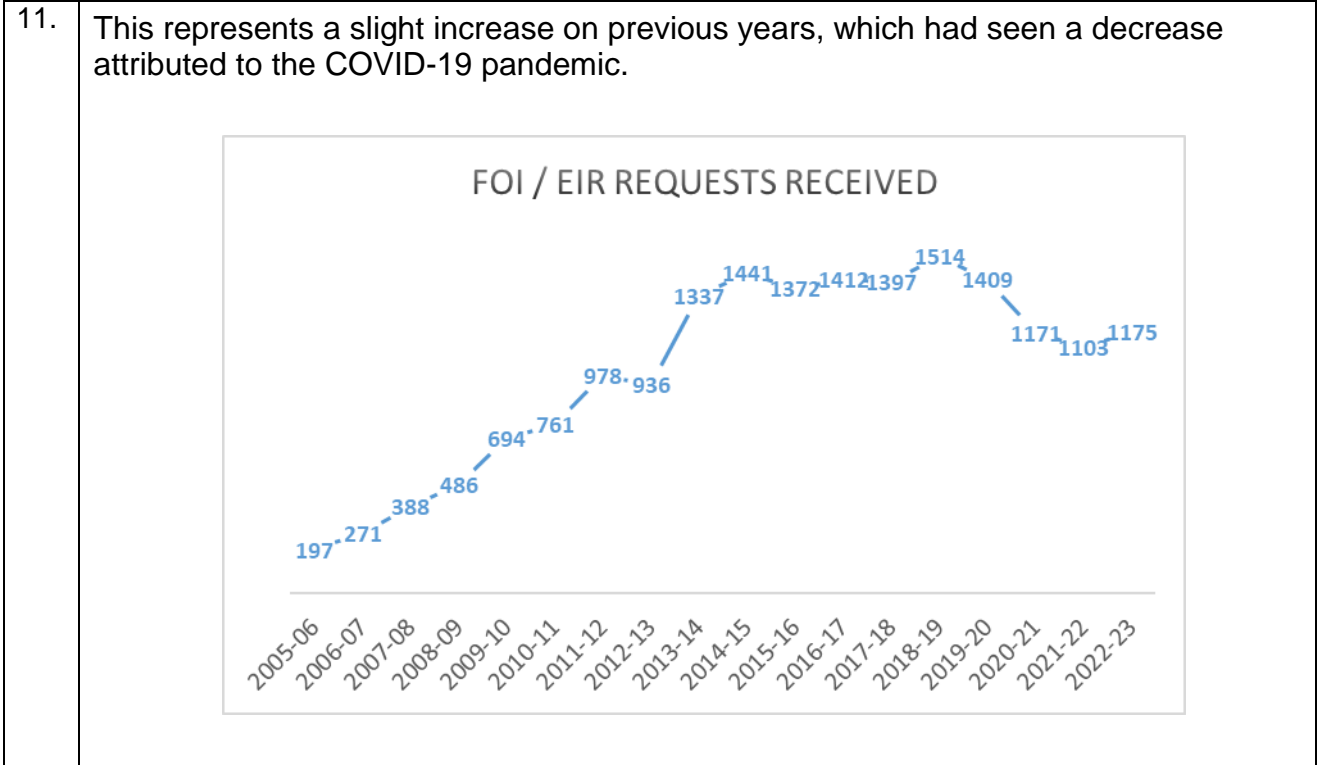
Agenda Item 8

DECISION-MAKER:		GOVERNANCE COMMITTEE	
SUBJECT:		FREEDOM OF INFORMATION, DATA PROTECTION & REGULATION OF INVESTIGATORY POWERS ACTS: ANNUAL REVIEW 2022-23	
DATE OF DECISION:		2 nd October 2023	
REPORT OF:		Director of Governance, Legal, and HR	
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	CHRIS THORNTON, Data Protection Officer	Tel: 023 8083 2627
	E-mail:	chris.thornton@southampton.gov.uk	
Director	Name:	RICHARD IVORY, Director of Governance, Legal and HR	Tel: 023 8083 2794
	E-mail:	Richard.ivory@southampton.gov.uk	
STATEMENT OF CONFIDENTIALITY			
None			
BRIEF SUMMARY			
A report detailing the statistical information for the financial year 2022-23 with regard to information governance. This report details statistical information on requests received under the Freedom of Information Act 2000 (FOIA), the Environmental Information Regulations 2004 (EIR), the UK General Data Protection Regulation (GDPR) and the Council's activity under the Regulation of Investigatory Powers Act 2000 (RIPA).			
RECOMMENDATIONS:			
	(i)	To note and comment on the update of the statistical information for the year 1 st April 2022 – 31 st March 2023 relating to: <ul style="list-style-type: none"> • FOIA and associated legislation • GDPR • RIPA 2000 	
	(ii)	To note the updated Corporate Surveillance document (October 2023) attached at appendix 1	
REASONS FOR REPORT RECOMMENDATIONS			
1.	To keep Members informed as to the impact of the legislation to the Council and to detail the form and type of information requests received in 2022-23.		
2.	To ensure that Members continue to be aware of the Council's statutory obligations and compliance performance.		
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED			
3.	The alternative to bringing this report before members is to not report the yearly analysis. This was rejected because it is considered to be good governance to report such matters to Members, provides an audit trail to demonstrate to the Information Commissioner that the Council has a robust structure in place to comply with the legislation, and to maintain the profile of information law requirements and resource implication within the organisation.		

DETAIL (Including consultation carried out)

- 4. This report will be published on the Council’s website
- FOIA**
- 5. FOIA and EIR gives separate rights to request information and environmental information from public authorities. Responses must be issued within 20 working days.
- 6. Under the FOIA and associated legislation, anybody may request information from a public authority with functions in England, Wales and/or Northern Ireland. Subject to exemptions, the FOIA confers two statutory rights on applicants:
 - (i) The right to be told whether or not the public authority holds that information; and
 - (ii) The right to have that information communicated to them
- 7. There are two types of exemptions that may apply to requests for information – absolute and qualified.
- 8. Information that falls into a particular exemption category, for example information relating to commercial interests, will have to be disclosed unless it can be successfully argued that the public interest in withholding it is greater than the public interest in releasing it. Such exemptions are known as qualified exemptions.
- 9. Where information falls within the terms of an absolute exemption, for example, information reasonably accessible by other means or information contained in court records, a public authority may withhold the information without considering any public interest arguments.
- 10. For 2022-23, the Council received 1175 requests, broken down as follows:

Total Requests	FOI Requests	EIR Requests
1175	1057	118



12. The Directorate breakdown of the requests is as follows:

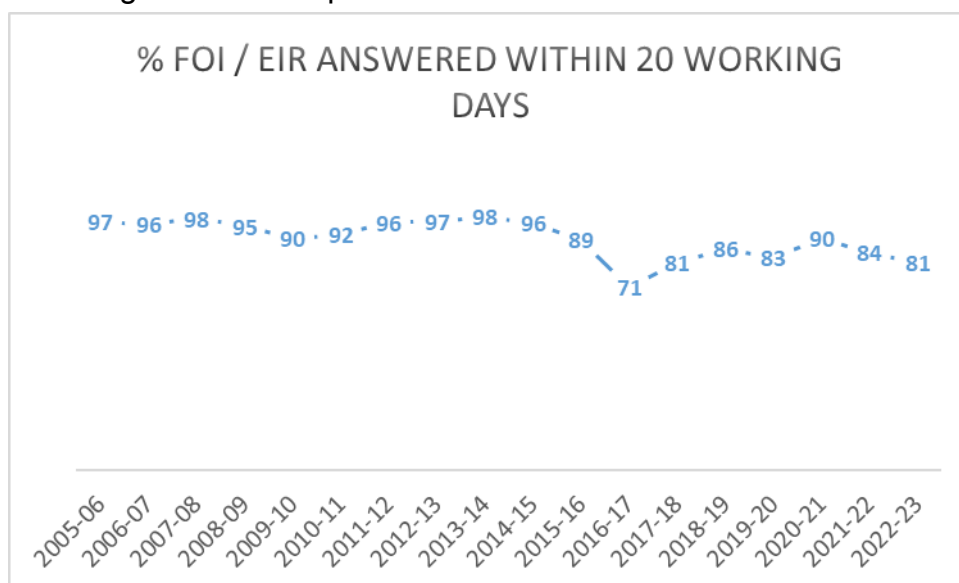
Directorate	No. Rec'd	Responded On Time	Responded Late	Av. Days Taken
Children and Learning	167	66%	34%	25
Corporate Services	272	85%	15%	16
Place	460	85%	15%	18
Strategy & Performance	27	79%	21%	19
Wellbeing and Housing	243	79%	21%	19
Not allocated	6	N/A	N/A	N/A
Grand Total	1175	81%	19%	19

Compliance is calculated from the requests *responded to* within the year. This may include requests *received* in the previous year.

Requests are not allocated to a directorate when it is not clear what information is sought from the request. Clarification is requested, and if this is not received within 3 months, the request is deemed to be lapsed.

13. During the year, 81% of all monitored FOI and EIR requests were responded to within the statutory deadline of 20 working days. This is a decrease on the previous year, most likely due to the Council prioritising other services, significantly in Children and Learning.

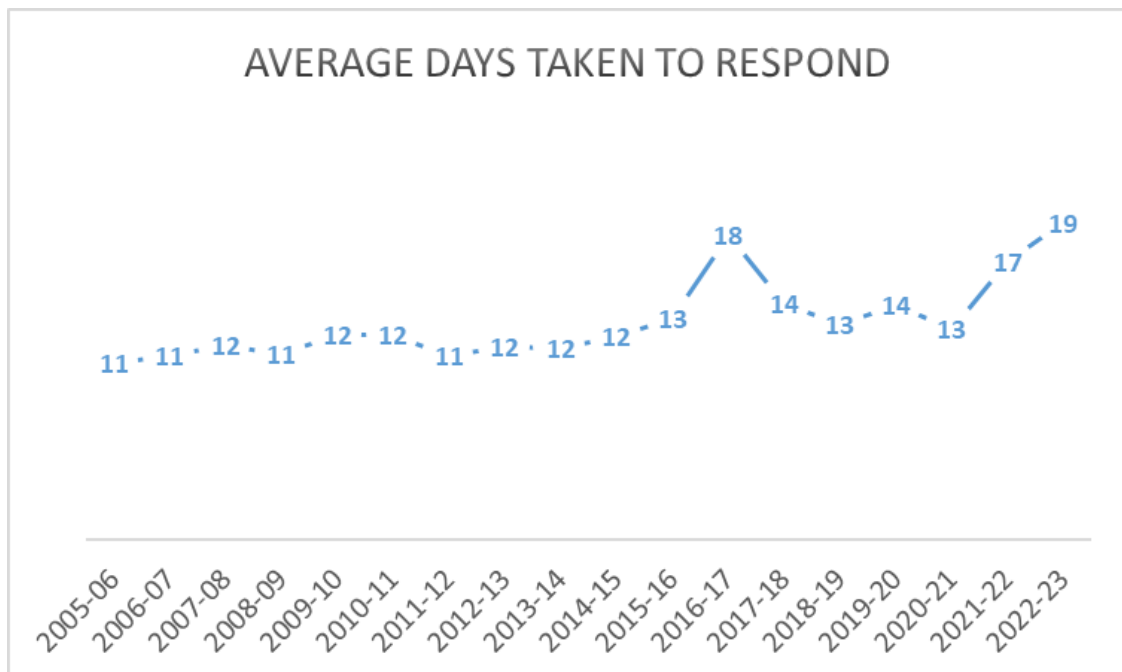
The Council's target rate for responses is 90%.



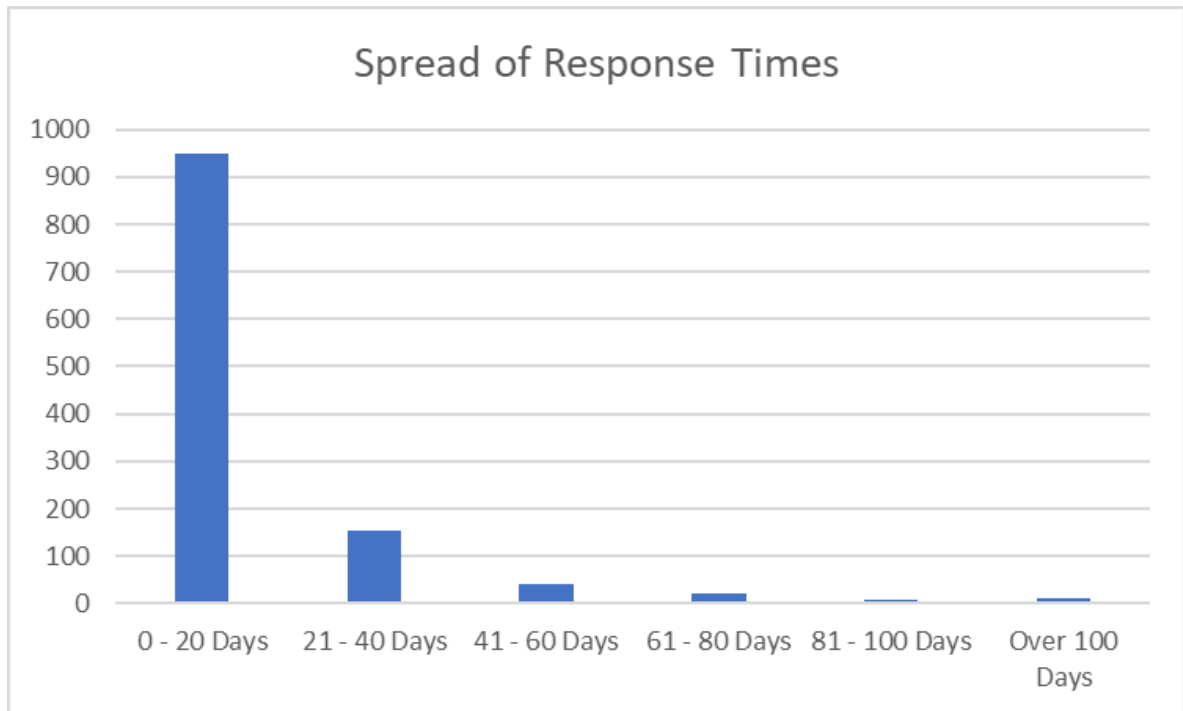
14. Reasons why a request might not be answered within the statutory timeframe are as follows:

- Requests not being referred to the Corporate Legal team when received by the service area
- Service areas experiencing high workloads for other statutory services, that have a higher priority.
- Requests being initially allocated to the incorrect service area, and this does not become apparent until near the end of the deadline.
- Human / administrative errors.
- The complexity of the request – for example, if there are a large number of components to the response that need to be compiled to respond in full, but a costs limits/staff time exemption can't be applied, more than one exemption needs to be applied, or a large amount of redaction is required (this can't be considered in the costs limits).
- The request contains inaccuracies - for example, if a response is initially sent out on time but is later identified to contain errors, a revised response should be sent and it is likely that such instances will take us past the deadlines.
- Staff absence, particularly if the service area holding the data is a small team, or the request needs approval from a particular individual
- Representations are sought from third parties regarding the request (e.g. those that might have commercial interests in the data being released).

15. The average days taken to respond has increased to 19 days, which represents the highest average since the FOIA came into force.



16. However, the vast majority of requests were responded to within the 20-working day period:



17. Reasons for delays in the requests that exceeded 100 days included:

- Service areas failing to respond or engage within the initial timeframe, and the majority of their engagement with the requests coming after the deadline date. This is rare, and it is more common for service areas to engage within the timeframe.
- Requests generally becoming more complex, involving more service areas. This has resulted in a more complicated co-ordination process
- Workloads and staffing issues within the service areas, notably Children’s Services

For the other requests that went overdue, the general reason were resourced-based, with service areas prioritising core service provision.

18. Under FOIA, where the cost of responding to the request will exceed the Freedom of Information and Data Protection (Appropriate Limit and Fees) Regulations 2004 (which is currently set at £450 for local authorities), the Council may refuse to comply with it. For 2022-23, the Council issued 64 Refusal Notices on fees grounds, which represents a slight decrease, with 69 being issued last year.

19.	<p>When applying the fees exemption, the service area looks at the amount of time it would take to locate the information sought. If the fee limit is exceeded, it is usually because individual records or files have to be searched (i.e. the information requested doesn't form part of a reportable field).</p> <p>The service area would be asked to do a sample search, which would give the Council an estimate / average time, which is then used to calculate the total time. E.g. if searching one file would take 5 minutes on average, searching 250 files would take 1250 minutes, which equates to 20.8 hours (and over the 18 hour fee limit).</p> <p>Each "item" requested needs to be looked at separately, however, which is why the Council might issue a partial response (some of the information can be disclosed within 18 hours, and some cannot).</p>								
20.	<p>The breakdown of the request outcomes is as follows:</p> <table border="1" data-bbox="245 719 1458 904"> <thead> <tr> <th data-bbox="245 719 852 763">Outcome</th> <th data-bbox="857 719 1458 763">No. of Requests Closed in Period</th> </tr> </thead> <tbody> <tr> <td data-bbox="245 770 852 815">Fully Answered</td> <td data-bbox="857 770 1458 815">979</td> </tr> <tr> <td data-bbox="245 822 852 866">Refused or Part Refused</td> <td data-bbox="857 822 1458 866">113</td> </tr> <tr> <td data-bbox="245 873 852 904">Lapsed or Withdrawn</td> <td data-bbox="857 873 1458 904">90</td> </tr> </tbody> </table> <p>Fully answered requests include those where information is not held, or an exemption has been applied. This would still be classed as being fully answered.</p> <p>Refused or part-refused requests are where the request has been refused in its entirety, or only certain elements have been refused (e.g. on cost grounds). Other reasons for refusal will be because the request is vexatious or repetitive in nature.</p> <p>Lapsed or withdrawn requests are where the requester has actively withdrawn their request, or has not come back with clarification when asked within 3 months.</p>	Outcome	No. of Requests Closed in Period	Fully Answered	979	Refused or Part Refused	113	Lapsed or Withdrawn	90
Outcome	No. of Requests Closed in Period								
Fully Answered	979								
Refused or Part Refused	113								
Lapsed or Withdrawn	90								
21.	<p>13 individuals requested internal reviews regarding decisions made to withhold, partially withhold information requested, or where they were generally unhappy with how their request was handled.</p>								
22.	<p>The themes of the internal reviews were as follows:</p> <ul style="list-style-type: none"> • The requester was unhappy that their request has been deemed to be vexatious • The requester was unhappy with the request being refused on the grounds of cost (i.e. they were not satisfied with the Council's estimate) • The requester was unhappy with the Council's application of an exemption to withhold information (e.g. commercial interests). • The requester was not satisfied that all information within scope of their request had been provided. 								
23.	<p>This year, 1 appeal was made to the ICO, which related to a complaint that the Council had not issued a response within the statutory timeframe. A response was issued, and no further action was taken by the ICO.</p>								

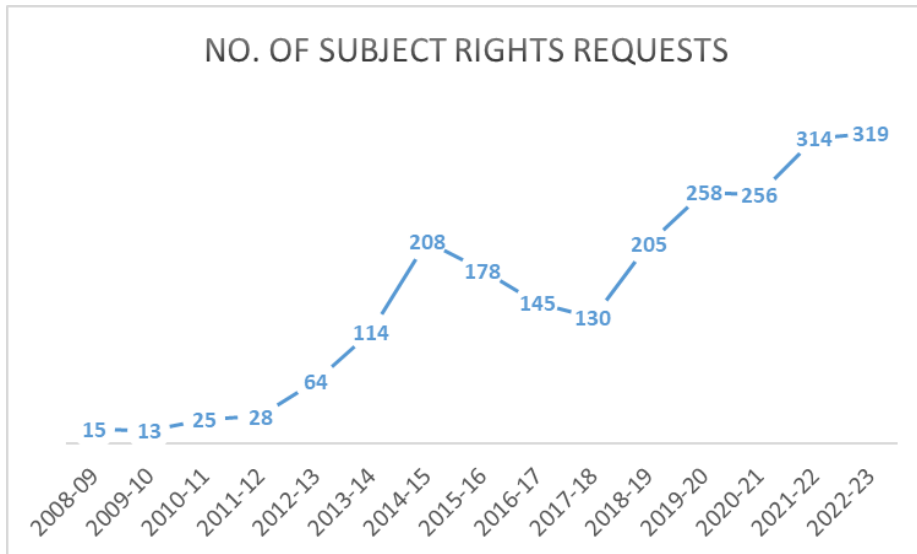
24.	<p>As with all years, types of requests have been varied and covered every service area of the Council, including budget, HR, council tax and business rates data, schools, highways maintenance, and social services.</p> <p>The top ten request subjects ranked in order of popularity are as follows:</p> <table border="1" data-bbox="231 398 1086 972"> <thead> <tr> <th data-bbox="231 398 954 450">Service Area</th> <th data-bbox="954 398 1086 450">No.</th> </tr> </thead> <tbody> <tr> <td data-bbox="231 450 954 501">Housing</td> <td data-bbox="954 450 1086 501">79</td> </tr> <tr> <td data-bbox="231 501 954 553">Highways</td> <td data-bbox="954 501 1086 553">67</td> </tr> <tr> <td data-bbox="231 553 954 604">HR</td> <td data-bbox="954 553 1086 604">49</td> </tr> <tr> <td data-bbox="231 604 954 656">Schools</td> <td data-bbox="954 604 1086 656">49</td> </tr> <tr> <td data-bbox="231 656 954 707">Parking</td> <td data-bbox="954 656 1086 707">46</td> </tr> <tr> <td data-bbox="231 707 954 759">Procurement</td> <td data-bbox="954 707 1086 759">38</td> </tr> <tr> <td data-bbox="231 759 954 810">Environmental Health</td> <td data-bbox="954 759 1086 810">36</td> </tr> <tr> <td data-bbox="231 810 954 862">Planning</td> <td data-bbox="954 810 1086 862">35</td> </tr> <tr> <td data-bbox="231 862 954 913">HMOs</td> <td data-bbox="954 862 1086 913">32</td> </tr> <tr> <td data-bbox="231 913 954 972">Information communication technology</td> <td data-bbox="954 913 1086 972">32</td> </tr> </tbody> </table>	Service Area	No.	Housing	79	Highways	67	HR	49	Schools	49	Parking	46	Procurement	38	Environmental Health	36	Planning	35	HMOs	32	Information communication technology	32
Service Area	No.																						
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Information communication technology	32																						
25.	<p>The breakdown of requester type is as follows:</p> <table border="1" data-bbox="244 1070 1458 1301"> <thead> <tr> <th data-bbox="244 1070 852 1115">Requester Category</th> <th data-bbox="852 1070 1458 1115">% of Requests</th> </tr> </thead> <tbody> <tr> <td data-bbox="244 1115 852 1167">Private Citizens</td> <td data-bbox="852 1115 1458 1167">63%</td> </tr> <tr> <td data-bbox="244 1167 852 1218">Companies / Businesses</td> <td data-bbox="852 1167 1458 1218">13%</td> </tr> <tr> <td data-bbox="244 1218 852 1270">Media</td> <td data-bbox="852 1218 1458 1270">11%</td> </tr> <tr> <td data-bbox="244 1270 852 1301">Remainder</td> <td data-bbox="852 1270 1458 1301">13%</td> </tr> </tbody> </table> <p>The remaining requests came from a combination of charities, students, researchers, lobby groups, MPs / Members and other Councils etc.</p>	Requester Category	% of Requests	Private Citizens	63%	Companies / Businesses	13%	Media	11%	Remainder	13%												
Requester Category	% of Requests																						
Private Citizens	63%																						
Companies / Businesses	13%																						
Media	11%																						
Remainder	13%																						
26.	<p>Previously, Members requested information as to how much time and resources each Service spends on dealing with requests. Research from Parliamentary post-legislative scrutiny of the Act indicates “the best-performing local authorities took between 1 and 6 hours for each request”. We can estimate that our time spend on requests is comparable to this and using the £25 per hour rate that the Act allows us to charge for staff time when refusing requests, we can estimate that each request costs the Council between £25 and £150 to respond on average.</p>																						
27.	<p>As Corporate Legal accurately time-record, we are able to detail how much time it takes to log, monitor, and give advice on requests. For 2022-23, the average time taken per request was just under 1.5 hours. Most requests (around 70%) take around half an hour to action within the Corporate Legal Team but, where detailed exemptions and redactions are needed, this can increase time taken on a single request for very complex cases.</p>																						

28.	<p>For example, the Corporate Legal time spent just over 13 hours on one single request in 2022-23. The average therefore predominantly represents the time taken for detailed application of legal tests to requests where the Council seeks to withhold certain information from release.</p> <p>The total amount of time the Corporate Legal team spent on processing and providing advice on FOI requests for 2022-23 was 1639 hours, which equates to a cost of £59,646.</p>																								
29.	<p>In providing advice and guidance on all information governance matters for 2022-23 (e.g. processing information requests, investigating breaches, conducting Data Protection Impact Assessments etc.), the Corporate Legal team spent 5875 hours, equating to a cost of £256,729. This includes:</p> <table border="1" data-bbox="248 674 1520 1055"> <thead> <tr> <th data-bbox="248 674 1102 719">Information Governance Work</th> <th data-bbox="1102 674 1273 719">Hours</th> <th data-bbox="1273 674 1520 719">Cost</th> </tr> </thead> <tbody> <tr> <td data-bbox="248 719 1102 763">FOI Requests</td> <td data-bbox="1102 719 1273 763">1639</td> <td data-bbox="1273 719 1520 763">£59,646</td> </tr> <tr> <td data-bbox="248 763 1102 808">SAR Requests</td> <td data-bbox="1102 763 1273 808">1446</td> <td data-bbox="1273 763 1520 808">£56,880</td> </tr> <tr> <td data-bbox="248 808 1102 853">Providing General Data Protection Advice</td> <td data-bbox="1102 808 1273 853">987</td> <td data-bbox="1273 808 1520 853">£56,714</td> </tr> <tr> <td data-bbox="248 853 1102 898">Third Party, CCTV, and Re-Use Requests</td> <td data-bbox="1102 853 1273 898">643</td> <td data-bbox="1273 853 1520 898">£30,271</td> </tr> <tr> <td data-bbox="248 898 1102 943">Investigating Data Breaches, Complaints, or Concerns</td> <td data-bbox="1102 898 1273 943">324</td> <td data-bbox="1273 898 1520 943">£15,939</td> </tr> <tr> <td data-bbox="248 943 1102 987">Conducting Data Protection Impact Assessments</td> <td data-bbox="1102 943 1273 987">249</td> <td data-bbox="1273 943 1520 987">£14,274</td> </tr> <tr> <td data-bbox="248 987 1102 1055">RIPA advice</td> <td data-bbox="1102 987 1273 1055">62</td> <td data-bbox="1273 987 1520 1055">£3,675</td> </tr> </tbody> </table>	Information Governance Work	Hours	Cost	FOI Requests	1639	£59,646	SAR Requests	1446	£56,880	Providing General Data Protection Advice	987	£56,714	Third Party, CCTV, and Re-Use Requests	643	£30,271	Investigating Data Breaches, Complaints, or Concerns	324	£15,939	Conducting Data Protection Impact Assessments	249	£14,274	RIPA advice	62	£3,675
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30.	<p>It should be stressed that these figures do not include the time taken for Business Support or the service areas' involvement in these matters, and the Council does not have a mechanism for capturing that resource cost (which comprises the bulk of any cost to the Council).</p>																								
31.	<p>In the Corporate Legal team there are now 3 FTE member of staff dedicated to providing advice and monitoring compliance with information law. Other members of Legal Services, the Director, Head of Legal Partnerships and apprentices support this function when their capacity allows.</p>																								
GENERAL DATA PROTECTION REGULATION																									
32.	<p>The GDPR gives individuals the right to know what information is held about them, along with other rights, and provides a framework to ensure that personal information is handled properly.</p>																								
33.	<p>Under the GDPR, an individual is entitled to access personal data held by an organisation, of which that individual is the data subject. Such requests for information are known as subject access requests. Other requests available under the GDPR are:</p> <ul style="list-style-type: none"> • Rectification • Erasure • Restriction • Object • Portability <p>The Council has to respond to such requests within one calendar month.</p>																								

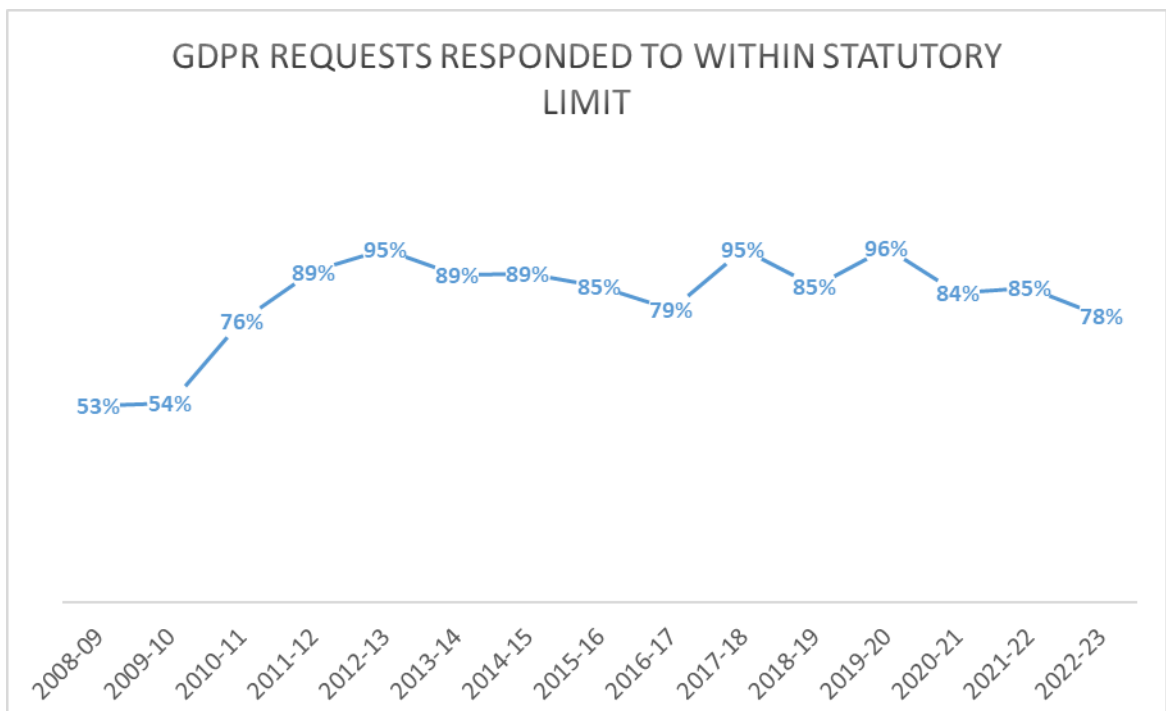
34. For the year 2022-23, the Council received 319 rights requests, broken down as follows:

Request Type	No. Received
Subject Access	304
Erasure	7
Rectification	4
Objection	4

35. This represents an increase on last year, and the Council have continued to receive an increasing number of such requests since the introduction of the GDPR in 2018.



36. 85% of the requests were responded to within the statutory timescales compared with 78% last year. Again, the Council's target is 90% compliance.



This reduction can be attributed to the number of requests received by Children and Learning, who often have reduced capacity to deal with these complex requests. Also, requests involving social care data are almost always complex, and involve a great deal of resources and time to collate and prepare the information.

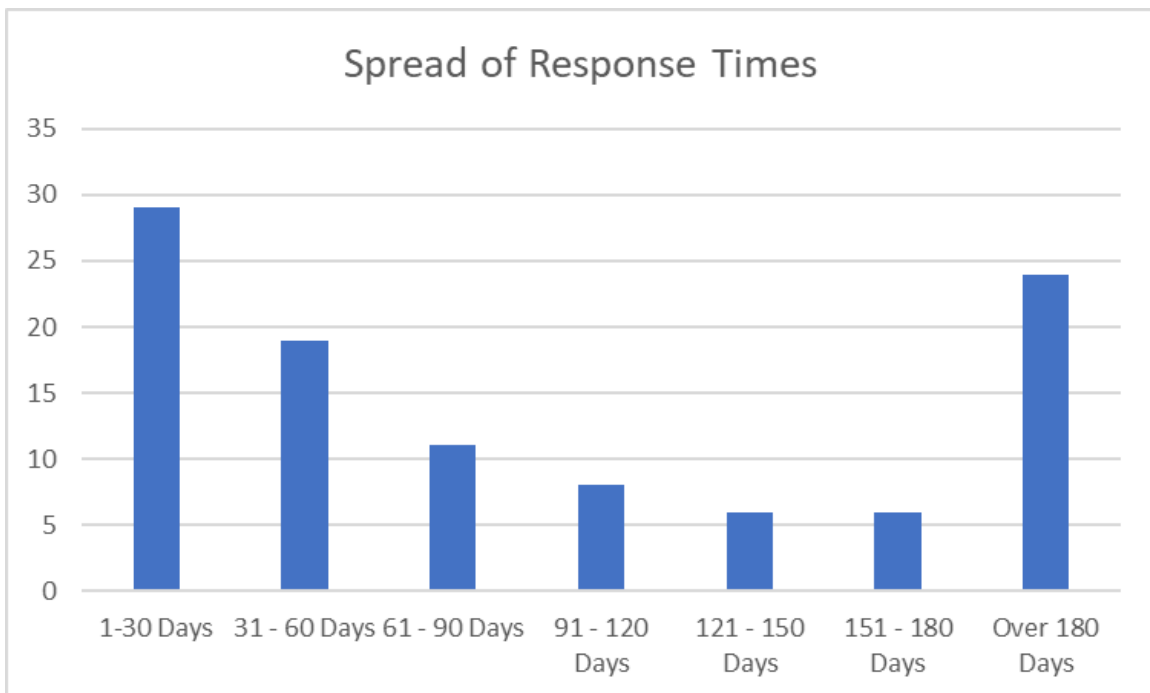
37. The Directorate breakdown is as follows:

	No. Rec'd	Responded on time	Responded Late	Av. Days Taken
Children and Learning)	190	69%	31%	86
Corporate Services	32	100%	0%	20
Place	27	93%	7%	24
Strategy and Performance	7	100%	0%	4
Wellbeing and Housing	62	91%	9%	27
Not allocated to Directorate	1	N/A	N/A	N/A
Grand Total	319	78%	22%	65

Compliance is calculated from the requests *responded to* within the year. This may include requests *received* in the previous year.

Requests are not allocated to a directorate when it is not clear what information is sought from the request. Clarification is requested, and if this is not received within 3 months, the request is deemed to be lapsed.

38. The vast majority of requests were responded to within the one-month period.



It should be noted with SARs that the GDPR enables the Council to extend the deadline up to 90 days, if the request is particularly complex. As such, those that took up to 90 days may not necessarily be "late".

39.	<p>The delays generally occurred within the Children and Learning, which is to be expected as they receive the largest volume of requests. For requests that took over 100 days to respond to, the main themes were:</p> <ul style="list-style-type: none"> • The volume and complexity of requests for social care information • Issues / delay in replacing and training the Children’s “Single Point of Contact” (SPOC) officer, a key member of staff who co-ordinates the responses to such requests. • Children and Learning clearing a large backlog of requests. This was done on a first-come-first-served basis and whilst the backlog was cleared it led to a large number of “late” requests being responded to, attributing to the figures above (which only included requests that were responded to). • Requests involving a large volume of historic records. In most cases, the Council were able to give a partial disclosure on or just after the statutory deadline and then would provide a monthly disclosure bundle until the SAR was complete. • Carrying out necessary checks on disclosure regarding redactions, and seeking input from a relevant social worker
40.	<p>9 individuals requested internal reviews regarding decisions made to withhold, partially withhold information requested, or where they were generally unhappy with how their request was handled.</p> <p>The themes of reviews are as follows:</p> <ul style="list-style-type: none"> • The requester was not satisfied that the Council had disclosed all information it held on them • The requester was not happy with the delays in responding, and / or the application of the 2-month extension • The requester did not agree with the Council’s interpretation of what constituted their “personal data”. • The requester was not happy with the redactions applied to the documents provided
41.	<p>There were 2 occasions where the ICO contacted the Council in light of concerns they had about how a request was handled. One complaint was in respect of a late reply to a subject access request, and the other related to the Council’s initial search for information, which was deemed insufficient. However, this issue had already been identified and address as part of an internal review carried out in respect of the request.</p> <p>Both complaints were addressed with not further action from the Commissioner.</p>
42.	<p>Sometimes, there is a requirement to disclose personal data which might otherwise be in breach of the GDPR. Where an exemption from the non-disclosure provisions applies, such disclosure is not in breach of the GDPR.</p> <p>Examples of exemptions include crime and taxation and disclosures required by law or made in connection with legal proceedings. Such requests are typically made to the Council by regulatory authorities such as the police, the Department of Work and Pensions and so on as part of their investigations.</p>

43.	<p>For the year 2022-23 the Council received 304 requests for data from such third-party organisations compared to 343 in the previous year.</p> <p>The top three requester types are as follows:</p> <table border="1" data-bbox="244 315 762 479"> <thead> <tr> <th>Type</th> <th>Requests</th> </tr> </thead> <tbody> <tr> <td>Police</td> <td>128</td> </tr> <tr> <td>Government Agency</td> <td>74</td> </tr> <tr> <td>Local Authority</td> <td>68</td> </tr> </tbody> </table>	Type	Requests	Police	128	Government Agency	74	Local Authority	68
Type	Requests								
Police	128								
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Local Authority	68								
44.	<p>In addition to these requests, the CCTV control room (City Watch) and Licensing Team received 1251 and 77 third party requests respectively (all of the Licensing requests were for footage from the vehicle Taxi Cameras). These requests are regulated by information sharing agreements, which removes the requirement to have each one authorised by Corporate Legal.</p>								
DATA SECURITY INCIDENTS									
45.	<p>During 2022-23, 196 data security incidents were reported to the Corporate Legal team, which represents a slight drop from last year's 204 reported incidents.</p> <p>72% of these 196 were determined to be actual data breaches upon investigation, with the most common cause (59% of incidents) being data sent electronically to incorrect recipients.</p> <p>It should be noted that a "breach" could include an internal disclosure of information to the wrong member of staff, but as this information has not been shared externally, the detriment to the data subject would be deemed to be minimal.</p>								
46.	<p>The Council records the "severity" of the incidents reported, determined by a number of factors, including the nature of the information involved, the volume of data, and the possible harm the breach might cause to individuals involved. Any incident receiving a severity rating over 1 was considered to require a full investigation and remediation report.</p> <p>For 2022-23, the average severity of incidents determined to be actual breaches was 0.3.</p>								
47.	<p>Two of the data breaches were considered sufficiently serious to be reported to the Information Commissioner's Office. Details of these incidents is as follows:</p> <ul style="list-style-type: none"> • An adopted child found the address of a previous social worker in their memory box, and wrote a letter to their birth father, whom she had not seen for many years. The social worker had left the Council, but the letter was received and forwarded to the father against practice guidelines. Although the letter did not include the child's home address, it did trigger the father's wish to get back involved in their life and caused upset to the adoptive family. • A commissioned provider suffered a ransomware attack, and whilst the Council were not at fault for this, the Council was the data controller for some of the information at risk. The information involved social care data relating to children. 								
48.	<p>In both of these incidents, the ICO considered that no further action was necessary as the Council had put into action adequate and robust remediation plans to address the risks to the individual, and ensure that such errors do not reoccur.</p>								

	NHS TOOLKIT
49.	In order to share information with our health partners, the Council has to provide annual assurance as to the standard of its information governance compliance. In the absence of any service information governance lead, the Corporate Legal Team again assumed short-term responsibility for collation of the Toolkit evidence. The Council was self-assessed at being 100% compliant with the mandatory evidence requirements.
	RIPA
50.	Under RIPA, the Council as a public authority is permitted to carry out directed surveillance, the use of covert human intelligence sources and to obtain communications data if it is both necessary for the purpose of preventing or detecting crime and/or disorder and the proposed form and manner of the activity is proportionate to the alleged offence.
51.	There were no authorisations made under RIPA in 2022-23.
52.	Examples of activity authorised in previous years include covert surveillance of a victim's home to detect acts of criminality, directed surveillance of individuals who were involved in fraudulent activities and a Covert Human Intelligence Source ('CHIS') was used to form an online relationship with a suspect to make a test purchase of suspected counterfeit goods.
53.	The Council is required to formally appoint a 'Senior Responsible Officer' for RIPA. The Director of Governance, Legal & HR, is the officer who undertakes this role. The Senior Responsible Officer has responsibility for maintaining the central record of authorisations; the integrity of the RIPA process within their authority; compliance with the Act and Codes of Practice; oversight of the reporting errors to the Surveillance Commissioner; engagement with inspectors from the Investigatory Powers Commissioner and implementation of any subsequent action plan.
54.	Training for Council officers involved in RIPA processes is regularly undertaken and is delivered by the Corporate Legal Team. Our documentation, procedures and training are also used as 'best practice' by a number of other local authorities and we regularly provide training for partner authorities on request. This year we delivered six training sessions to officers at Eastleigh Borough Council.
55.	The Investigatory Powers Commissioner's Office (formerly the Office of Surveillance Commissioners) carried out its most recent inspection of the Council's management of covert activities in December 2022. In his report of December 2023, The Rt. Hon. Sir Brian Leveson, the Investigatory Powers Commissioner, noted: "In conclusion, it is clear that SCC remains very well placed as regards its levels of compliance with RIPA and the Investigatory Powers Act. It is positive to see the Policy and training kept on at least an annual refresher basis, and in Mrs Horspool and Mr Ivory, you reap the benefits from their longevity in these particular roles"
56.	The Council's reviewed and updated Corporate Surveillance Guidance for 2023 is attached at appendix 1

DATA PROTECTION IMPACT ASSESSMENTS																			
57.	<p>Under Council policy, a Data Protection Impact Assessment (or DPIA) must be carried out for new projects.</p> <p>Carrying out a DPIA enables the Council to identify and address any privacy risks at an early stage, ensure a “privacy by design approach, and adhere to the accountability principle of the GDPR.</p>																		
58.	<p>In 2022-23, the Council conducted 103 DPIAs, which is a decrease on the previous year. This represents downward trend over the past few years, but the DPIA process is still embedded within project management and procurement. This gives Corporate Legal valuable oversight with regard to any privacy risks associated with new endeavours, and ensuring a “privacy by design” approach.</p> <div style="text-align: center;"> <table border="1"> <caption>DPIAS UNDERTAKEN</caption> <thead> <tr> <th>Year</th> <th>Number of DPIAs</th> </tr> </thead> <tbody> <tr> <td>2015-16</td> <td>15</td> </tr> <tr> <td>2016-17</td> <td>26</td> </tr> <tr> <td>2017-18</td> <td>48</td> </tr> <tr> <td>2018-19</td> <td>139</td> </tr> <tr> <td>2019-20</td> <td>169</td> </tr> <tr> <td>2020-21</td> <td>125</td> </tr> <tr> <td>2021-22</td> <td>128</td> </tr> <tr> <td>2022-23</td> <td>103</td> </tr> </tbody> </table> </div>	Year	Number of DPIAs	2015-16	15	2016-17	26	2017-18	48	2018-19	139	2019-20	169	2020-21	125	2021-22	128	2022-23	103
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RESOURCE IMPLICATIONS																			
<u>Capital/Revenue</u>																			
59.	None directly related to this report. The administration of information law within the authority is managed within corporate overheads, but ensuring that the Council performs to an acceptable information governance standard and complies with the new statutory standards imposed by the GDPR and DPA18 places increased pressure on finite and already stretched resources.																		
<u>Property/Other</u>																			
60.	None directly related to the report.																		
LEGAL IMPLICATIONS																			
<u>Statutory power to undertake proposals in the report:</u>																			
61.	The statutory obligations relating to information law are detailed in the body of this report.																		
<u>Other Legal Implications:</u>																			
62.	None directly related to this report.																		

RISK MANAGEMENT IMPLICATIONS	
63.	The potential impact of the decision in terms of finance, service delivery and reputation is considered to be low. Although the report does highlight potential future pressures on service delivery with the advent of the GDPR, the decision of members in this report is to note the performance of the Council in terms of information governance for 2022-23.
POLICY FRAMEWORK IMPLICATIONS	
64.	The information contained in this report is consistent with and not contrary to the Council's policy framework.

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	none
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Corporate Surveillance Guidance October 2023
2.	List of authorising officers October 2023

Documents In Members' Rooms None

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
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Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
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Other Background Documents None

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None

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**Southampton City Council
Corporate Surveillance Guidance
The Regulation of Investigatory Powers Act
2000
October 2023**



Southampton City Council
Corporate Surveillance Guidance
The Regulation of Investigatory Powers Act 2000
October 2023

Contents

1. Introduction.....	4
1.1 Summary	4
1.2 Background.....	4
1.3 Review	5
1.4 Scope	5
2. General.....	5
2.1 Definition of Surveillance.....	5
2.2 Confidential Material	6
3. Directed and intrusive surveillance.....	6
3.1 Directed Surveillance	6
3.2 Intrusive Surveillance.....	6
4. Identifying directed surveillance.....	7
4.1 Is the surveillance covert?	7
4.2 Is the surveillance for the purposes of a specific investigation or a specific operation?.....	8
4.3 Is the surveillance in such a manner that is likely to result in the obtaining of private information about a person?.....	8
4.4 Is the surveillance otherwise than by way of an immediate response to events or circumstances where it is not reasonably practicable to get authorisation?.....	8
5. Covert human intelligence sources.....	8
5.1 Definition	8
5.2 Security and Welfare	11
6. Covert surveillance of social networking sites (sns).....	11
7. Communications data	11
7.1 Definition	11
7.2 Serious Crime Threshold	
7.2.1 Definition of Serious Crime	
8. Authorisation procedure.....	12
8.1 General	12

8.2 Who can give Provisional Authorisations?.....	12
8.3 Grounds for Authorisation – the ‘necessary & proportionate’ test.....	13
8.4 Judicial Approval of Provisional Authorisations and Renewals.....	15
8.5 Special Procedure for Provisional Authorisation of and Issuing of Notices in respect of Communications Data.....	16
8.6 Urgency.....	17
8.7 Standard Forms	
9. Activities by other public authorities.....	17
10. Joint investigations.....	17
11. Duration, renewals and cancellation of authorisations.....	18
11.1 Duration.....	18
11.2 Reviews.....	18
11.3 Renewals.....	19
11.4 Cancellations.....	19
12. Records.....	19
12.1 Central record of all Authorisations.....	20
12.2 Records maintained in the Department.....	20
12.3 Other Record of Covert Human Intelligence Sources.....	21
13. Retention and destruction.....	22
14. Consequences of ignoring RIPA.....	22
15. Scrutiny of investigatory bodies.....	22

Corporate Surveillance Guidance			
Version	18.0	Approved by	Director of Governance, Legal & HR
Date last amended	2 nd October 2023	Approval date	2 nd October 2023
Lead officer	Tracy Horspool, Senior Solicitor (Corporate)	Review date	2 nd October 2024
Contact	information@southampton.gov.uk	Effective date	2 nd October 2023

1. Introduction

1.1 Summary

The Regulation of Investigatory Powers Act 2000 ('RIPA') brought into force the regulation of covert investigation by a number of bodies, including local authorities. RIPA regulates a number of investigative procedures, the most recent of which is the access to communications data.

This document is intended to provide officers with guidance on the use of covert surveillance, Covert Human Intelligence Sources ('Sources') and the obtaining and disclosure of communications data under RIPA. Officers must take into account the Codes of Practice issued under RIPA (RIPA and the Codes of Practice may be found at www.security.homeoffice.gov.uk).

1.2 Background

The Human Rights Act 1998 requires the Council, and organisations working on its behalf, pursuant to Article 8 of the European Convention, to respect the private and family life of a citizen, his home and his correspondence.

The European Convention did not, however, make this an absolute right, but a qualified right. Accordingly, in certain circumstances, the Council may interfere in the citizen's right mentioned above, if such interference is:

- (a) in accordance with the law
- (b) necessary (as defined in this document); and
- (c) proportionate (as defined in this document).

RIPA provides a statutory mechanism for authorising certain types of surveillance. It seeks to ensure that any interference with an individual's right under Article 8 of the European Convention is necessary and proportionate. In doing so, RIPA seeks to ensure both the public interest and the human rights of individuals are suitably balanced.

If the correct procedures are not followed, evidence may be disallowed by the courts, a complaint of maladministration could be made to the Ombudsman, and/or the Council could be ordered to pay compensation. It is essential, therefore, that all

involved with RIPA comply with this document and any further guidance that may be issued, from time to time, by the Director of Legal & Business Services.

Each officer of the Council with responsibilities for the conduct of investigations, shall, before carrying out any investigation involving RIPA, undertake appropriate training to ensure that investigations and operations that he/she carries out will be conducted lawfully.

The Director of Governance, Legal & HR, is appointed as the senior responsible officer to ensure the integrity of the process within the Council and its compliance with RIPA; to have oversight of reporting of errors to the relevant oversight commissioner; responsibility for engagement with the Investigatory Powers Commissioner's Office when they conduct their inspections and where necessary, oversight of the implementation of any post-inspection action plan. The senior responsible officer will also ensure that Members regularly review the Council's use of RIPA.

1.3 *Review*

RIPA and this document are important for the effective and efficient operation of the Council's actions with regard to surveillance. This document will, therefore be kept under yearly review by the Director of Governance, Legal & HR.

Authorising Officers must bring any suggestions for continuous improvement of this document to the attention of the Director of Governance, Legal & HR, at the earliest possible opportunity.

1.4 *Scope*

RIPA covers the authorisation of directed surveillance, the authorisation of sources and the authorisation of the obtaining of communications data. Communications data includes information relating to the use of a postal service or telecommunications system but does not include the contents of the communication itself, contents of e-mails or interaction with websites. An authorisation under RIPA will provide lawful authority for the investigating officer to carry out surveillance.

In terms of monitoring e-mails and internet usage, it is important to recognise the interplay and overlaps with the Council's e-mail and internet policies and guidance, the Telecommunications (Lawful Business Practice) (Interception of Communications) Regulations 2000 and the Data Protection Act 2018. RIPA forms should be used where relevant and they will only be relevant where the criteria listed on the forms are fully met.

2. General

2.1 *Definition of Surveillance*

'Surveillance' includes:

- a) monitoring, observing or listening to persons, their movements, their conversations or their other activities or communication;
- b) recording anything monitored, observed or listened to in the course of surveillance; and
- c) surveillance by or with the assistance of a surveillance device.

Surveillance includes the interception of postal and telephone communications where the sender or recipient consents to the reading of or listening to or recording of the communication. This is a form of directed surveillance.

2.2 *Confidential Material*

Particular care should be taken in cases where the subject of the investigation or operation might reasonably expect a high degree of privacy, or where confidential information is involved. Confidential information consists of matters subject to legal privilege, confidential personal information, confidential journalistic material and communications between an MP and a constituent.

Applications in which the surveillance is likely to result in the acquisition of confidential material will only be considered in exceptional and compelling circumstances with full regard to the proportionality issues this raises.

The Authorising Officer shall give the fullest consideration to any cases where the subject of the surveillance might reasonably expect a high degree of privacy, for instance in his or her home.

Where a likely consequence of surveillance would result in the acquisition of confidential material, the investigating officer must seek authority from the Chief Executive, or, in his absence, the Director of Governance, Legal & HR.

3. Directed and intrusive surveillance

3.1 *Directed Surveillance*

Directed surveillance is surveillance which is covert, but not intrusive, and undertaken:

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

3.2 *Intrusive Surveillance*

That surveillance becomes intrusive if the covert surveillance:

- a) is carried out by means of a surveillance device in relation to anything taking place on any residential premises or in any private vehicle; or
- b) is carried out without that device being present on the premises or in the vehicle, is not intrusive unless the device is such that it consistently provides information of the same quality and detail as might be expected to be obtained from a device actually present on the premises or in the vehicle, or
- c) is carried out in places ordinarily used for legal consultation, at a time when they are being used for such consultations

Therefore, directed surveillance turns into intrusive surveillance if it is carried out involving anything that occurs on residential premises or any private vehicle and involves the presence of someone on the premises or in the vehicle or is carried out by means of a surveillance device **OR** when directed surveillance is carried out in places ordinarily used for legal consultation, at a time when they are being used for such consultations.

For intrusive surveillance relating to residential premises or private vehicles, if any device used is not on the premises or in the vehicle, it is only intrusive surveillance if it consistently produces information of the same quality as if it were.

Where covert surveillance is carried out by a device designed or adapted principally for the purpose of providing information about the location of a vehicle, the activity is directed surveillance.

Commercial premises and vehicles are therefore excluded from intrusive surveillance. Currently, local authorities are **not** authorised to carry out intrusive surveillance.

4. Identifying directed surveillance

Ask yourself the following questions:

4.1 *Is the surveillance covert?*

Covert surveillance is any surveillance that is carried out in a manner calculated to ensure that the persons subject to the surveillance are unaware that it is or may be taking place.

If your activities are not hidden from the subjects of your investigation, you are not within the RIPA framework at all. In many cases, Officers will be behaving in the same way as a normal member of the public (e.g. in the case of most test purchases), and/or will be going about Council business openly (e.g. a market inspector walking through markets).

Similarly, surveillance will be overt if the subject has been told it will happen (e.g. where a noisemaker is warned (preferably in writing) that noise will be recorded if the noise continues, or where an entertainment licence is issued subject to conditions, and the licensee is told that officers may visit without notice or identifying themselves to the owner/proprietor to check that conditions are being met.

It should be noted that if the same outcome can be achieved by overt means then those means need to be fully explored in the first instance. Covert surveillance must only be undertaken when there is no less invasive way of achieving the outcome.

4.2 Is the surveillance for the purposes of a specific investigation or a specific operation?

Although, the provisions of the Act do not normally cover the use of overt CCTV surveillance systems, since members of the public are aware that such systems are in use, there may be occasions when public authorities use overt CCTV systems for the purposes of a specific investigation or operation. For example, if the CCTV cameras are targeting a particular known offender. In such cases, authorisation for directed surveillance may be necessary.

4.3 Is the surveillance in such a manner that is likely to result in the obtaining of private information about a person?

Private information includes any information relating to a person's private or family life. The concept of private information should be broadly interpreted to include an individual's private or personal relationship with others. It includes an individual's business and family relationships. Family life itself should be treated as extending beyond the formal relationships created by marriage.

4.4 Is the surveillance otherwise than by way of an immediate response to events or circumstances where it is not reasonably practicable to get authorisation?

Directed surveillance does not include covert surveillance carried out by way of an immediate response to events or circumstances which, by their very nature, could not have been foreseen. For example, a police officer would not require an authorisation to conceal himself and observe a suspicious person that he came across in the course of a patrol.

However, if as a result of that immediate response, you undertake a specific investigation you will need authorisation.

5. Covert human intelligence sources

5.1 Definition

A person is a source if:

- a) he establishes or maintains a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within paragraph (b) or (c);
- b) he covertly uses such a relationship to obtain information or to provide access to any information to another person; or

- c) he covertly discloses information obtained by the use of such a relationship or as a consequence of the existence of such a relationship.

A source may include those referred to as agents, informants and officers working undercover.

A purpose is covert, in relation to the establishment or maintenance of a personal or other relationship, if and only if, the relationship is conducted in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the purpose.

A relationship is used covertly, and information obtained is disclosed covertly, if and only if it is used or disclosed in a manner that is calculated to ensure that one of the parties to the relationship is unaware of the use or disclosure in question.

The use of a source involves inducing, asking or assisting a person to engage in the conduct of a source, or to obtain information by means of the conduct of such a source.

This covers the use of professional witnesses to obtain information and evidence. For example, it will include professional witnesses retained by Housing to pose as tenants to obtain information and evidence against alleged nuisance perpetrators.

Carrying out test purchases will not require the purchaser to establish a relationship with the supplier with the covert purpose of obtaining information and, therefore, the purchaser will not normally be a CHIS. For example, authorisation would not normally be required for test purchases carried out in the ordinary course of business (e.g. walking into a shop and purchasing a product over the counter).

By contrast, developing a relationship with a person in the shop, to obtain information about the seller's suppliers of an illegal product will require authorisation as a CHIS. Similarly, using mobile hidden recording devices or CCTV cameras to record what is going on in the shop will require authorisation as directed surveillance. In all cases, a prior risk assessment is essential in relation to any young person used for a test purchase.

The Code of Practice states that the provisions of RIPA are not intended to apply in circumstances where members of the public volunteer information to the police or other authorities, as part of their normal civic duties, or to contact numbers set up to receive information (such as Crimestoppers, Customs Confidential, the Anti Terrorist Hotline, or the Security Service Public Telephone Number). Members of the public acting in this way would not generally be regarded as sources.

It should be noted, however, that if the information provided is recorded as potentially useful or actionable, there is potential duty of care to the individual and the onus is on the public authority to manage human sources properly. Authorising Officers should be alive to the possibility of 'status drift'. Authorising Officers, when deciding whether to grant an authorisation, should take account of the difference between a volunteer of information already known to the individual and the relevance of the exploitation of a relationship for a covert purpose.

An authorisation under RIPA will provide lawful authority for the use of a source.

5.2 Security and Welfare

Only the Chief Executive or, in his absence, the Director of Governance, Legal & HR, is able to authorise the use of vulnerable individuals and juvenile sources. The Authorising Officer shall have regard to the special safeguards and provisions that apply to vulnerable individuals and juvenile sources, more particularly set out in the Covert Human Intelligence Source Code of Practice at www.security.homeoffice.gov.uk.

The Authorising Officer shall ensure that arrangements are in place for the proper oversight and management of sources, including appointing individual officers for each source. The person responsible for the day-to-day contact between the public authority and the source will usually be of a rank or position below that of the Authorising Officer.

Officers using a source shall consider the safety and welfare of that source (even after cancellation of the authorisation), and the foreseeable consequences to others of the tasks they are asked to carry out. The Authorising Officer shall carry out a risk assessment before authorising the source.

6. Covert surveillance of social networking sites (SNS)

6.1 Even though data may be deemed published and no longer under the control of the author, it is unwise to regard it as 'open source' or publicly available. The author has a reasonable expectation of privacy if access controls are applied. In some cases, data may be deemed private communication still in transmission.

6.2 If it is necessary and proportionate for a public authority to breach covertly access controls, the minimum requirement is an authorisation for directed surveillance. An authorisation for the use and conduct of a CHIS is necessary if a relationship is established or maintained by a member of a public authority or by a person acting on its behalf, i.e. the activity is more than mere reading of the site's content

6.3 Officers must not:

- Set up a false identity for a covert purpose without authorisation
- Adopt the identity of a person known, or likely to be known, to the subject of interest or users of the site without authorisation and without the consent of the person of the person whose identity is used, and without considering the protection of that person. The consent must be explicit.
- Use their personal social network login details to view individuals under investigation

6.4 In deciding whether online surveillance should be regarded as covert, consideration should be given to the likelihood of the subject(s) knowing that the surveillance is or may be taking place. Use of the internet itself may be considered as adopting a surveillance technique calculated to ensure that the subject is unaware of it, even if no further steps are taken to conceal the activity. Conversely, if reasonable steps have been taken to inform the public or particular individuals that the surveillance is or may be taking place, this can be regarded as overt and a directed surveillance authorisation will not normally be available.

6.5 As set out in paragraph 6.6 below, depending on the nature of the online platform, there may be a reduced expectation of privacy where information relating to a person or group of people is made openly available within the public domain, however in some circumstances privacy implications still apply. This is because the intention when making such information available was not for it to be used for a covert purpose such as investigative activity. This is regardless of whether a user of a website or social media platform has sought to protect such information by restricting its access by activating privacy settings.

6.6 Where information about an individual is placed on a publicly accessible database, for example the telephone directory or Companies House, which is commonly used and known to be accessible to all, they are unlikely to have any reasonable expectation of privacy over the monitoring by public authorities of that information. Individuals who post information on social media networks and other websites whose purpose is to communicate messages to a wide audience are also less likely to hold a reasonable expectation of privacy in relation to that information.

6.7 Whether the Council interferes with a person's private life includes a consideration of the nature of the Council's activity in relation to that information. Simple reconnaissance of such sites (i.e. preliminary examination with a view to establishing whether the site or its contents are of interest) is unlikely to interfere with a person's reasonably held expectation of privacy and therefore is not likely to require a directed surveillance authorisation. But where the Council is systematically collecting and recording information about a particular person or group, a directed surveillance authorisation should be considered. These considerations apply regardless of when the information was shared online.

Example 1: A simple internet search on a name, address or telephone number to find out whether a subject of interest has an online presence is unlikely to need an authorisation. However, if having found an individual's social media profile or identity it is decided to monitor it or extract information from it for retention in a record because it is relevant to an investigation or operation, authorisation should then be considered.

Example 2: Initial examination of an individual's online profile to establish whether they are of relevance to an investigation is unlikely to need an authorisation. Visiting a website would not normally amount to surveillance, but if during that visit it is intended to extract and record information to establish a profile including information such as identity, pattern of life, habits, intentions or associations, it may be advisable to have in place an authorisation even for that single visit. As set out in the following paragraph, the purpose of the visit may be relevant as to whether an authorisation should be sought.

Example 3: General monitoring of the internet in circumstances where it is not part of a specific, ongoing investigation or operation does not require RIPA authorisation. This includes any monitoring that is intended to identify themes, trends, possible indicators of criminality or other factors that may influence operational strategies or deployments. It may also include the discovery of previously unknown subjects of interest, but once it is decided to monitor those individuals as part of an ongoing operation or investigation, authorisation should be considered.

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

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

6.9 Internet searches carried out by a third party on behalf of a public authority, or with the use of a search tool, may still require a directed surveillance authorisation

Example: Researchers within a public authority using automated monitoring tools to search for common terminology used online for illegal purposes will not normally require a directed surveillance authorisation. Similarly, general analysis of data by public authorities either directly or through a third party for predictive purposes (e.g. identifying crime hotspots or analysing trends) is not usually directed surveillance. In such cases, the focus on individuals or groups is likely to be sufficiently cursory that it would not meet the definition of surveillance. But officers should be aware of the possibility that the broad thematic research may evolve, and that authorisation may be appropriate at the point where it begins to focus on specific individuals or groups. If specific names or other identifiers of an individual or group are applied to the search or analysis, an authorisation should be considered.

6.10 Each viewing of a company or an individual's Social Media profile for the purpose of investigation or evidence gathering must be notified to the senior responsible officer and will be recorded on the log held by the Corporate Legal Team. All Authorising Officers have access to view the log on Sharepoint.

7. Communications data

7.1 *Definition*

This covers any conduct in relation to a postal service or telecommunications system for obtaining communications data and the disclosure to any person of such data. For these purposes, communications data includes information relating to the use of a postal service or telecommunications system but does not include the contents of the communication itself, content of emails or interaction with websites.

Communications data includes subscribers details, names and addresses and telephone numbers of those contacted, billing addresses, account information, web addresses visited etc.

The Investigatory Powers Act 2016 (IPA) created new Communications Data terminology. Communications Data now comprises 'Entity Data' and 'Events Data'.

Entity Data broadly replaces 'Subscriber Data' under RIPA, s21(4)(c), e.g name of subscriber, address for billing, contact telephone number, subscriber account information etc.

Events Data identifies or describes events which consist of one or more entities engaging in an activity at a specific time or times. It includes call histories and activity, including itemized records of telephone calls, internet connections, dates and times/duration of calls etc. Event data refers to both 'Traffic Data' (S21(4)(a)) and 'Service Use Information' (S21(4)(b)) under RIPA. Where the purpose of the acquisition is to prevent or detect crime and the data required is Events data, the offence or conduct of the offence being investigated must meet at least one of the definitions of serious crime.

7.2 *Serious Crime threshold*

From 1st November 2018, an amendment to RIPA came into force adding a serious crime threshold to the acquisition of service or traffic data. This means that where an application is for the crime statutory purpose (S60A(7)(b)) to acquire event data, the crime must be a serious crime.

7.3 *Definition of Serious Crime*

- 12 months (or more) imprisonment
 - an offence that is capable of attracting a prison sentence of 12 months or more
- Corporate Body
 - an offence by a person who is not an individual
- S81 Offence
 - an offence falling within the definition of serious crime in S81(3)(b) of the IPA where the conduct involves the use of violence, results in substantial financial gain or is by a large number of persons in pursuit of a common

purpose

- Communication Offence
 - an offence which involves, as an integral part of it, the sending of a communication
- Breach of Privacy
 - an offence which involves, as an integral part of it, a breach of a person's privacy

For advice as to how to deal with 'non RIPA' authorised investigations, please seek further advice from the Council's Corporate Legal Team.

8. Authorisation procedure

8.1 *General*

Authorisation is required for the use of directed surveillance, for the conduct and use of sources and for the conduct in relation to a postal service or telecommunication system and the disclosure to any person of such data. Authorisation for directed surveillance can only be granted if the purpose of the surveillance is the prevention or detection of crime(s) punishable by 6 months imprisonment or more, or relates to the sale or alcohol or tobacco to underage persons.

All applications for authorisation of directed surveillance or for the conduct and use of any source must be referred to the RIPA Co-Ordinator (Senior Solicitor-Corporate legal Team) before submission by the Co-Ordinator to an Authorising Officer for consideration.

If the authorisation is provisionally approved by the Authorising Officer, each provisional authorisation then needs to receive judicial approval before being acted upon. Once approved, the original authorisation and accompanying paperwork must be forwarded to the RIPA Co-Ordinator (Senior Solicitor – Corporate Legal Team) to allocate the application a Unique Reference Number (URN) and for key details to be entered onto the central register. For further detail, see paragraph 12.1.

Any officer wishing to engage in conduct in relation to a postal service and telecommunication system for obtaining communications data and the disclosure to any person of such data must also seek authorisation, the procedure of which differs slightly and is outlined in paragraph 8.5.

8.2 *Who can give Provisional Authorisations?*

By law, the 'Authorising Officer' for local authority purposes is any assistant Chief Officer, assistant Head of Service, service manager or equivalent. An Authorising Officer may grant a provisional authorisation, but this authorisation will not take effect until it receives judicial approval (See paragraph 7.4). More senior officers within a

Council may also give provisional authorisations in the circumstances to those whom they are senior. Please note that certain provisional authorisations, namely those relating to confidential information, vulnerable individuals and juvenile sources, can

only be granted by the Chief Executive, or, in his genuine absence, the Director of Legal & Business Operations.

The Council's authorised posts are listed in [Appendix 1](#). This appendix will be kept up to date by the Director of Governance, Legal & HR and added to as needs require. If a Chief Officer wishes to add, delete or substitute a post, a request must be referred to the Director of Governance, Legal & HR, for consideration as necessary. The Director of Governance, Legal & HR, has the delegated authority to add, delete or substitute posts.

It will be the responsibility of Authorising Officers who have been duly certified to ensure their relevant members of staff are also suitably trained as 'applicants' so as to avoid common mistakes appearing on forms for RIPA authorisations.

Training will be given, or approved by the Director of Governance, Legal & HR, before Authorising Officers are certified to sign any RIPA forms. A certificate of training will be provided to the individual and a central register of all those individuals who have undergone training or a one-to-one meeting with the Director of Governance, Legal & HR, on such matters, will be kept by the Director of Governance, Legal & HR.

Authorising officers should not normally be responsible for authorising operations in which they are directly involved, although it is recognised that this may sometimes be unavoidable. Where an Authorising Officer authorises such an investigation or operation the central register will highlight this and the Commissioner or inspector will be notified of this during his or her next inspection

Authorising Officers will also ensure that staff who report to them follow this guidance document and do not undertake or carry out any form of surveillance without first obtaining the relevant authorisations in compliance with this document.

Authorising Officers must also ensure that, when sending copies of authorisations and associated documentation to the Director of Governance, Legal & HR, the same are sent in sealed envelopes and marked 'Strictly Private and Confidential'.

Any equipment to be used in any approved surveillance must be properly controlled, recorded and maintained for audit purposes.

8.3 Grounds for Authorisation – the 'necessary & proportionate' test

An Authorising Officer has a number of obligations within the provisions of the Act, which must be met before carrying out any form of surveillance.

An Authorising Officer shall not grant a provisional authorisation for the carrying out of directed surveillance, or for the use of a source or for the obtaining or disclosing of communications data unless he believes:

- a) that a provisional authorisation is necessary and
- b) the provisionally authorised investigation is proportionate to what is sought to be achieved by carrying it out

For local authority investigations, provisional authorisation is deemed “**necessary**” in the circumstances of the particular case if it is for the purpose of preventing and detecting crime or of preventing disorder.

Conduct is not deemed “**proportionate**” if the pursuance of the legitimate aim listed above will not justify the interference if the means used to achieve the aim are excessive in the circumstances. Any conduct must meet the objective in question and must not be arbitrary or unfair nor must the impact on any individuals or group be too severe.

The conduct must also be the least invasive method of achieving the end and the risk of intrusion into the privacy of persons other than those who are directly the subjects of the investigation must be assessed and taken into account (see Collateral Intrusion below).

Consideration must be given to the seriousness of the offence under consideration. Authorisation for directed surveillance can only be granted if the purpose of the surveillance is the prevention or detection of crime(s) punishable by 6 months imprisonment or more, or relates to the sale or alcohol or tobacco to underage persons. Covert surveillance relating to dog fouling and schools admissions/suspected false addresses will not be deemed a proportionate activity.

Careful consideration needs to be made by authorising officers of all of these points. Such consideration needs to be demonstrated on the authorisation form in the relevant parts. Authorising Officers must exercise their minds every time they are asked to sign a form. They must never sign or rubber stamp the form without thinking about their personal and the Council’s responsibilities.

Any boxes not needed on the form/s must be clearly marked as being ‘not applicable’ or a line put through the same. Great care must also be taken to ensure accurate information is used and inserted in the correct boxes. Reasons for any refusal of an application must also be kept on the form and retained for future audits.

Authorising Officers should not be responsible for authorising investigations or operations in which they are directly involved.

Collateral Intrusion

Before provisionally authorising investigative procedures, the Authorising Officer shall also take into account the risk of intrusion into the privacy of persons other than those who are directly the subjects of the investigation or operation (collateral intrusion). The investigating officer shall take measures, wherever practicable, to avoid or minimise unnecessary intrusion into the lives of those not directly connected with the investigation or operation.

An application for a provisional authorisation shall include an assessment of the risk of any collateral intrusion. The Authorising Officer shall take this into account, when considering the proportionality of the surveillance.

Where an operation unexpectedly interferes with the privacy of individuals who were not the subject of surveillance or covered by the authorisation in some other way, the investigating officer should inform the Authorising Officer.

8.4 Judicial Approval of Provisional Authorisations and Renewals

The Council is only able to grant a provisional authorisation or renewal to conduct covert surveillance. All provisional authorisations and renewals must be approved by the Magistrates Court before surveillance commences.

The Council must apply to the local Magistrates Court for an Order approving the grant or renewal of an authorisation. A template application form and draft Order are included at [Appendix 5](#) to this policy. In order to obtain judicial approval, the first page of the template form must be completed and submitted along with a copy of the provisional authorisation and any other relevant supporting documents.

The Council does not need to give notice of the application to the person(s) subject to the application or their legal representatives. If the Magistrates Court refuse to approve the application, they may also make an order quashing the provisional authorisation.

The Magistrates will consider the provisionally authorised application or renewal, and will need to satisfy themselves that:

- a) At the time of provisional authorisation, there were reasonable grounds for believing that the tests of necessity and proportionality were satisfied in relation to the authorisation, and that those grounds still exist;
- b) That the person who granted provisional authorisation was an appropriately designated person;
- c) The provisional grant or renewal of any authorisation or notice was not in breach of any restrictions imposed under RIPA; and
- d) Any other conditions provided for by an order made by the Secretary of State were satisfied.

A further requirement in relation to renewal of covert human intelligence sources, is that judicial approval will only be granted if the Magistrates are satisfied that a review has been carried out, which considers:

- the use made of the source in the period since authorisation was granted (or the last renewal); and
- the tasks given to the source during that period, and the information obtained from the conduct or use of the source.

and for the purposes of making an Order, the Magistrates have considered the results of that review.

The Council's Trading Standards Team will generally make applications for judicial approval to the Magistrates Court on behalf of the Council. Any particularly complex authorisations or authorisations arising from other areas of the Council that require legal input or representation may be dealt with by the Council's Legal Team if necessary in the circumstances.

8.5 Special Procedure for Authorisation in respect of Communications Data

8.5.1 The introduction of the Office for Communications Data Authorisations (OCDA) means the acquisition of Communications Data by local authority officers is no longer subject to judicial approval by a Magistrate. OCDA assesses Communications Data applications from public authorities and makes decisions about those applications that strike a fine balance between the protection of privacy and the risk to public safety. OCDA acts as a hub of authorisation expertise, independently assessing applications, holding authorities accountable to robust safeguarding standards and challenging where required.

8.5.2 Applications for the obtaining and disclosure of communications data may only be made by officers of the City Council.

8.5.3 Applications for communications data must be channelled through single points of contact (“SPoCs”). The SPoC is able to advise authorising officers as to whether an authorisation or notice is appropriate.

The City Council use the services of the National Anti-Fraud Network (NAFN) for all Communications Data enquiries and as such NAFN performs the role of a SPoC through their qualified SPoC officers. All applicants must be registered with NAFN via the NAFN website at www.nafn.gov.uk. Any initial internal queries can be directed to Tracy Horspool, Senior Solicitor (Corporate) at tracy.horspool@southampton.gov.uk.

8.5.4 The SPoC is required to:

- provide quality assurance checks to ensure that applications consistently comply with IPA standards and to a sufficient level to meet OCDA and IPCO scrutiny
- monitor those applications which are returned for rework or rejected by OCDA and determine the reasons why
- provide organisational and/or individual training as and where necessary sharing best practice, advice and support
- be the point of contact between public authorities and OCDA

8.5.5 S60A of IPA provides for independent authorisation of communications data requests by the Investigatory Powers Commissioner (IPC). OCDA performs this function on behalf of the IPC. An authorising officer in OCDA can authorise any lawful request, for any of the specified purposes from any listed authority. For the City Council, the sole purpose is the ‘applicable crime purpose’.

8.5.6 The IPA provides a new requirement for a local authority making an application to ensure someone of at least the rank of Senior Responsible Officer is aware.

8.5.7 OCDA will only retain, for a limited period of time, the Communications Data applications which are sent to them and the decision document they issue back to public authorities. Public Authorities are therefore required to keep records of both the Communications Data applications that they issue as well as the decisions received from OCDA. Communications data, and all copies, extracts and summaries of it must be handled and stored securely. The requirements of the Data Protection Act 2018 and the principles of the Criminal Procedure and Investigations Act 1996 must be strictly followed.

8.5.8 Where the purpose of a Communications Data application is to identify a journalistic source, these must first be authorized by an Authorising Individual (OCDA AO or DSO) but must also be approved by an IPCO Judicial Commissioner (JC). The Applicant and SPOC should pay special consideration to these applications and inform their Senior Responsible Officer. The IPA does not alter the existing processes for Communications Data applications that may feature sensitive professions including medical doctors, lawyers, journalists, parliamentarians or ministers of religion. If the Communications Data could contain information relating to any of these professions, this must be noted in the application.

8.6 *Urgency*

Urgent authorisations are no longer available in relation to directed surveillance or covert human intelligence sources.

8.7 *Standard Forms*

All authorisations must be in writing.

Standard forms for seeking provisional directed surveillance and source authorisations are provided at [Appendices 3 & 4](#). The standard form for obtaining judicial approval is provided at [Appendix 5](#). All authorisations shall be sought using the standard forms as amended from time to time.

9. **Activities by other public authorities**

9.1 The investigating officer shall make enquiries of other public authorities e.g. the police whether they are carrying out similar activities if he considers that there is such a possibility in order to ensure that there is no conflict between the activities of this Council and those other public authorities.

10. **Joint investigations**

10.1 When some other agency has been instructed on behalf of the City Council to undertake any action under RIPA, this document and the forms in it must be used (as per normal procedure) and the agency advised or kept informed, as necessary, of the various requirements. They must be made aware explicitly what they are authorised to do.

When some other agency (e.g. police, Customs & Excise, HMRC etc.):

- (a) wish to use the City Council's resources (e.g. CCTV surveillance systems), that agency must use its own RIPA procedures and, before any officer agrees to allow the Council's resources to be used for the other agency's purposes, he must obtain a copy of that agency's RIPA form for the record and/or relevant extracts from the same which are sufficient for the purposes of protecting the Council and the use of its resources
- (b) wish to use the Council's premises for their own RIPA action, the officer should, normally, co-operate with the same, unless there are security or other good operational or managerial reasons as to why the Council's premises should not be used for the agency's activities. In such cases, the Council's own RIPA forms should not be used as the Council is only assisting and not being involved in the RIPA activity of the external agency being involved in the RIPA activity of the external agency.

In terms of (a), if the police or other agency wish to use the Council's resources for general surveillance, as opposed to specific RIPA authorisations, an appropriate letter requesting the proposed use, remit, duration, details of who will be undertaking the general surveillance and the purpose of it must be obtained from the police or other agency before any Council resources are made available for the proposed use.

11. Duration, renewals and cancellation of authorisations

11.1 Duration

Authorisations must be reviewed in the time stated and cancelled once no longer needed.

Authorisations last for:

- a) 12 months from the date of the judicial approval for the conduct or use of a source (4 months for juvenile CHIS authorisations)
- b) three months from the date of judicial approval for directed surveillance
- c) one month from the date of approval for communications data, or earlier if cancelled

However, whether the surveillance is carried out/conducted or not in the relevant period, does not mean that the authorisation is spent. Authorisations do not expire, they have to be reviewed, or cancelled if no longer required.

11.2 Reviews

The Authorising Officer shall undertake regular reviews of authorisations to assess the need for the surveillance to continue. The results of a review should be recorded on the central record of authorisations.

Where the surveillance provides access to confidential information or involves collateral intrusion the officer should conduct frequent reviews.

Standard review forms for directed surveillance and CHIS are available on the RIPA intranet pages.

11.3 Renewals

Authorisations may be renewed more than once, if necessary, and the renewal should be kept/recorded as part of the central record of authorisations

Authorisations can be renewed in writing shortly before the maximum period has expired. An authorisation cannot be renewed after it has expired.

The Authorising Officer must consider the matter afresh, including taking into account the benefits of the surveillance to date and any collateral intrusion that has occurred.

The renewal will begin on the day when the authorisation would have expired, provided the necessary judicial approval has been obtained.

A further requirement in relation to renewal of covert human intelligence sources, is that judicial approval will only be granted if the Magistrates are satisfied that a review has been carried out, which considers:

- the use made of the source in the period since authorisation was granted (or the last renewal); and
- the tasks given to the source during that period, and the information obtained from the conduct or use of the source.

and for the purposes of making an Order, the Magistrates have considered the results of that review. The Authorising Officer who granted or last renewed the authorisation must cancel it if he is satisfied that the investigative procedure no longer meets the criteria upon which it was authorised.

Standard renewal forms for the authorisation of directed surveillance and CHIS are available on the RIPA intranet pages.

11.4 Cancellations

An Authorising Officer shall cancel a notice or authorisation as soon as it is no longer necessary, or the conduct is no longer proportionate to what is sought to be achieved. The duty to cancel a notice falls on the authorising officer who issued it.

In the case of a notice issued in respect of communications data, the relevant postal or telecommunications operator will be informed of the cancellation.

Standard cancellation forms for directed surveillance and CHIS are available on the RIPA intranet pages.

12. Records

The City Council must keep a detailed record of all authorisations, reviews, renewals, cancellations and rejections in departments and a central register of all such forms will be maintained by the Director of Governance, Legal & HR.

In relation to communications data, the designated SpoC will retain the forms and the Director of Governance, Legal & HR, will have access to such forms as and when required.

12.1 Central record of all Authorisations

The Director of Governance, Legal & HR, shall hold and monitor a centrally retrievable record of all provisional and judicially approved authorisations. The Authorising Officer must notify and forward a copy of any provisional notice or authorisation granted, renewed or cancelled and any judicial approval received or refused within 1 week of the event to the Director of Governance, Legal & HR to ensure that the records are regularly updated.

The record will be made available to the relevant Commissioner or an Inspector from the Investigatory Powers Commissioner's Office. These records will be retained for a period of 5 years from the ending of the authorisation. A record will be kept of the dates on which the authorisation notice is started and cancelled.

The Director of Governance, Legal & HR will monitor the submission of provisional and judicially approved authorisations and notices and give appropriate guidance, from time to time, or amend any provisional or draft document as necessary. The records submitted to the Director of Governance, Legal & HR, shall contain the following information:

- a) the type of authorisation or notice
- b) the date the provisional authorisation or notice was given;
- c) name and rank/grade of the authorising officer;
- d) the date judicial approval was received or refused;
- e) the unique reference number (URN) of the investigation or operation;
- f) the title of the investigation or operation, including a brief description and names of subjects, if known;
- g) if the authorisation or notice is renewed, when it was renewed and who authorised the renewal, including the name and rank/grade of the authorising officer and the date of judicial approval;
- h) whether the investigation or operation is likely to result in obtaining confidential information;
- i) review dates
- j) the date the authorisation or notice was cancelled
- k) details of secure storage of surveillance data
- l) stipulated period during which any surveillance data obtained must be reviewed, retained or destroyed

12.2 Records maintained in the Department

The Authorising Officer shall maintain the following documentation, which need not form part of the centrally retrievable record:

- a) a copy of the application and provisional authorisation or notice together with a copy of any order of judicial approval or refusal, as well as any

supplementary documentation and notification of the approval given by the Authorising Officer;

- b) a record of the period over which the surveillance has taken place;
- c) the frequency of reviews prescribed by the Authorising Officer;

- d) a record of the result of each review of the authorisation or notice;
- e) a copy of any renewal of an authorisation or notice, together with judicial approval or refusal and the supporting documentation submitted when the renewal was requested;
- f) the date and time when any instruction was given by the Authorising Officer;
- g) the unique reference number for the authorisation (URN);
- h) the stipulated period during which any surveillance data obtained must be reviewed, retained or destroyed

Each form must have a URN. The Authorising Officers will issue the relevant URN to applicants. The cross-referencing of each URN takes place within the form for audit purposes. Rejected forms will also have URN's.

12.3 Other Record of Covert Human Intelligence Sources

Proper records must be kept of the authorisation and use of a source. An Authorising Officer must not grant a provisional authorisation for the use or conduct of a source unless he believes that there are arrangements in place for ensuring that there is at all times a person with the responsibility for maintaining a record of the use made of the source. The records must be kept confidential. Further advice should be sought from the Director of Governance, Legal & HR on this point if authority is proposed to be granted for the use of a CHIS.

The records shall contain the following information:

- (a) the identity of the source;
- (b) the identity, where known, used by the source;
- (c) any relevant investigating authority other than the Council;
- (d) the means by which the source is referred to within each relevant investigating authority;
- (e) any other significant information connected with the security and welfare of the source;
- (f) any confirmation made by a person granting or renewing an authorisation for the conduct or use of a source that the information in paragraph (d) has been considered and that any identified risks to the security and welfare of the source have where appropriate been properly explained to and understood by the source;
- (g) the date when, and the circumstances in which, the source was recruited;
- (h) the identities of the persons who, in relation to the source;
 - i. hold day-to-day responsibility for dealing with the source and for the source's security and welfare
 - ii. have a general oversight of the use made of the source (not to be the person identified in (h)(i))
 - iii. have responsibility for maintaining a record of the use made of the source
- (i) the periods during which those persons have discharged those responsibilities;
- (j) the tasks given to the source and the demands made of him in relation to his

- activities as a source;
- (k) all contacts or communications between the source and a person acting on behalf of any relevant investigating authority;

- (l) the information obtained by the conduct or use of the source;
- (m) any dissemination of information obtained in that way; and
- (n) in the case of a source who is not an undercover operative, every payment, benefit or reward and every offer of a payment, benefit or reward that is made or provided by or on behalf of any relevant investigating authority in respect of the source's activities for the benefit of that or any other relevant investigating authority.

13. Retention and destruction

13.1 Material obtained from properly authorised surveillance or a source may be used in other investigations. Arrangements shall be in place for the handling, storage, review and destruction of material obtained through the use of covert surveillance, a source or the obtaining or disclosure of communications data. Authorising Officers must ensure compliance with the appropriate data protection requirements, any legal constraints on destruction and the council's corporate policies relating to the handling and storage, review and destruction of material. The authorisation must stipulate the period during which the surveillance data may be retained, reviewed and destroyed. This will also be recorded on the central record of authorisations and in the records maintained in the department (see paragraphs 12.1 and 12.2).

13.2 Where the product of surveillance could be relevant to pending or future proceedings, it should be retained in accordance with established disclosure requirements for an appropriate period and subject to review. Reviews must be conducted at regular intervals to ensure that the justification for retention is still valid. Records shall generally be maintained for a period of 5 years from the cancellation of the authorisation, following which they shall be securely destroyed in accordance with the Council's Records Review and Retention Schedule.

13.3 As detailed in paragraphs 12.2 and 12.3, Applicants and Authorising Officers must keep copies of completed RIPA forms, but care must be taken to ensure any copies are stored securely, reviewed and disposed of in accordance with the relevant legal framework and the council's Records Review and Retention Schedule. It is good practice for officers who will be carrying out surveillance to retain a copy of the authorisation as a reminder of exactly what has been authorised. Under the Criminal Procedure and Investigations Act 1996 and its Code of Practice, case files are required to hold original documents for court action.

13.4 All data obtained under RIPA must be secured against unauthorised interference and clearly labelled and stored in such a way to enable compliance with data retention and disposal. This requirement will apply to information which is shared with other teams for the purpose of any investigation or to determine legal action to be undertaken.

13.5 All data obtained under RIPA must be stored in a secure manner using password protection or restricted access files. All RIPA records, whether in original form or copies shall be kept in secure locked storage when not in use. Storage must be in council premises to which access is restricted. Both physical and IT security, as appropriate, must be in place to secure the material.

13.6 A display of personal data or operational data on a computer screen should only take

place in a setting in which no unauthorised person is present.

13.7 Transmission of surveillance data must be limited to that strictly necessary for the purposes of the investigation. All recipients of data obtained under RIPA must be limited to such information as is strictly necessary for the purposes of the investigation and such information to be retained only as long as is necessary and in accordance with the council's Records Review and Retention Schedule. Review and disposal of data must be recorded on each occasion on the council's Records Review Log.

13.8 Officers within the same team who need to be aware of the investigation and have a demonstrable 'need to know', should be granted access to the data held on the relevant computer system (for example Uniform or Iken), rather than multiple copies of the data being emailed.

13.9 In the absence of a court order, disclosure to third parties, such as the police, can only be authorised by the council's senior responsible officer. Such disclosures must be recorded in writing and satisfy all legal tests. Disclosure must be the minimum necessary and only for an authorised purpose as set out below:

- is, or is likely to become, necessary for any of the statutory purposes set out in the RIPA Act in relation to covert surveillance or CHIS activity;
- is necessary for facilitating the carrying out of the functions of public authorities under RIPA;
- is necessary for facilitating the carrying out of any functions of the Commissioner or the Investigatory Powers Tribunal;
- is necessary for the purposes of legal proceedings; or
- is necessary for the performance of the functions of any person by or under any enactment.

14. Consequences of ignoring RIPA

14.1 RIPA states that if authorisation confers entitlement to engage in a certain conduct and the conduct is in accordance with the authorisation, then it shall be lawful for all purposes.

Where there is interference with the right to respect for private and family life guaranteed under Article 8 of the European Convention on Human Rights, and where there is no other source of lawful authority, the consequence of not obtaining an authorisation under RIPA may be that the action is unlawful by virtue of section 6 of the Human Rights Act 1998.

Officers shall seek an authorisation where the directed surveillance, the use of a source or the obtaining or disclosure of communications data is likely to interfere with a person's Article 8 rights to privacy by obtaining private information about that person, whether or not that person is the subject of the investigation or operation.

Obtaining an authorisation will ensure that the action is carried out in accordance with law and subject to stringent safeguards against abuse.

15. Scrutiny of investigatory bodies

15.1 The Investigatory Powers Commissioner's Office independently scrutinises the use of RIPA powers by the investigatory bodies that are subject to it.

The Commissioner will inspect Councils to ensure compliance with RIPA and can audit/review the Council's policies and procedures, and individual authorisations. Further detail can be found at www.ipco.org.uk

15.2 There is also a statutory complaints system welcomed by the Council. The Investigatory Powers Tribunal has been established under RIPA to deal with complaints from members of the public about the use or conduct by public authorities of these powers. The Tribunal is separate from IPCO.

The Council welcomes this external scrutiny. It expects its officers to co-operate fully with these statutory bodies and to bring forward any proposals for improvement that may follow on from an inspection report or a Tribunal hearing.

**IF IN DOUBT ADVICE MUST BE SOUGHT FROM THE DIRECTOR OF LEGAL AND
BUSINESS SERVICES OR THE CORPORATE LEGAL TEAM**

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Appendix 1

2023 List of Authorising Officers

Mike Harris – Chief Executive

Mel Creighton – Executive Director – Corporate Services

Richard Ivory – Director – Governance, Legal & HR

Ian Collins – Director – Environment

Rosie Zambra – Head of Service, Consumer Protection & Environmental Services

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Agenda Item 9

ECISION-MAKER:	Governance Committee
SUBJECT:	Annual Review of Complaints 2022/23
DATE OF DECISION:	2 nd October 2023
REPORT OF:	Director of Governance, Legal and HR

<u>CONTACT DETAILS</u>			
Director	Title	Director of Governance, Legal and HR	
	Name:	Richard Ivory	Tel: 023 80 2794
	E-mail	richard.ivory@southampton.gov.uk	
Author:	Title	Manager, Complaints Resolution Team	
	Name:	Mark Naylor	Tel: 023 80 3154
	E-mail	mark.naylor@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY

N/A

BRIEF SUMMARY

This report summarises the type and number of complaints received from 1 April 2022 to 31 March 2023. Overall complaints registered with the Council have decreased this year (506 this year/ 537 last year).

		2022/23	2021/22
Non-Social Care Complaints	9% decrease –	385	418
Adult Services Complaints	130% increase –	53	23
Children and Learning Complaints	30% decrease -	68	96

The Complaints Resolution Team (CRT), based in the Legal Partnership administers and investigates complaints from all areas within the Council (stage 2) that the service area has been unable to resolve to the satisfaction of the complainant, at initial point of contact (Stage 1), alongside and responsible to the Head of Legal Partnerships who acts as the Council's single point of contact for Local Government and Social Care Ombudsman (LGSCO) and Housing Ombudsman (HO).

RECOMMENDATIONS:

	(i)	That the report be noted and the committee's offers any feedback on governance or performance relating to the complaints function to inform future service delivery.
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REASONS FOR REPORT RECOMMENDATIONS

1.	To update the Committee on performance trends and any learning points arising out of complaints made by the public via the Council's complaints procedures during 2022/23. Identifying these issues assists the Council as a learning organisation in understanding where things have "gone wrong" in the past year in order to improve service delivery.
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2.	This report is presented to Governance Committee for information, learning points and feedback purposes as required by the LGSCO as part of its guidance on the governance and oversight of a high performing (good) complaints process.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
3.	N/A. The LGSCO requires the Council to report and consider complaints trends and outcomes annually with members and senior management.
DETAIL (Including consultation carried out)	
4.	The effective and responsive management of complaints is a vital part of the Council's overall approach to customer care. In addition, the customer feedback that valid complaints provide can be used to improve service delivery, facilitate Council-wide learning and demonstrate continuous improvement.
5.	At the conclusion of a complaint's investigation, the complainant is advised that if they are not satisfied with the outcome achieved for them by the Council, they may pursue their complaint to the LGSCO or the HO. This provides the customer with an entirely independent source of advice and redress if they remain aggrieved. The Council has a good working relationship and works closely with the LGSCO and HO to resolve outstanding complaints where appropriate.
6.	<p>Overall complaints</p> <p>Stage One</p> <p>Last reporting years corporate increase in complaints was attributed to a larger number of complaints received in the Revenue and Benefits areas of business attributed to challenges to grants (both business and personal), in regard to the Covid 19 recovery period, given by the Government but administered by Local Authorities. This reporting year has seen that spike now abate.</p> <p>Adults Social Care has seen an increase in complaints which are mainly in regard to the discrete issue of care fees and related matters Many of these are historic and thus serve to inflate the complaints figures over a reporting year.</p> <p>Children and Learning Services experienced a decrease this reporting year as the Single Point of Contact officer (complaints) has exerted a more robust triage procedure for initial reported concerns and has sought to mediate between service management and the service user by way of early communication and immediate service recovery processes, like those adopted some years ago in other service areas.</p> <p>Stage Two</p> <p>Over this reporting year the number of stage two investigations undertaken has shown an increase on previous year's numbers. The CRT are receiving more requests for stage two reviews for complaints that are upheld at stage one of the complaint process. These generally are requests for review of the resolution offered at stage one and revolve around monetary recompense.</p>

7.	<p>Non-social care areas</p> <p>From 01/04/2022 to 31/03/23, the council recorded 385 corporate complaints at Stage 1, registered and dealt with by the service area affected:</p> <table border="1" data-bbox="331 327 1401 488"> <thead> <tr> <th>Stage 1</th> <th>2022/23</th> <th>2021/22</th> <th>2020/21</th> <th>2019/20</th> </tr> </thead> <tbody> <tr> <td>Total</td> <td>385</td> <td>418</td> <td>334</td> <td>202</td> </tr> <tr> <td>Responded in time (20 days)</td> <td>74%</td> <td>76%</td> <td>82%</td> <td>65%</td> </tr> </tbody> </table> <p>Of those stage 1 complaints, the following were examined at Stage 2 by the Complaints Resolution Team, following a request from the complainant:</p> <table border="1" data-bbox="331 577 1433 741"> <thead> <tr> <th>Stage 2</th> <th>2022/23</th> <th>2021/22</th> <th>2020/21</th> <th>2019/20</th> </tr> </thead> <tbody> <tr> <td>Total</td> <td>115</td> <td>79</td> <td>73</td> <td>77</td> </tr> <tr> <td>Responded in time (20 days)</td> <td>100%</td> <td>100%</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>	Stage 1	2022/23	2021/22	2020/21	2019/20	Total	385	418	334	202	Responded in time (20 days)	74%	76%	82%	65%	Stage 2	2022/23	2021/22	2020/21	2019/20	Total	115	79	73	77	Responded in time (20 days)	100%	100%	100%	100%
Stage 1	2022/23	2021/22	2020/21	2019/20																											
Total	385	418	334	202																											
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Stage 2	2022/23	2021/22	2020/21	2019/20																											
Total	115	79	73	77																											
Responded in time (20 days)	100%	100%	100%	100%																											
8.	<p>Adult Social Care</p> <p>From 01/04/2022 to 31/03/23, the council recorded 53 adult social care complaints. Stage 1 registered and dealt with by the service area affected:</p> <table border="1" data-bbox="331 875 1433 1037"> <thead> <tr> <th>Stage 1</th> <th>2022/23</th> <th>2021/22</th> <th>2020/21</th> <th>2019/20</th> </tr> </thead> <tbody> <tr> <td>Total</td> <td>53</td> <td>23</td> <td>19</td> <td>37</td> </tr> <tr> <td>Responded in time (20 days)</td> <td>81%</td> <td>70%</td> <td>90%</td> <td>63%</td> </tr> </tbody> </table> <p>Of those stage 1 complaints, the following were examined at stage 2 by the Complaints Resolution Team, following a request from the complainant:</p> <table border="1" data-bbox="331 1126 1433 1290"> <thead> <tr> <th>Stage 2</th> <th>2022/23</th> <th>2021/22</th> <th>2020/21</th> <th>2019/20</th> </tr> </thead> <tbody> <tr> <td>Total</td> <td>11</td> <td>9</td> <td>2</td> <td>7</td> </tr> <tr> <td>Responded in time (20 days)</td> <td>100%</td> <td>100%</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>	Stage 1	2022/23	2021/22	2020/21	2019/20	Total	53	23	19	37	Responded in time (20 days)	81%	70%	90%	63%	Stage 2	2022/23	2021/22	2020/21	2019/20	Total	11	9	2	7	Responded in time (20 days)	100%	100%	100%	100%
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Total	11	9	2	7																											
Responded in time (20 days)	100%	100%	100%	100%																											
9.	<p>Children and Learning Service</p> <p>From 01/04/2022 to 31/03/23, the council recorded 68 Children Services complaints. Stage 1 registered and dealt with by the service area affected:</p> <table border="1" data-bbox="331 1424 1433 1585"> <thead> <tr> <th>Stage 1</th> <th>2022/23</th> <th>2021/22</th> <th>2020/21</th> <th>2019/20</th> </tr> </thead> <tbody> <tr> <td>Total</td> <td>68</td> <td>96</td> <td>79</td> <td>105</td> </tr> <tr> <td>Responded in time (20 days)</td> <td>42%</td> <td>52%</td> <td>57%</td> <td>53%</td> </tr> </tbody> </table> <p>Of those stage 1 complaint, the following were examined at stage 2 by the Complaints Resolution Team, following a request from the complainant:</p> <table border="1" data-bbox="331 1675 1433 1839"> <thead> <tr> <th>Stage 2</th> <th>2022/23</th> <th>2021/22</th> <th>2020/21</th> <th>2019/20</th> </tr> </thead> <tbody> <tr> <td>Total</td> <td>26</td> <td>26</td> <td>12</td> <td>35</td> </tr> <tr> <td>Responded in time (20 days)</td> <td>100%</td> <td>100%</td> <td>100%</td> <td>100%</td> </tr> </tbody> </table>	Stage 1	2022/23	2021/22	2020/21	2019/20	Total	68	96	79	105	Responded in time (20 days)	42%	52%	57%	53%	Stage 2	2022/23	2021/22	2020/21	2019/20	Total	26	26	12	35	Responded in time (20 days)	100%	100%	100%	100%
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Responded in time (20 days)	100%	100%	100%	100%																											
10.	<p>Learning from complaints</p> <p>Complaints provide a crucial source of feedback and examination to highlight both good and poor practice. Three examples (one each from Adult Social Care, Children and Learning Services and Corporate areas of the Council are provided below. These examples are taken from Stage two investigations.</p>																														

Corporate Services example

A complaint was received with regard to the way in which the application for a dropped kerb was dealt with by the Highways Partnership.

An investigation revealed that a number of issues could have been processed in a more expeditious manner and that the details of process and appeal were not clear on the relevant SCC web site pages.

Resolution – no fault was found in the decision to refuse the application, but recommendations made in regard to “signposting the correct process to challenge the decision” when the refusal decision is first issued, and to update the web pages to make the challenge process clear. Both have been implemented.

The matter was referred to the Ombudsman, who declined to investigate further.

Adult Social Care example

An adult who had been identified by the Police (Regional Counter Terrorism) as suitable for oversight from the Prevent - Channel Programme (chaired by an officer of the Local Authority) complains about his treatment whilst subject to Prevent – Channel Programme - intervention and oversight.

Investigation (via the Home Office) revealed no previous challenges of this nature were known. Matters were reviewed and policy and legislation examined. No fault was found but recommendation made with regard some minor wording in local policy and process.

The matter was referred to the Ombudsman, who declined to investigate further.

Recently another neighbouring authority had a challenge to its Prevent Channel Programme and were referred to SCC’s process as a benchmark for good practice.

Childrens and Learning Service example

A complaint was raised that CLS were undertaking a safeguarding enquiry, following a referral regarding an unborn child, which was contrary to the Childrens Act 1989.

Enquiries revealed that the Childrens Act 1989 refers to child/children and therefore by definition, as an unborn foetus is not a “child” under the law until the foetus is born, the enquiries cannot be conducted under the Childrens Act 1989.

Further enquiry revealed that:

- a) Statutory Guidance - Working Together to Safeguard Children 2018, determined that in the cases of safeguarding enquiries with regard to an unborn child, as the definition did not fall under the Childrens Act

	<p>1989, Local Authorities must have a published local process in place for these type of investigations.</p> <ul style="list-style-type: none"> b) SCC does have an appropriate process and it is published. c) Childrens Services staff involved in the safeguarding enquiry had repeatedly informed the parents that the investigation was being conducted under “the Childrens Act 1989”. This is incorrect. d) The repeated reference to the Childrens Act had angered the parents and caused significant distrust and confrontation. <p>Resolution – Childrens and Learning Services have incorporated this point in its twice-yearly service wide training weeks, to prevent further situations of this type to develop.</p> <p>The complaint was not referred to the Ombudsman.</p> <p>In conclusion: complaints rarely identify serious flaws in the policy and process of the Local Authority across all of its service delivery. However, the common thread which gives rise to complaints is that of clear communication.</p> <p>Taking advantage of the current upgrade and refresh of the Council web pages, a number of changes have been requested and implemented as a result of complaint findings.</p> <p>These have included:</p> <ul style="list-style-type: none"> a) highlighting of the Councils customer access strategy on the contact us pages, reinforcing expected response time to enquiries. b) temporary updates to auto responders when higher than usual demand on a particular service is affecting response times. c) Inclusion of web links in communications (letters/emails) to signpost the recipients to information over and above that contained within the letter/email. d) earlier identification and intervention to identify those who communicate with the council in an unacceptable way, to manage excessive communication from a single individual whose excessive communication is affecting the council’s ability to provide a service to other members of the public.
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RESOURCE IMPLICATIONS

Capital/Revenue

11.	None
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Property/Other

12.	None
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LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

13.	Section 111 Local Government Act 1972 and Section 1 Localism Act 2011.
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Other Legal Implications:	
14.	Individual complaints touch on a wide variety of Council duties and powers which are taken into account (alongside pervasive legislation such as the Equalities Act 2010) when reviewing and responding to customer complaints and areas of service recovery or improvement.
RISK MANAGEMENT IMPLICATIONS	
15.	None in relation to this report. No major issues or areas of concern for the Council as a whole highlighted in this year's review however individual complaints are risk assessed on a case-by-case basis.
POLICY FRAMEWORK IMPLICATIONS	
16.	The complaints' function is exercised wholly in accordance with the Council's Policy Framework.

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	None

Documents In Members' Rooms

1.	None
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Equality Impact Assessment

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
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Data Protection Impact Assessment

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
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Other Background Documents

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None



SOUTHAMPTON
CITY COUNCIL

Internal Audit Progress Report

2nd October 2023

Elizabeth Goodwin, Chief Internal Auditor

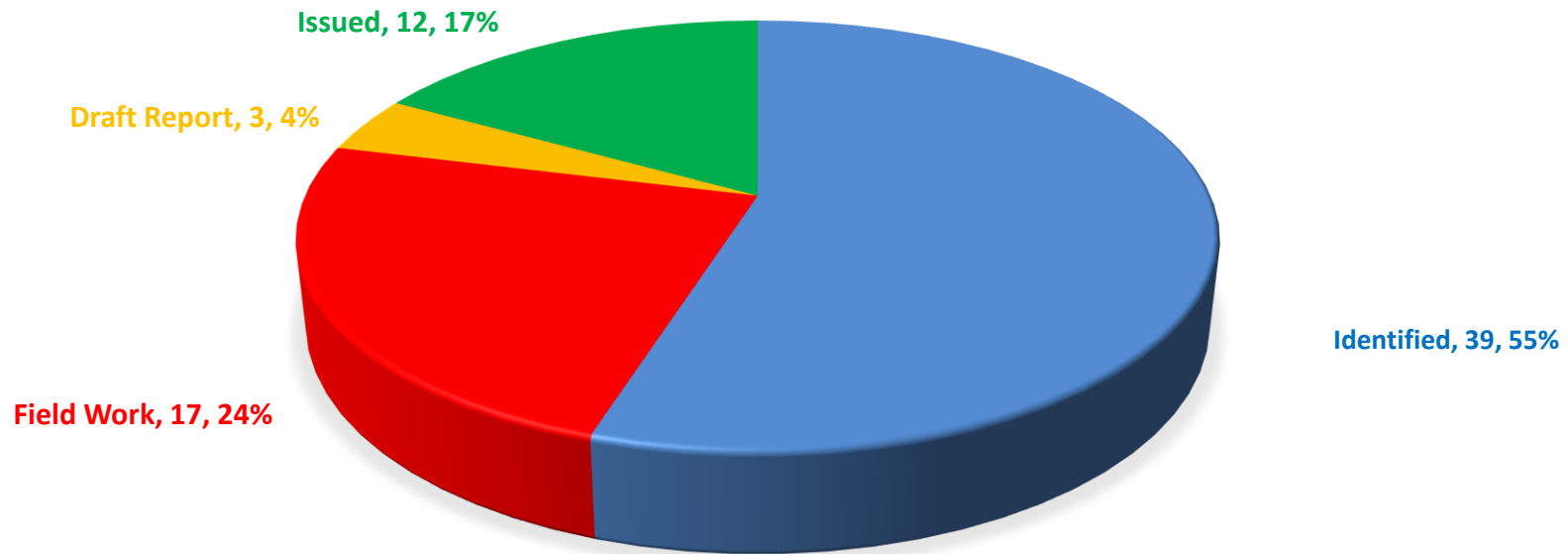
1. Introduction

This report includes the status against the 2023/24 internal audit plan for this reporting period (1st April to 11th September 2023). In summary 46% audits from the 2023/24 plan have been concluded or are in progress.

While there are currently no ‘no assurance’ reports or critical exceptions contained in this report for this reporting period. The report does contain the executive summary of the ‘no assurance’ Appointeeship report which was issued as part of the previous 2022/23 audit plan. Key areas of concern are identified on page 5 with the executive summary provided in Appendix 2.

All items completed since the last committee attendance are detailed at a summary level in this report. This includes, full audits, follow up work and grant work completed.

2. Audit Plan Progress as of 11th September 2023



There are a total of 71 reviews in the 2023/24 Audit Plan as of 11th September 2023.

To date, 45% of audits have been completed or are in progress as of 11th September. This represents 12 (17%) audits where the report has been finalised, 3 (4%) where the report is in draft and 17 (24%) audits currently in progress.

Status	Current Position
Identified	39
Fieldwork	17
Draft Report	3
Final Report	12
Total	71

3. Audit Plan Status/Changes

The Audit Plan has remained flexible to take into account emerging or escalating risk exposure. Since the last reporting period the following should be noted; **Additions, removals, and amendments to the 2023/24 Audit Plan:**

- Addition – Childcare Payments – added due to issues identified with payment processes.
- Addition – Recruitment and Budgeted Posts – added to plan due to concerns raised around integrity of data
- Addition – IT Skills Review – added to the plan due to outcome of CareDirector review.
- Addition – Acquisition of One Guildhall Square – added to plan due to concerns raised to Internal Audit by Directorate.
- Addition - Family Hub & Start for Life Capital S31 – added to plan to perform a grant verification.
- Removed – Adult Safeguarding – higher risks identified in other areas.
- Removed – Expenses, Travel & Subsistence – a process review for purchase cards was undertaken this financial year. In addition support is being provided by Internal Audit in relation to non-compliance with financial rules.
- Removed – Starters and Leavers – project is in its infancy stage and will be in a better position to review next year (part of government funding).
- Removed - IT Automation – transformation work is currently being carried out.

All the audits removed above will now be considered as part of the 2024/25 audit plan.

4. Areas of Concern

Appointeeship Audit

Three full audits (2018/19, 2020/21, and the current audit) and a fourth independent end to end process review (2021) as well as numerous follow up audits have all flagged multiple concerns regarding the administration of Appointeeship. While numerous actions have been taken, progress has been insufficient to mitigate risk exposure for the administration of Appointeeship. Significant resourcing issues have been experienced within the Client Monies Team over the last two years, equally there has been organisational changes that have also impacted service requirements and delivery.

In summary, 9 high risk exceptions have been raised and 2 medium risk exceptions remain open from the previous audit. These risks relate to processes and training, annual assessments, financial reviews, accuracy of payments, reconciliations, account balances, deceased accounts, emergency and extra payments, and record keeping. As stated, the exceptions raised mirror those raised in previous audits.

Since the issuing of the draft report a task and finish group has been established to determine and implement mitigating actions to resolve the current risk exposure, in addition, consideration is being given to the strategic direction of the service. However, in the interim the administration of appointeeships must follow the control framework whilst the strategic direction is being determined.

The executive summary of the report has been attached as an appendix.

5. Assurance Levels

Internal Audit reviews culminate in an opinion on the assurance that can be placed on the effectiveness of the framework of risk management, control and governance designed to support the achievement of management objectives for the area under review.

Assurance Level	Description / Examples
Assurance	<i>No issues or minor improvements noted within the audit but based on the testing conducted, assurance can be placed that the activity is of low risk to the Authority</i>
Reasonable Assurance	<i>Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority</i>
Limited Assurance	<i>Control weaknesses or risks were identified which pose a more significant risk to the Authority</i>
No Assurance	<i>Major individual issues identified or collectively a number of issues raised which could significantly impact the overall objectives of the activity that was subject to the Audit</i>
NAT	<i>No areas tested</i>

Audits rated No Assurance are specifically highlighted to the Governance Committee along with any Director's comments. The Committee is able to request any director attends a meeting to discuss the issues.

6. Exception Risk Ranking

The following table outline the exceptions raised in audit reports, reported in priority order and are broadly equivalent to those previously used.

Priority Level	Description
Low Risk (Improvement)	<i>Very low risk exceptions or recommendations that are classed as improvements that are intended to help the service fine tune its control framework or improve service effectiveness and efficiency. An example of an improvement recommendation would be making changes to a filing system to improve the quality of the management trail.</i>
Medium Risk	<i>These are control weaknesses that may expose the system function or process to a key risk but the likelihood of the risk occurring is low.</i>
High Risk	<i>Action needs to be taken to address significant control weaknesses but over a reasonable timeframe rather than immediately. These issues are not 'show stopping' but are still important to ensure that controls can be relied upon for the effective performance of the service or function. If not addressed, they can, over time, become critical. An example of an important exception would be the introduction of controls to detect and prevent fraud.</i>
Critical Risk	<i>Control weakness that could have a significant impact upon not only the system function or process objectives but also the achievement of the Council's objectives in relation to: The efficient and effective use of resources, The safeguarding of assets, The preparation of reliable financial and operational information, Compliance with laws and regulations and corrective action needs to be taken immediately.</i>

Any critical exceptions found the will be reported in their entirety to the Governance Committee along with Director's comments

7. 2023/24 Audits completed since the last reporting period

Contractual Dispute

Exceptions Raised

Critical	High	Medium	Low
0	3	0	0

Overall Assurance Level

Limited

Assurance Level by Scope Area

Achievement of Strategic Objectives	Limited
Compliance with Policies, Laws & Regulations	No Areas Tested
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	No Areas Tested
Reliability and Integrity of Data	No Areas Tested

The proposed contract variations were successful in resolving and drawing a line under the previous issues flagged and reasons for the dispute. However, this has resulted in increased risk for the Authority due to the nature of the new agreement. Financially the Authority has also taken on more risk by increasing the annual contractual cost, it was intended that these increases would be offset by greater occupancy rates. This was not occurring at the beginning of June 2023 when testing was completed and therefore SCC are not achieving the financial benefits envisioned when the decision was made to green light the variation.

CareDirector

Exceptions Raised

Critical	High	Medium	Low
0	4	1	0

Overall Assurance Level

Limited

Actions should be implementation by December 2023

Assurance Level by Scope Area

Achievement of Strategic Objectives	Assurance
Compliance with Policies, Laws & Regulations	No Areas Tested
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	Limited
Reliability and Integrity of Data	No Areas Tested

The first high risk exception was raised in relation to mandatory fields not being set to 'system enforced' and the design decision to include a significant amount of custom JavaScript for Adults forms raising business continuity concerns. The second high risk relates to the high volume of vendor-initiated changes that require SCC support, missing information in vendor release notes and the change process not being managed robustly. The third high risk covers capacity and the need for appropriate onboarding' of technical staff. The final (fourth) high risk relates to a historic and ongoing issue with training take-up at the onset of Care Director. The medium risk covers the current level of governance creating a high overhead on senior staff.

Compliance with Grant Conditions (Public Health)
Exceptions Raised

Critical	High	Medium	Low
0	0	1	0

Overall Assurance Level

Reasonable

Actions should be implementation by December 2023

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	Assurance
Safeguarding of Assets	Assurance
Effectiveness and Efficiency of Operations	Reasonable
Reliability and Integrity of Data	Assurance

A medium risk exception was raised in relation to funds allocated to services outside of the core Public Health functions being difficult to monitor from both an outcome monitoring and financial aspect.

Home to School Transport Budgetary Issues
Exceptions Raised

Critical	High	Medium	Low
0	0	0	0

Overall Assurance Level

Limited

Assurance Level by Scope Area

Achievement of Strategic Objectives	Limited
Compliance with Policies, Laws & Regulations	No Areas Tested
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	No Areas Tested
Reliability and Integrity of Data	No Areas Tested

The significant variance against the Home to School budget in 2022/23 came about due to the need to procure routes that expired in September 2022. Due to the system being set up without inflationary rises rather than the price incrementally rising the prices rose significantly in one go. This information was available and known but a lack of communication between the different teams led to it not being factored into the budget and forecasting.

Steps have been taken to address this with the 2023/24 forecast having uplifts built in for re procurement as well as a rise in the number of routes. This will further be strengthened when reporting from the system will show exactly how many routes need to be re procured and when. Information relating to new starters, school movers and routes which require a Passenger Assistant must be provided as early as possible to further strengthen the accuracy of the forecasting model. No additional recommendations have been made beyond those recognised and already enacted by the relevant services.

IT Assets
Exceptions Raised

Critical	High	Medium	Low
0	1	2	0

Overall Assurance Level

Reasonable

Actions should be implementation by December 2023

Assurance Level by Scope Area

Achievement of Strategic Objectives	Assurance
Compliance with Policies, Laws & Regulations	No Areas Tested
Safeguarding of Assets	Reasonable
Effectiveness and Efficiency of Operations	Reasonable
Reliability and Integrity of Data	No Areas Tested

The first high risk exception was raised in relation to a lack of security expectations being explained to end users when they collect new devices. The first medium risk exception was raised in relation to 57/4,668 end user devices being unaccounted for and a lack of documented process notes on the validation process. The final medium risk was raised in relation to 2/20 assets listed as 'in stock' not having a corresponding service desk call/log of the devices return.

Purchase Cards
Exceptions Raised

Critical	High	Medium	Low
0	4	2	0

Overall Assurance Level

Limited

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	Limited
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	No Areas Tested
Reliability and Integrity of Data	No Areas Tested

A process review of Purchase cards was conducted, no substantive testing on the effectiveness of controls was conducted as part of this review. The review focused on the current Purchase Cards workflow and highlighted residual control gaps, (following extensive work by finance colleagues) and subsequently provided additional recommendations. The control gap's highlighted were in relation to the lack of a control mechanism to ensure budget holder authorisation is a mandatory check, the handover in administrative requirements not mirroring current skills set and resources, no process in place to ensure cardholders are not spending over £50 (essential spend), no control mechanism to ensure that narrative details are being entered as part of the cardholder's administrative duties, the lack of control in relation to hotel bookings (which is moving to a Travel Booking System) and no mechanism in place to ensure that cardholders are signing each transaction with acknowledgement that they have complete the purchases card training and have read the policy.

Partnership for South Hampshire (PFSH)
Exceptions Raised

Critical	High	Medium	Low
0	0	0	0

Overall Assurance Level

Assurance

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	Assurance
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	Assurance

The Partnership for South Hampshire (PFSH) is required to publish a statement of accounts on an annual basis. Southampton City Council is the Accountable Body for PFSH and as such, a review of the PFSH accounts formed part of Southampton City Council's Audit Plan 2023/24. A copy of the draft Statement of Accounts, supporting source documentation and transactional data was provided by the Finance Business Partner on 2nd May 2023. All testing for the audit was undertaken using these documents. Overall, based on testing conducted, there is an adequate financial system and controls in place for the administration of the PFSH accounts.

Schools Financial Value Standard (SFVS)
Exceptions Raised

Critical	High	Medium	Low
0	0	2	0

Overall Assurance Level

Reasonable

Actions have been implementation by June 2023

Assurance Level by Scope Area

Achievement of Strategic Objectives	No Areas Tested
Compliance with Policies, Laws & Regulations	No Areas Tested
Safeguarding of Assets	No Areas Tested
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	Reasonable

5 out of 42 schools were selected for testing to support the s151 Officers statement signing by evidencing the responses given in the SFVS self-assessment returns. For the 2022/23 SFVS checklist there were 30 questions with 6 being reviewed, the identified concerns with insufficient evidence for 2 schools with one being unable to provide sufficient evidence for all answers and another being unable to provide evidence for 1/5 questions tested. The second medium risk related to 6/41 submissions not having been signed off by their Chair of Governors.

List of Completed Grant

Grant Outcomes:	Assurance/Certified
1. Local Transport Capital Block Funding	

8. 2023/24 Follow-up Audits completed since the last reporting period

Agency & Temps

Original Exceptions Raised

Critical	High	Medium	Low
0	1	1	0

Latest implementation date
 scheduled was September 2022
 Revised date: August 2023

Original Assurance Level

Reasonable

Follow Up Assurance

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	0	1 (High)	1 (Medium)	0	0	0

Follow up testing was able to close the medium risk exception. The high risk exception identified that agreed actions had been implemented but they were not effective enough to close the exception. This is due to a review of 25 agency workers where compliance documentation was absent, i.e., there were no references attached for 56% of the sample and 12% did not have a DBS number reference as required.

Child Protection Planning

Original Exceptions Raised

Critical	High	Medium	Low
0	2	1	0

Latest implementation date
 scheduled was July 2022
 Revised date: September 2023

Original Assurance Level

Limited

Follow Up Assurance Level

Limited

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
0	0	2 (High) 1 (Medium)	0	3 (High)	0	0	0

Follow up testing was able to close 3 high risk exceptions. The first high risk remained in progress as testing of 5 cases identified that the Initial Child Protection Conference (ICPC) had not been held within 15 working days of the strategy meeting in 3/5 cases. The second high risk remained in progress as 3/5 Initial Core Group meetings were not held within 10 working days of the ICPC. The medium risk remains in progress as testing of 5 cases identified that 1/5 cases did not undertake a review conference within 3 months of the ICPC and 1/5 subsequent review meeting was overdue at the time of testing.

School Budget Deficits

Original Exceptions Raised

Critical	High	Medium	Low
0	1	0	0

Latest implementation date scheduled was July 2022
Revised date: July 2023

Original Assurance Level

Reasonable

Follow Up Assurance

Reasonable

Follow Up Action

Open	Pending	In Progress	Implemented but Not Effective	Closed: Verified	Closed: Not Verified	Closed: Management Accepts Risks	Closed: No Longer Applicable
	0	0	0	1 (High)	0	0	0

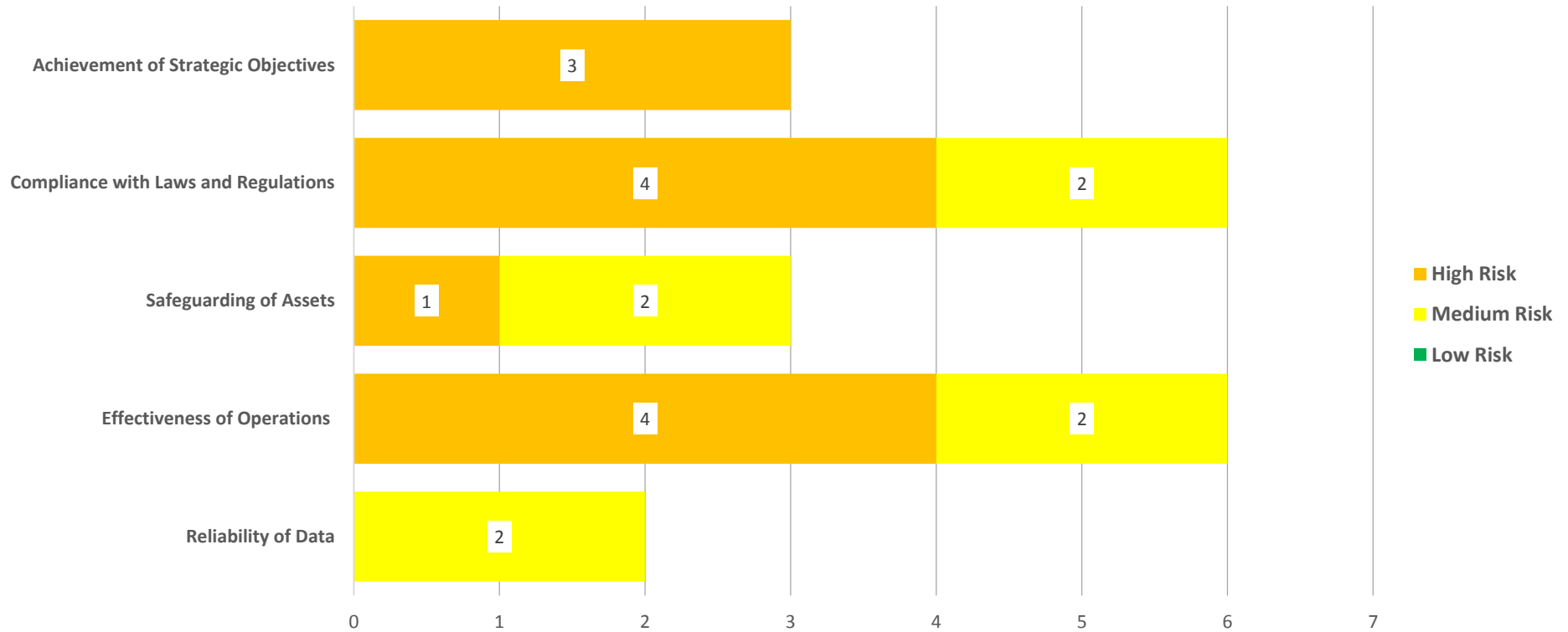
Follow up testing was able to close the remaining high risk exception. The second follow-up has been conducted which confirmed that reasonable actions are taken to address schools in budget deficit, by finance and education colleagues. Despite these actions a number of schools remain in deficit. The exception is closed with the expectation that steps available to manage risk exposure will continue, as part of normal good financial management; however, the overall assurance level will remain at 'reasonable' due to the risk exposure presented for the authority.

9. Follow-up Action Categorisation

The following table outlines the follow up categories used to describe the outcome of follow up testing completed.

Follow Up Categories	Description
Open	<i>No action has been taken on agreed action.</i>
Pending	<i>Actions cannot be taken at the current time but steps have been taken to prepare.</i>
In Progress	<i>Progress has been made on the agreed action however they have not been completed.</i>
Implemented but not Effective	<i>Agreed action implemented but not effective in mitigating the risk.</i>
Closed: <i>Verified</i>	<i>Agreed action implemented and risk mitigated, verified by follow up testing.</i>
Closed: <i>Not Verified</i>	<i>Client has stated action has been completed but unable to verify via testing.</i>
Closed: <i>Management Accepts Risk</i>	<i>Management has accepted the risk highlighted from the exception.</i>
Closed: <i>No Longer Applicable</i>	<i>Risk exposure no longer applicable.</i>

10. Exception Analysis to Date



	Achievement of Strategic Objectives	Compliance	Effectiveness of Operations	Reliability & Integrity	Safeguarding of Assets	Total
Critical Risk						
High Risk	3	4	4		1	12
Medium Risk		2	2	2	2	8
Low Risk - Improvement						0
Grand Total	3	6	6	2	3	20

Agenda Item 10

Appendix 1

DECISION-MAKER:	GOVERNANCE COMMITTEE
SUBJECT:	INTERNAL AUDIT PROGRESS REPORT 2023-24
DATE OF DECISION:	2nd October 2023
REPORT OF:	CHIEF INTERNAL AUDITOR

<u>CONTACT DETAILS</u>			
Executive Director	Title	CORPORATE SERVICES	
	Name:	Mel Creighton	Tel: 023 8083 3528
	E-mail	Mel.Creighton @southampton.gov.uk	
Author:	Title	CHIEF INTERNAL AUDITOR	
	Name:	Elizabeth Goodwin	Tel: 023 8083 4616
	E-mail	Elizabeth.Goodwin@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY
N/A
BRIEF SUMMARY
<p>The Public Sector Internal Audit Standards 2017 (PSIAS), requires the Chief Internal Auditor (CIA) to provide periodical updates to the Governance Committee on:</p> <ul style="list-style-type: none">• Progress made against the agreed annual audit plan.• Results of audit activities and• Management’s response to risk that in the CIA’s judgement maybe unacceptable to the Authority <p>All other PSIAS requirements are communicated in either the charter or annual audit opinion, which are reported separately to this committee at various times throughout the year.</p> <p>There are a total of 71 audit reviews in the revised plan for 2023/24. To date, 45% of audits have been completed or are in progress as of 11th September. This represents 12 (17%) audits where the report has been finalised, 3 (4%) where the report is in draft and 17 (24%) audits currently in progress.</p> <p>While there are currently no ‘no assurance’ reports or critical exceptions contained in this report for this reporting period. Appendix 2 does contain the executive summary of the ‘no assurance’ Appointeeship report which was issued as part of the previous 2022/23 audit plan.</p> <p>Internal Audit progress for the period 1st April to 11th September 2023 is covered in the report attached as Appendix 1</p>

RECOMMENDATIONS:	
(i)	That the Governance Committee notes the Internal Audit Progress report for the period 1 st April to 11 th September 2023.
REASONS FOR REPORT RECOMMENDATIONS	
1.	In accordance with the Public Sector Internal Audit Standards the Chief Internal Auditor is required to provide an update on progress against the annual audit plan to the Governance Committee for information.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
	None
DETAIL (Including consultation carried out)	
	As above
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
	None
<u>Property/Other</u>	
	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
	The Accounts and Audit (England) Regulations 2015 state 'a relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Auditing Standards.
<u>Other Legal Implications:</u>	
	None
RISK MANAGEMENT IMPLICATIONS	
	The report is for note only, there is no decision to be made.
POLICY FRAMEWORK IMPLICATIONS	
	None

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	No
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Internal Audit Progress Report for the period 1 st April to 11 th September 2023.
2.	Summary for 'No Assurance' Appointeeship Audit.
Documents In Members' Rooms	
1.	None

Equality Impact Assessment		
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.		No
Data Protection Impact Assessment		
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		No
Other Background Documents		
Other Background documents available for inspection at:		
Title of Background Paper(s): None	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)	
1.		
2.		

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Appointeeship			
Original Exceptions Raised			Assurance Level
Critical	High	Medium	Low
0	9	2	0
No Assurance			
1	High	Procedures and Training Testing identified numerous concerns as to whether responsibility for numerous tasks sat with the Client Monies Team or Adult Social Care. These tasks included property viewing, personal independence payment reviews, Motability reviews and welfare calls.	
2	High	Annual Assessments A review of 10 resident's records identified 3/10 clients had not had their care/support plans reviewed within the last year. Furthermore, 6/10 did not have a care manager or support worker assigned to them	
3	High	Financial Reviews A review of 10 resident's records identified only 2/10 reviews had been completed within the last year. 5/10 had been started but not concluded.	
4	High	Accuracy of Payments A reconciliation between the client information spreadsheets, recent financial reviews and notes held on file were compared with a transaction report which highlighted payments do not always reflect the information on file.	
5	High	Reconciliation Testing established that regular reconciliations of client accounts are not carried out.	
6	High	Account Balances/Deputyship Testing identified that 23 client balances in excess of the £23,5000 threshold to reclaim funds. A discussion with a SCC Solicitor also confirmed that the £23,5000 was too high and should be amended to £16,000.	
7	High	Deceased Accounts Testing identified 14 deceased accounts which had a total balance of £132,131.73.	
8	High	Extra and Emergency Payments Testing identified 2/10 emergency/extra payments did not have a completed emergency form request form or receipt.	
9	High	Record Keeping Testing identified from a review of 10 client folders and CareDirector records, all 10 were missing at least 1 key document. These included a Mental Capacity Assessment (1/10), pre-paid card application (1/10) BF57 forms (6/10) or debt repayment plans (4/10)	
10	Medium	Charging Policy Testing identified an Appointeeship charging policy is still not in place.	In Progress
11	Medium	Agency Clients Testing identified 12 agency clients which were awaiting a review.	In Progress

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DECISION-MAKER:		GOVERNANCE COMMITTEE	
SUBJECT:		Quarterly Human Resources (HR) Statistics	
DATE OF DECISION:		2 nd October 2023	
REPORT OF:		Head of Human Resources and Organisational Development	
<u>CONTACT DETAILS</u>			
AUTHOR:	Name:	Chris Bishop	Tel:
	E-mail:	Christopher.bishop@southampton.gov.uk	
Director of Governance, Legal and HR	Name:	Richard Ivory	Tel:
	E-mail:	richard.ivory@southampton.gov.uk	

STATEMENT OF CONFIDENTIALITY	
None.	
BRIEF SUMMARY	
The Governance Committee requested council wide information on key employment data covering disciplinaries, dismissals, suspensions and grievances.	
RECOMMENDATIONS:	
(i)	To note the latest HR statistics for Quarter 2 2023/4.
REASONS FOR REPORT RECOMMENDATIONS	
1.	As requested by the Governance Committee.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
2.	N/A
DETAIL (Including consultation carried out)	
3.	<p>Quarter 2, July 2023 – September 2023: In this period the Council had a total of 13 dismissals:</p> <ul style="list-style-type: none"> • 1 on disciplinary grounds • 2 for end of fixed term contracts • 3 as a result of service restructures • 4 for sickness absence • 3 for ill health retirements <p>There were also 2 suspensions.</p> <p>It's also worth noting that 16 additional dismissals have taken place as part of the recent Voluntary Redundancy (VR) exercise across the organisation,</p>

	with the remaining employees who had VR accepted, leaving over the coming months.
4.	Overall sickness levels for the council showed an average 8.94 days per employee. The sector “average” is 8 days. Short term absence accounts for 45% of the overall absence, whilst long term sickness accounts for 55%.
5.	The HR team provide managers with monthly absence data and detail, proactive support and identify and address “hot spots” and underlying issues against which to target interventions, including information, support, occupational health appointments, phased return and in some cases as a last resort, dismissal.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
6.	None
<u>Property/Other</u>	
7.	None
LEGAL IMPLICATIONS	
<u>Statutory power to undertake proposals in the report:</u>	
8.	Section 1 Localism Act 2011 and Section 111 Local Government Act 1972
<u>Other Legal Implications:</u>	
9.	None
RISK MANAGEMENT IMPLICATIONS	
10.	None
POLICY FRAMEWORK IMPLICATIONS	
11.	None

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Attendance HR Dashboard PDF
Documents In Members’ Rooms	
1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out	No
Data Protection Impact Assessment	

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.		No
Other Background Documents Other Background documents available for inspection at:		
Title of Background Paper(s)		Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None	

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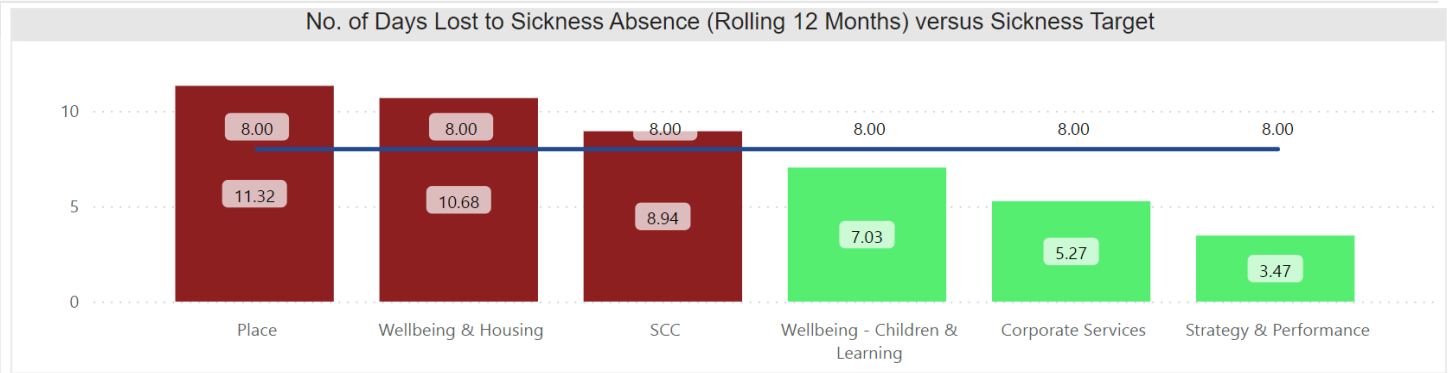


Sickness Absence (September 2022 - August 2023)



Use this to filter the report
SCC

Use the filter to select the team(s) you wish to see data for. To see more than one team at a time, hold CTRL and click the team name.

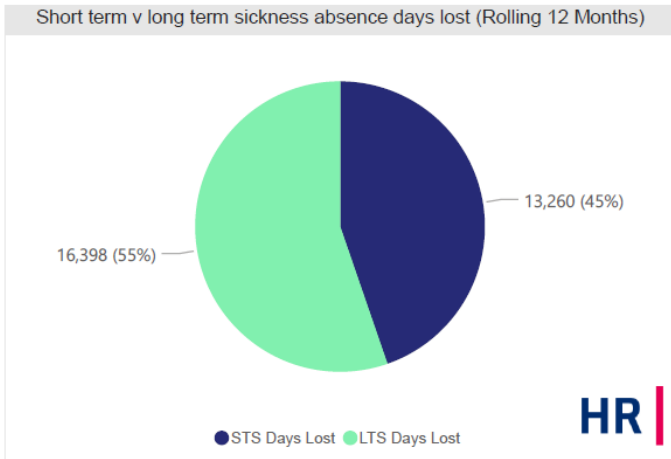
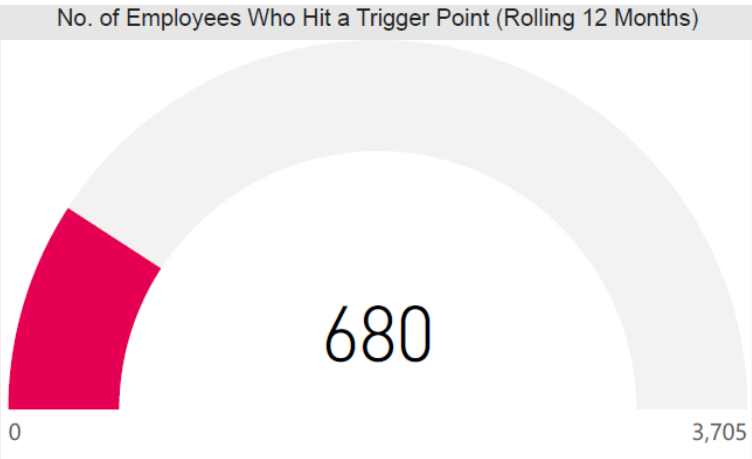


Quick Links

If you or your teams need a refresher on how to input sickness in BW - [Business World guidance - unplanned absence \(sickness\) \(southampton.gov.uk\)](#)

Please remember the data is reliant on absence information being input in a timely manner on BW

Please note, if an employee on LTS returns after payroll cut off it will be amended in the next month & reflected in the following month's data



HR | workforce data and systems



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