

# Public Document Pack



Monitoring Officer  
**Christopher Potter**

County Hall, Newport, Isle of Wight PO30 1UD  
Telephone (01983) 821000

## Agenda

Name of meeting	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
Date	<b>MONDAY 31 JULY 2023</b>
Time	<b>10.00 AM</b>
Venue	<b>COUNCIL CHAMBER, COUNTY HALL, ISLE OF WIGHT</b>
Members of the committee	Cllrs A Garratt (Chairman), V Churchman (Vice-Chairman), C Critchison, C Jarman, K Lucioni, G Peace and R Redrup
	Democratic Services Officer: Megan Tuckwell democratic.services@iow.gov.uk

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### 1. **Apologies and Changes in Membership (If Any)**

To note any changes in membership of the Committee made in accordance with Part 4B paragraph 5 of the Constitution.

### 2. **Minutes** (Pages 5 - 10)

To confirm as a true record the Minutes of the meeting held on 20 March 2023.

### 3. **Declarations of Interest**

To invite councillors to declare any interest they might have in the matters on the agenda.

### 4. **Public Question Time - 15 Minutes Maximum**

Questions may be asked without notice, but to guarantee a full reply at the meeting a question must be put (including the name and address of the questioner) in writing or by email to [democratic.services@iow.gov.uk](mailto:democratic.services@iow.gov.uk), no later than two clear working days before the start of the meeting. Therefore, the deadline for written questions will be Wednesday, 26 July 2023.



Details of this and other Council committee meetings can be viewed on the Council's Committee [website](#). This information may be available in alternative formats on request. Please note the meeting will be audio recorded and the recording will be placed on the website (except any part of the meeting from which the press and public are excluded). Young people are welcome to attend however parents/carers should be aware that the public gallery is not a supervised area.

5. **Reports of the External Auditor, Ernst and Young**  
To receive a verbal update on the progress with the reports of the External Auditors in relation to the Isle of Wight Council and the Isle of Wight Pension Fund.
6. **Internal Audit Annual Report** (Pages 11 - 36)  
To receive and note the report of the Chief Internal Auditor.
7. **Internal Audit Progress Report** (Pages 37 - 62)  
To receive and note the report of the Chief Internal Auditor.
8. **Property Investment Portfolio Annual Report** (Pages 63 - 72)  
To receive and note the report of the Director of Regeneration.
9. **Treasury Management Annual Report** (Pages 73 - 90)  
To receive and note the report of the Director of Finance.
10. **Procurement Half-Yearly Report** (Pages 91 - 126)  
To receive and note the report of the Director of Corporate Services.
11. **The Council's Risk Profile** (Pages 127 - 154)  
To receive and approve the report of the Director of Corporate Services.
12. **Review of the Constitution**  
To consider a verbal update from the Chairman.
13. **Partnership Arrangements** (Pages 155 - 182)  
To receive and consider a copy of the report presented to the Corporate Scrutiny Committee on 6 June 2023.

14. **Motion referred from Full Council**

To consider the motion by Cllr G Brodie as agreed at the meeting of the Full Council on 19 July 2023, as follows:

*Full Council agreed to establish a politically proportionate 'Future Governance Working Group' to make recommendations to Full Council January 2024 via the Audit and Governance Committee regarding moving to a Committee system of governance (including the future Committee structure, decision-making powers, etc.). The intention being to recommend for approval a formal resolution to that meeting to bring about such a change in governance with effect on and from the Annual Council 2024.*

*The Future Governance Working Group shall consist of ten councillors, namely any 3 councillors from the Alliance Group, any 4 councillors from the Conservative Group, any 1 councillor from the Empowering Islanders Group, any 1 councillor from the Liberal Democrat Group, and any 1 non-aligned councillor, plus staff support.*

*Its terms of reference are to develop a new Committee system of governance for the Isle of Wight Council and to make recommendations for its implementation to Full Council. In so doing, the Future Governance Working Group shall, amongst other things, consider how other local authorities have made a transition back to the Committee system of governance model and what lessons can be learnt from that experience, and shall consider examples of best practice, to inform those recommendations.*

15. **Workplan** (Pages 183 - 184)

To consider and note the committee's workplan.

16. **Members' Question Time**

A question must be submitted in writing or by email to Democratic Services [democratic.services@iow.gov.uk](mailto:democratic.services@iow.gov.uk) no later than 10am, Thursday 27 July 2023.

CHRISTOPHER POTTER  
Monitoring Officer  
Friday, 21 July 2023

## **Interests**

If there is a matter on this agenda which may relate to an interest you or your partner or spouse has or one you have disclosed in your register of interests, you must declare your interest before the matter is discussed or when your interest becomes apparent. If the matter relates to an interest in your register of pecuniary interests then you must take no part in its consideration and you must leave the room for that item. Should you wish to participate as a member of the public to express your views where public speaking is allowed under the Council's normal procedures, then you will need to seek a dispensation to do so. Dispensations are considered by the Monitoring Officer following the submission of a written request. Dispensations may take up to 2 weeks to be granted.

Members are reminded that it is a requirement of the Code of Conduct that they should also keep their written Register of Interests up to date. Any changes to the interests recorded on that form should be made as soon as reasonably practicable, and within 28 days of the change. A change would be necessary if, for example, your employment changes, you move house or acquire any new property or land.

If you require more guidance on the Code of Conduct or are unsure whether you need to record an interest on the written register you should take advice from the Monitoring Officer – Christopher Potter on (01983) 821000, email [Christopher.potter@iow.gov.uk](mailto:Christopher.potter@iow.gov.uk), or Deputy Monitoring Officer - Justin Thorne on (01983) 821000, email [justin.thorne@iow.gov.uk](mailto:justin.thorne@iow.gov.uk).

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Please note that all meetings that are open to the public and press may be filmed or recorded and/or commented on online by the council or any member of the public or press. However, this activity must not disrupt the meeting, and if it does you will be asked to stop and possibly to leave the meeting. This meeting may also be filmed for live and subsequent broadcast (except any part of the meeting from which the press and public are excluded).

If you wish to record, film or photograph the council meeting or if you believe that being filmed or recorded would pose a risk to the safety of you or others then please speak with the democratic services officer prior to that start of the meeting. Their contact details are on the agenda papers.

If the press and public are excluded for part of a meeting because confidential or exempt information is likely to be disclosed, there is no right to record that part of the meeting. All recording and filming equipment must be removed from the meeting room when the public and press are excluded.

If you require further information please see the council guide to reporting on council meetings which can be found at <http://www.iwight.com/documentlibrary/view/recording-of-proceedings-guidance-note>

All information that is recorded by the council is held in accordance with the Data Protection Act 2018. For further information please contact Democratic Services at [democratic.services@iow.gov.uk](mailto:democratic.services@iow.gov.uk)



## Minutes

Name of meeting	<b>AUDIT COMMITTEE</b>
Date and Time	<b>MONDAY 20 MARCH 2023 COMMENCING AT 10.00 AM</b>
Venue	<b>COUNCIL CHAMBER, COUNTY HALL, ISLE OF WIGHT</b>
Present	Cllrs A Garratt (Chairman), M Lilley (Vice-Chairman), V Churchman, K Lucioni, G Peace and R Redrup
Also Present	Sharon Betts, Emma Bruce, Jo Cooke, Debbie Downer, Elizabeth Goodwin, Kerry Hubbleday, Dawn Lang, Geraint Newton, Jo Thistlewood and Megan Tuckwell
	Jason Jones, Helen Thompson and Marco Buys (Ernst and Young)
Also Present (Virtual)	Wendy Perera, Cllr C Jarman

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### 40. **Apologies and Changes in Membership (If Any)**

Cllr Vanessa Churchman was welcomed as a new member of the committee filling the seat previously held by Cllr Matthew Price.

### 41. **Minutes**

RESOLVED:

THAT the minutes of the meeting held on 28 November 2022 be confirmed as a true record.

### 42. **Declarations of Interest**

No declarations were received.

### 43. **Public Question Time - 15 Minutes Maximum**

No public questions were received.

### 44. **Reports of the External Auditor, Ernst and Young**

#### 44a **Audit Results Report - Isle of Wight Council**

The External Auditors presented the Isle of Wight Council's audit results report for the year ended 31 March 2022, and staff were thanked for their work in assisting with the completion of the external audit. Attention was drawn to the key areas of focus for the audit, progress, and the timeline to issue the final opinion. Questions were raised around infrastructure assets and it was clarified that this related to

roads, footpaths, and coastal protection works. Discussion took place regarding the potential impact on staffing resources arising from the auditors' recommendation that the council should develop more granular accounting records in relation to infrastructure assets.

RESOLVED:

THAT the Isle of Wight Council's audit results report for the year ended 31 March 2022 be received and noted.

#### 44b **Audit Results Report - Isle of Wight Pension Fund**

Cllr Michael Lilley declared an interest as a member of the Local Pension Board. It was noted that Cllr Garratt and Cllr Churchman were members of the Isle of Wight Pension Fund Committee.

The External Auditors presented the Isle of Wight Pension Fund's audit results report for the year ended 31 March 2022, and staff were thanked for their work in assisting with the completion of the external audit. Questions were raised in relation to global banking turmoil and the potential impact this could have on the fund's investment assets, and it was confirmed that fund had no direct exposure to Silicon Valley Bank or Credit Suisse. It was confirmed that the final signed version would be circulated to the committee (subject to any material changes) and the results would be summarised in the external auditors' annual report, due for presentation to the committee at its next meeting in July 2023.

RESOLVED:

THAT the Isle of Wight Pension Fund's audit results report for the year ended 31 March 2022 be received and noted.

#### 45. **Approval of the Final Statement of Accounts 2021-22**

The Strategic Manager of Corporate and Technical Finance presented the report which sought the committee's approval of the council's statement of accounts for 2021-22 (following the completion of the external audit process) and to delegate authority to the chairman and the Director of Finance and Section 151 Officer to make any final changes necessary as a result of the final conclusion of the audit process. It was confirmed that the Director of Finance and Section 151 Officer was satisfied that the statement of accounts presented a true and fair view of the financial position of the Council as at 31 March 2022. Clarification was raised in relation to public engagement. It was suggested that the red strategic risk ratings for 2021/22 (contained within the narrative report) be monitored and be added to the committees workplan.

RESOLVED:

- i) THAT the Statement of Accounts 2021-22 be approved, and the chairman be authorised to sign and date the Statement of Accounts.
- ii) THAT the chairman of the Audit Committee and the Director of Finance and Section 151 Officer be given delegated authority to make any final changes necessary as a result of the final conclusion of the audit process.

**46. Annual Governance Statement 2021-22**

The Strategic Manager for Organisational Intelligence presented the report which had been considered by the committee (and agreed in principle) at its meeting in July 2022, at which time it could not be formally signed-off pending the ongoing external audit. It was confirmed that the content of the report remained unchanged, and the committee were asked to approve the statement in readiness for signing-off, publication, and submission with the annual accounts for 2021-22. The committee noted that future reporting should use terminology inclusive of town, parish, and community councils.

RESOLVED:

THAT the content of the Annual Governance Statement 2021-22 be agreed and confirmed as the final version for publication.

**47. Internal Audit Progress Report**

The Chief Internal Auditor presented to the internal audit progress report. Discussion took place around document accessibility and the demonstration of value-for-money. Concerns were raised regarding the suspension of audits from the schedule, in particular that of deprivation of liberty (DoLS). It was agreed that the narrative and terminology used in future reporting would be amended to provide further clarity and it was suggested that DoLS be monitored and be added to the committees workplan.

RESOLVED:

THAT the report be received and noted.

**48. Internal Audit Plan 2023-24**

The Chief Internal Auditor presented the 2023/24 Internal Audit Plan for review and approval. The committee noted the proposed audits, in particular public health outcomes and Venture Quays. Concerns were raised regarding the value-for-money for procurement waivers for looked after children and it was suggested that this matter be discussed with the chairman of the Policy and Scrutiny Committee for Children's Services, Education and Skills.

RESOLVED:

THAT the 2023/24 Internal Audit Plan be approved.

**49. Anti-Money Laundering Policy**

Consideration was given to the revised policy which would ensure that the council had fit-for-purpose arrangements to prevent money laundering. The Chief Internal Auditor advised that the policy had been revised to respond to regulatory changes and to align with those in place at Portsmouth and Southampton councils. The committee were asked to note a monetary correction to the report which confirmed that all payments to the council accepted in cash that exceed £10,000 should be

reported to the Chief Internal Auditor. No comments or questions were raised, and the report was proposed for approval.

RESOLVED:

THAT the revised Anti-Money Laundering Policy be approved.

**50. Treasury Management Strategy**

Consideration was given to the Treasury Management Strategy Statement for 2023/24. Questions were raised in relation to investment projections and the external auditors agreed to circulate a copy of their quarterly economic forecast report to provide a detailed economic analysis and forecast of economic activity for the period ahead. Following discussion, the Pension Fund and Treasury Management Accountant was thanked, and the report was proposed for adoption.

RESOLVED:

THAT the Treasury Management Strategy for 2023/24 be adopted.

**51. Treasury Management Report Q3 2022-23**

Consideration was given to the report on treasury management policies, practices, and activities for the quarter ended 31 December 2022. Clarification was provided on interest rates and short- and long-term borrowing. Questions were raised around the number of shared ownership properties (referenced in the non-treasury investments section of the report) and the Assistant Director of Finance agreed to provide additional details on this.

RESOLVED:

THAT the report be received and noted.

**52. The Council's Risk Profile**

The Strategic Manager for Organisation Intelligence presented the report which summarised the current position with regard to the council's strategic risks. Attention was drawn to the two new strategic risks on the cost-of-living crisis and coastal defences, and it was advised that the format of reporting would be reviewed going forward. The committee noted that two business continuity plans (due to be updated by February 2023) remained outstanding, and it was agreed that this would be followed up. The chairman advised that he would be attending a meeting of the Corporate Management Team to observe how the risk register was used in practice.

RESOLVED:

THAT the report be noted, and the strategic risks of the council as set out in Appendix 1 of the report be approved.

**53. Chairman's Annual Report**

The chairman presented his annual report which assessed the performance of the committee, how it had complied with the CIPFA position statement, and discharged



its responsibilities. Comments were made with regards to committee membership (including the recruitment of a co-opted independent expert) and discussion took place regarding best practice, peer reviews, and learning from neighbouring councils.

RESOLVED:

THAT the report be received and noted.

54. **Review of the Constitution**

The chairman provided a verbal update on progress with the review of the constitution and advised that work was underway. It was noted that the element of the review following the outcome of the LGA peer review of the Planning service was progressing. It was proposed that the committee be renamed to the Audit and Governance Committee from May 2023, subject to agreement by Full Council, to encompass the scope of the committee's work more accurately.

RESOLVED:

THAT the committee recommends to Full Council that the Audit Committee be renamed to the Audit and Governance Committee.

55. **Workplan**

Consideration was given to the Committees workplan for 2022-24. No comments or questions were raised at this stage and the workplan was noted. It was noted that an informal meeting of the committee may be convened ahead of the next meeting in July 2023.

RESOLVED:

THAT the workplan be noted.

56. **Members' Question Time**

Cllr Redrup asked a question in relation to mainland and overseas placements for looked after children.

CHAIRMAN

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## Committee Report

Committee	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
Date	<b>31 JULY 2023</b>
Title	<b>INTERNAL AUDIT ANNUAL REPORT</b>
Report of	<b>CHIEF INTERNAL AUDITOR</b>

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### EXECUTIVE SUMMARY

1. The Internal Audit Annual Report and Opinion for 2022/23 is attached as Appendix 1. The purpose of this reporting is to inform the council's Annual Governance Statement (AGS) and provide the committee with the necessary information to satisfy their remit, as set out in the committee's terms of reference in the constitution.
2. The work to inform the annual report and opinion undertaken has been performed in accordance with the agreed Internal Audit Plan for 2022/23. The results of the work performed allow an opinion to be given as to the adequacy and effectiveness of governance, risk management and control. In giving this opinion, it should be noted that assurance can never be absolute. The most that Internal Audit can provide is reasonable assurance that there are no major weaknesses in the system of internal control.
3. The committee is asked to note the report, seeking any clarifications necessary to satisfy their remit.

### RECOMMENDATION

- |  |
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| 4. That the report of internal audit be noted. |
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### BACKGROUND

5. The Annual Report and Opinion for 2021/22 was presented to Audit Committee in July 2022. During the course of 2022/23 periodic reporting has been provided to Audit & Governance Committee, regarding progress with and high-level conclusions from the 2022/23 programme of reviews.

### CORPORATE PRIORITIES AND STRATEGIC CONTEXT

6. Internal Audit is a statutory function, responsible for providing independent assurance over all areas of the council.

### Responding to climate change and enhancing the biosphere

7. There are no direct impacts within this report that will affect this corporate priority.

### Economic Recovery and Reducing Poverty

8. There are no direct impacts within this report that will affect this corporate priority.

### Impact on Young People and Future Generations

9. There are no direct impacts within this report that will affect this corporate priority.

### Corporate Aims

10. Supports the Corporate Plan core value of being “fair and transparent”.

## CONSULTATION

11. Consultation takes place with the senior management team, both to inform the content of the annual Internal Audit programme of reviews and in year, to ensure that the work of Internal Audit is continuously aligned with the need of the council. Consultation also takes place with relevant managers for individual reviews, both to inform review scope and to confirm the accuracy of audit findings.

## FINANCIAL / BUDGET IMPLICATIONS

12. There are no direct financial implications, audits are carried out within the approved budget.

## LEGAL IMPLICATIONS

13. The council has an obligation under Regulation 5 of the Account and Audit Regulations 2015 to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

## EQUALITY AND DIVERSITY

14. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. It is considered that there are no direct equality and diversity implications of this report for any of the protected groups.

## PROPERTY IMPLICATIONS

15. There are no direct impacts within this report with property implications.

## RISK MANAGEMENT

16. Risks associated with issues identified through the work of Internal Audit are clearly identified in all audit reports, regularly presented in summary form to Audit Committee.

## APPENDICES ATTACHED

17. Appendix 1 – Internal Audit Annual Report and Opinion

Contact Point: Elizabeth Goodwin, Chief Internal Auditor  
☎ 821000 e-mail [Elizabeth.Goodwin@portsmouthcc.gov.uk](mailto:Elizabeth.Goodwin@portsmouthcc.gov.uk)

CHRIS WARD  
*Director of Finance  
and Section 151 Officer*

CLLR ANDREW GARRATT  
*Chairman of the  
Audit and Governance Committee*

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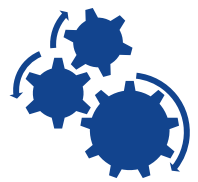


**ISLE** *of*  
**WIGHT**  
**COUNCIL**

**Isle of Wight Council  
Annual Audit Report  
2022/23**



**Elizabeth Goodwin, Chief Internal Auditor**

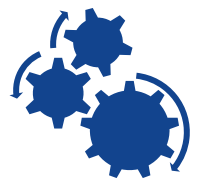


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# Background

## Public Sector Internal Audit Standards

**1.1** On 1<sup>st</sup> April 2013 the *Public Sector Internal Audit Standards (PSIAS, the Standards)* were formally adopted in respect of local government across the United Kingdom. The *PSIAS* apply to all internal audit providers, whether inhouse, shared services or outsourced. The *PSIAS* were revised from 1<sup>st</sup> April 2016, to incorporate the *Mission of Internal Audit and Core Principles for the Professional Practice of internal Auditing*.

**1.2** The *Accounts and Audit Regulations 2015 Section 5*, define the requirement for an internal audit function within local government, stating that:

*A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance*

**1.3** The responsibility for maintaining an adequate and effective system of internal audit within Isle of Wight Council lies with the Director of Finance (Section 151 Officer).

**1.4** The Chief Internal Auditor is responsible for effectively managing the internal audit activity, in accordance with the definition of internal auditing, the *Code of Ethics* and the *Standards*.

**1.5** In accordance with the *PSIAS* the definition of internal auditing is:

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

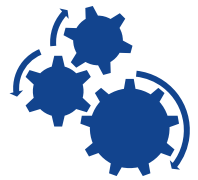
**1.6** In addition the Chief Internal Auditor will provide an Annual Internal Audit Opinion, based on an objective assessment of the Authority's framework of governance, risk management and control.

**1.7** The Annual Internal Audit Opinion must incorporate:

- The Opinion;
- A summary of the work that supports the Opinion; and
- A statement on conformance with *PSIAS* and the results of the quality assurance and improvement programme.

**1.8** An annual self-assessment is carried out, as part of *PSIAS*. The assessment for 2022/23 confirmed that the Isle of Wight Council Internal Audit Service is compliant with requirements. For 2022/23 an External Assessment (required every five years) confirmed this assessment.

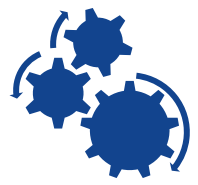




## Statement of Organisational Independence

- 1.9** The Internal Audit Section has no operational responsibilities for any financial systems, including system development and installation.
- 1.10** The Chief Internal Auditor is free from interference, although has due regard for the Authority's key objectives and risks and consults with Members and Officers charged with governance, when setting the priorities of the annual audit plan, for example, in determining the scope and objectives of work to be carried out and in performing the work and communicating the results of each audit assignment. There must be and is no compromise on the ability of Internal Audit to provide an independent assurance on the control framework.
- 1.11** The Internal Audit Section has free and unfettered access to the Section 151 Officer, Chief Executive, Monitoring Officer the Leader of the Council, and the Chair of the Audit and Governance Committee.





## Annual Opinion for 2022/23

- 2.1** With effect from the 1<sup>st</sup> April 2019 and in partnership with Portsmouth City Council an in-house team to provide audit service was established. The team currently consists of an Audit Manager and one Senior Auditor. The service is provided by a combination of the in-house provision and colleagues from Portsmouth City Council overseen by a shared Chief Internal Auditor employed by Portsmouth City Council.
- 2.2** Over the course of 2022/23 Internal Audit has completed 61 reviews out of a revised 61 review plan. These include a combination of full audits, follow up reviews and grant verification.

No audit has resulted in a '**no assurance**' opinion and only three areas have been rated as '**limited assurance**'. In addition, implementation of agreed actions, as evidenced in follow up reviews, continues the trend of prior years, with the majority of actions closed in a timely manner. The overall position of the 70 exceptions followed up through 2022/23 shows that 59% have been closed or are no longer applicable, with 41% pending, in progress or implemented, not effective. This represents a deterioration from 2021/22, when 67% of the actions followed up were closed/no longer applicable and 33% were pending or in progress.

The types of issues identified through 2022/23 are generally consistent with those identified during 2021/22, for example governance, management reporting, and general compliance are common themes, although all show an improvement from the previous year. There is some evidence of an emerging increased level of fraud and an erosion in the effectiveness of the control environment, potentially linked to organisational change, reduced capacity and cost of living pressures. The ongoing impact of these areas will need to be carefully monitored by management.

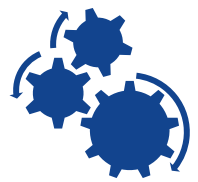
The overall annual opinion remains at '**reasonable assurance**'.

- 2.3** Four audit opinion levels are in place, and these are: no assurance, limited assurance, reasonable assurance and full assurance. Where there are mainly medium or low risk exceptions the annual audit opinion would be reasonable or full assurance. As a result of the findings identified the audit opinion for 2022/23 is **Reasonable Assurance**.

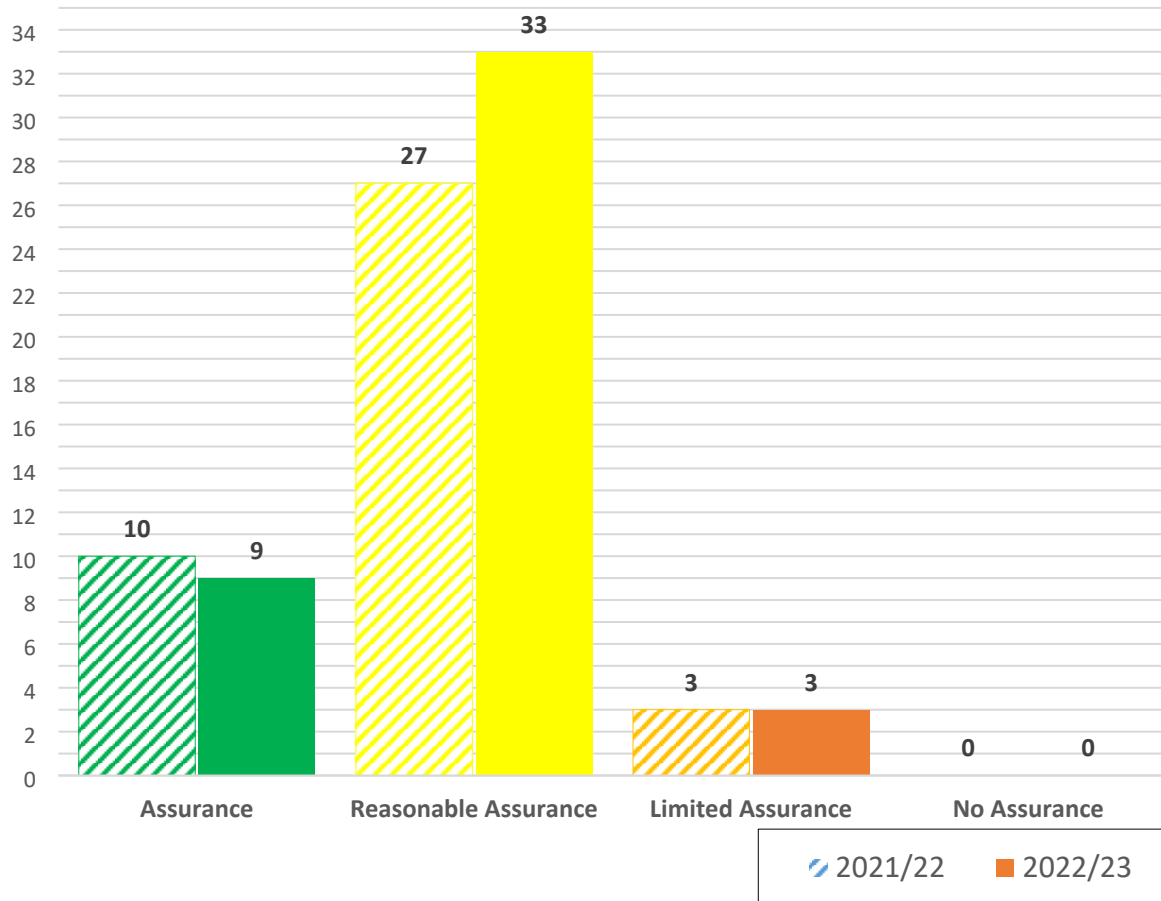


- 2.4** Any significant corporate weaknesses and agreed actions will be reflected in the Annual Governance Statement. The impact of the Internal Audit work for 2022/23 may affect that year's work for External Audit. It may also inform their work for 2023/24 and where they consider there are weaknesses in control that could materially affect the accounts, they may need to carry out further work to gain the necessary audit assurance required for a true and fair view of the financial position and compliance with professional codes of practice.





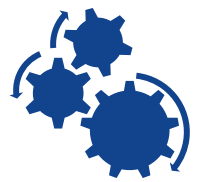
## Comparative 2021/22 & 2022/23 Audit Assurance Levels



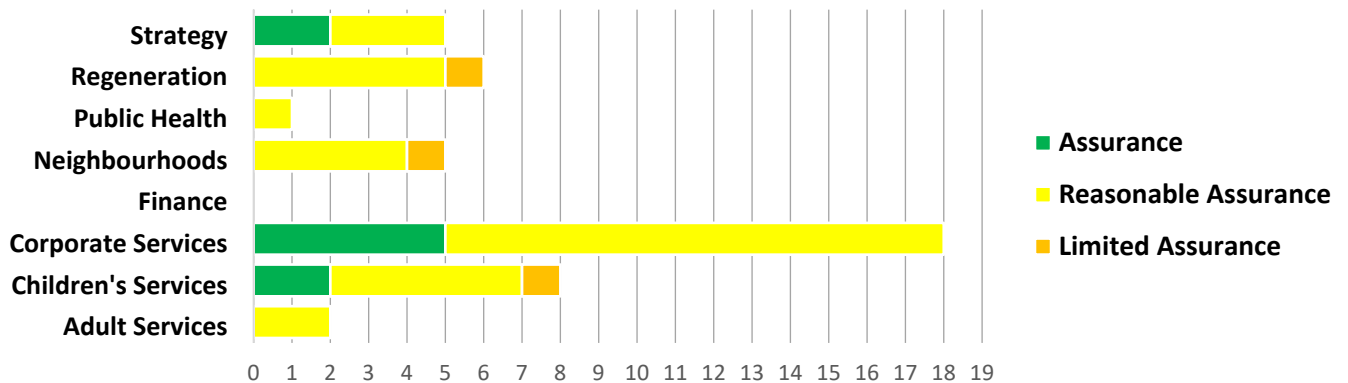
	2021/22	2022/23
<b>Assurance</b>	10	9
<b>Reasonable Assurance</b>	27	33
<b>Limited Assurance</b>	3	3
<b>No Assurance</b>	0	0
<b>TOTAL</b>	40*	45*

\*\* As per 2021/22 grant verification reviews (14 reviews) are excluded from the figures above. Two reviews during 2022/23 were not given an overall assurance rating; see full list of audits later in this report for detail.





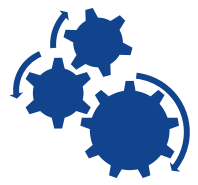
## 2022/23 Audit Assurance by Directorate



	Assurance	Reasonable Assurance	Limited Assurance	No Assurance	TOTAL
Adult Services	0	2	0	0	2*
Children's Services	2	5	1	0	7
Corporate Services	5	13	0	0	18*
Finance	0	0	0	0	0
Neighbourhoods	0	4	1	0	5
Public Health	0	1	0	0	1
Regeneration	0	5	1	0	6
Strategy	2	3	0	0	5
<b>TOTAL</b>	<b>9</b>	<b>33</b>	<b>3</b>	<b>0</b>	<b>45*</b>

*\*As per the 2021/22 Annual Report grant verification reviews (14 reviews) are excluded from the figures above. Two reviews during 2022/23 were not given an overall assurance rating; see full list of audits later in this report for detail.*





## Key Areas of Concern

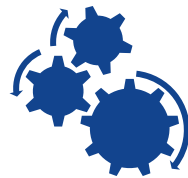
**5.1** During 2022/23 no reviews have resulted in **no assurance** reports; high risk exceptions, from audits rated limited assurance, are summarised below:

1. **St Mary's School** A range of issues were identified at St Mary's, most importantly poorly documented and inconsistently applied processes associated with income and expenditure. Issues were also identified regarding inventory control, business continuity, and how starter/leavers are managed. While these are specific to St Mary's, similar although less significant issues have also been identified at some other schools reviewed during 2022/23.
2. **Asbestos Framework** For context this was the follow-up to the full audit on the Asbestos Framework, also rated limited assurance, in 2021/22. From a 'design' perspective most issues identified in 2021/22 have been addressed. However, in all areas these are at an early stage of being implemented, although a clear plan of action has been agreed. Issues still exist regarding surveys (related to let buildings), Property Liaison Office (PLO) support/training and oversight, specifically providing accurate and timely information/assurance to senior staff.
3. **Environmental Health - Food Safety Standards** Issues identified relate to Food Standard Authority (FSA) requirements. There is no evidence of formal approval of service plans by members or of formal periodic reporting of activity to members, both FSA expectations. The Council is also not fully meeting requirements regarding the frequency of inspecting food establishments on the Island. The FSA has confirmed that the service maintains a clear and robust approach to its unrated premises that identifies areas of higher risk so they may be prioritised. The FSA is aware that resource in the service is limited but they were assured that the service has a comprehensive service plan in place to distribute these resources effectively.

**5.2** In addition to the areas highlighted above a number of audit reports, while rated reasonable assurance overall, contained findings individually rated high risk. The majority of findings were discrete to areas reviewed. However, one report, covering **Key Financial Controls** across a range of Council establishments/teams, identified issues of wider applicability. Issues identified relate to gaps in receipting, inventory, control and general oversight/record keeping. Investigations carried out, in addition to the core Internal Audit Plan, have identified a trend of increasing levels of currently low levels of loss/theft within Council establishments, this mirrors patterns nationally. In combination these may show that there is an increased opportunity for fraud or theft which in some instances is being exploited.

The work summarised above identifies that the Council's general control framework is being

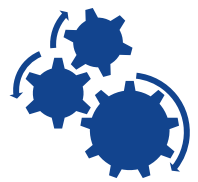




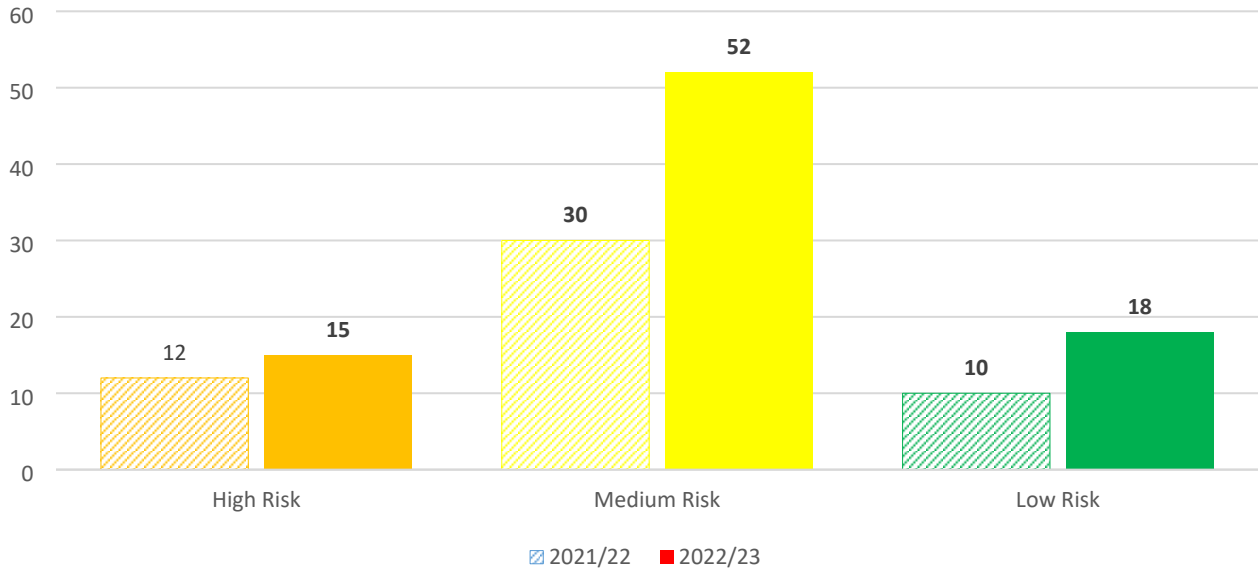
tested. This also needs to be seen of the wider context of significant and ongoing organisational change, potentially staff taking on new areas where they have limited experience and the current economic climate, including cost of living pressures impacting staff, contractors and residents. These areas will need to be carefully monitored during 2023/24.

- 5.3** During 2022/23 Internal Audit carried out follow-up reviews on all areas where medium or higher risk findings were raised during 2021/22. To ensure all actions are fully implemented, Internal Audit will continue the approach established in prior years, with second follow-ups carried out where poor completion rates are identified at initial follow-up during 2023/24.





## Comparative 2021/22 & 2022/23 Exception Risk Rankings

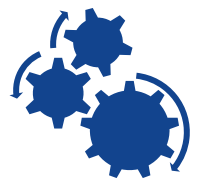


	2021/22	2022/23
<b>Critical Risk</b>	0	0
<b>High Risk</b>	12	15
<b>Medium Risk</b>	30	52
<b>Low Risk</b>	10	18
<b>TOTAL</b>	52	85*

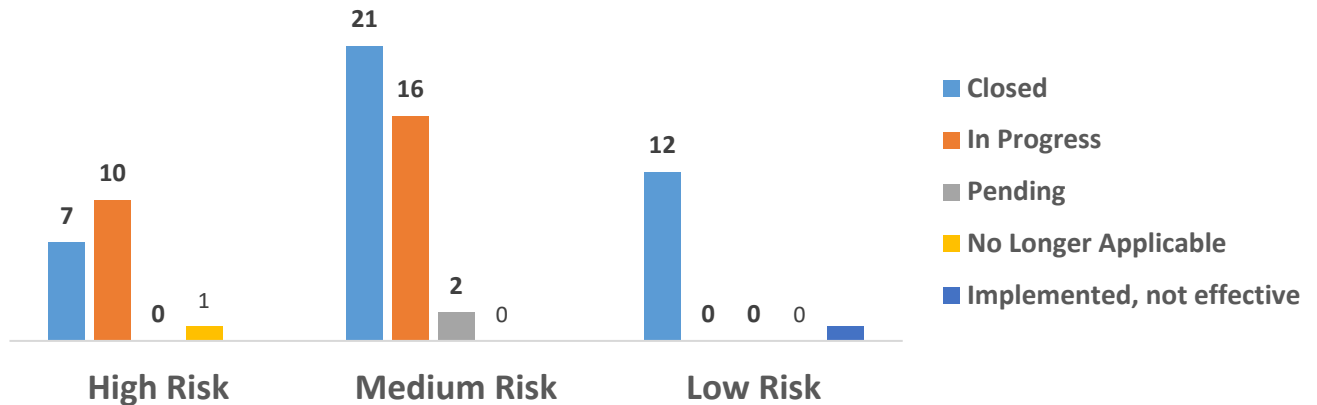
*\* Five additional audits were carried out in 2022/23, compared to 2021/22. When accounted for the number of findings raised per audit shows a slight increase only.*







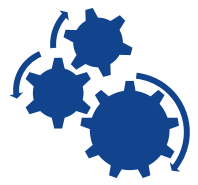
## 2022/23 Follow Up Analysis



	Closed	In Progress	Pending	No Longer Applicable	Implemented, not effective	TOTAL
<b>Critical Risk</b>	0	0	0	0	0	0
<b>High Risk</b>	7	10	0	1	0	18
<b>Medium Risk</b>	21	16	2	0	0	39
<b>Low Risk</b>	12	0	0	0	1	13
<b>TOTAL</b>	40	26	2	1	1	70

The Internal Audit Service follows up all audits where medium or higher risk findings were raised. These audits are followed up in the next financial year to allow for agreed actions to be sufficiently implemented. Any critical risk exceptions are followed up within 3 months due to the potential severity of the risks identified. The overall position of the 70 exceptions followed up through 2022/23 shows that 59% have been closed or are no longer applicable, with 41% pending, in progress or implemented, not effective. This represents a slight deterioration from 2021/22, when 67% of the actions followed up were closed/no longer applicable and 33% were pending or in progress.

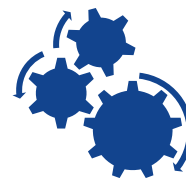




## 2022/23 Full Audit Summary

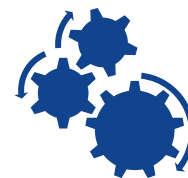
Audit	Directorate	Status	Assurance Level	Comments
Hospital Team/Discharge Process	Adult Services	Final	Reasonable	
Ukrainian Accommodation Support	Adult Services	Final	Reasonable	
Financial Governance	Adult Services	Final	N/A	Consultancy review; assurance assessment not included.
Oakfield School	Children's Services	Final	Reasonable	
Brighstone School	Children's Services	Final	Reasonable	
St Mary's School	Children's Services	Final	Limited	
Children with Disability (to include Transition children's to adults)	Children's Services	Final	Reasonable	Combined full and follow-up review.
School Financial Management Standard (SFVS)	Children's Services	Final	Reasonable	
Accounts Receivable (AR)	Corporate Services	Final	Reasonable	
Council Tax and NNDR	Corporate Services	Final	Reasonable	
Duplicate Payments	Corporate Services	Final	N/A	Analytic review; assurance assessment not included.
Housing Benefits	Corporate Services	Final	Reasonable	
IT Assets (including mobile phones)	Corporate Services	Final	Reasonable	
Blue Badges	Corporate Services	Final	Assurance	
Software Development	Corporate Services	Final	Reasonable	
Food Safety (Regulatory Compliance)	Neighbourhoods	Final	Limited	
Bereavement	Neighbourhoods	Final	Reasonable	
Disabled Facility Process	Neighbourhoods	Final	Reasonable	
Public Health Outcomes	Public Health	Final	Reasonable	
Disposal of Assets (Non Operational)	Regeneration	Final	Reasonable	





Audit	Directorate	Status	Assurance Level	Comments
Planning and Enforcement	Regeneration	Final	Reasonable	
Advocacy Contract (Adults)	Strategy & Corporate	Final	Assurance	
Gouldings Project	Strategy & Corporate	Final	Reasonable	
Annual Governance Statement (AGS)	Strategy & Corporate	Final	Reasonable	
Key Financial Controls	Strategy & Corporate	Final	Reasonable	

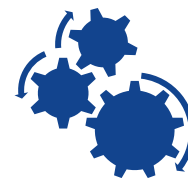




## 2022/23 Follow-up Audit Summary

Audit	Directorate	Status	Assurance Level	Comments
Edge of Care (Barnardo's Contract)	Children's Services	Final	Assurance	
Early Years	Children's Services	Final	Reasonable	
Broadlea School	Children's Services	Final	Assurance	
Payroll	Corporate Services	Final	Reasonable	
Technology Forge (IT System)	Corporate Services	Final	Reasonable	
Fleet/Hire Cars	Corporate Services	Final	Reasonable	
Insurance	Corporate Services	Final	Reasonable	
Modern Slavery	Corporate Services	Final	Assurance	
Freedom of Information (FOI)/Subject Access Requests (SARs)	Corporate Services	Final	Reasonable	
Agency (temporary staff, across Council)	Corporate Services	Final	Reasonable	
Pension Administration	Corporate Services	Final	Reasonable	
Workforce Development (including Wellbeing)	Corporate Services	Final	Assurance	
IT Follow-Up	Corporate Services	Final	Assurance	
Accounts Payable (AP)	Corporate Services	Final	Assurance	
Bank and Cash	Corporate Services	Final	Reasonable	
CCTV	Neighbourhoods	Final	Reasonable	
HMOs	Neighbourhoods	Final	Reasonable	
Section 106	Regeneration	Final	Reasonable	
Asbestos Framework	Regeneration	Final	Limited	
Asset Management	Regeneration	Final	Reasonable	
School Landlord Responsibility	Regeneration	Final	Reasonable	
Risk Management	Strategy & Corporate	Final	Assurance	

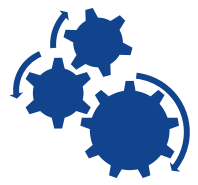




## 2022/23 Grant Audit Summary

Audit	Directorate	Status	Assurance Level	Comments
Weights Management Service Grant	Adult Services	Final	Assurance	
School Condition Funding	Children's Services	Final	Assurance	
Troubled Families (Children's)	Children's Services	Final	Assurance	Not formally reported to Audit Committee; assurance work carried out throughout year.
Test and Trace £500	Corporate Services	Final	Assurance	
Omicron Business Grant	Corporate Services	Final	Assurance	
UNESCO and Interreg	Finance	Final	Assurance	
UNESCO Interreg Grant On the Spot	Finance	Final	Assurance	
Disabled Facilities	Neighbourhoods	Final	Assurance	
Local Transport Capital Funding	Neighbourhoods	Final	Assurance	
Bus Subsidy	Neighbourhoods	Final	Assurance	
Contain Outbreak Management Fund (COMF)	Public Health	Final	Assurance	
Universal Drug Treatment	Public Health	Final	Assurance	
Creative Biosphere Grant	Regeneration	Final	Assurance	
Biodiversity Net Gain Grant 31-6499	Regeneration	Final	Assurance	





## Counter Fraud & Audit Unplanned Reactive Work

**11.1** During the 2022/23 there has been an increase in general fraud/theft, locally and nationally. This is likely to have been influenced by both internal and external factors, for example the pandemic, different ways of working, organisational change, reduced capacity and the general economic climate.

The investigations performed over the year are as follows:

- 18 fraud cases opened and investigated and 5 open cases, relating to passported benefits and single person Council Tax discounts.
- 4 theft cases investigated as part of audit reviews.
- 4 Adult social Care, personal budgets cases ongoing.

In addition to the above Internal Audit supported:

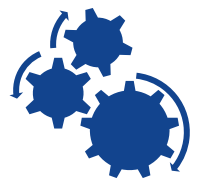
- Six joint working cases with the Department of Work and Pensions (DWP), two of which are ongoing.
- Work leading to four warning letters being issued, for misuse of Blue Badges.
- Two ongoing investigations, regarding potential misuse of Blue Badges.

Counter Fraud and Audit are also responsible for the management and administration of the Authority's participation in the National Fraud Initiative (NFI), which is a mandatory scheme in which multiple data sets are uploaded and analysed. The results are then presented back to the Council for investigation. NFI does not run in financial years but spans a period of 18 months, therefore the data included in this report relates to results the Isle of Wight Council received in 2023/24. As of June 2023, the Isle of Wight Council had received 3,925 'matches' for investigation. Responsibility for investigating the referrals is split across multiple teams; to date, the Council has investigated and closed 1,738 matches.

### Money Laundering

**11.6** Counter Fraud are responsible for the monitoring and investigation of any suspected money laundering cases presented to the council. The Isle of Wight's policy outlines that any cash payment received over £10,000 will be investigated. During 2022/23 no instances met this criterion, during 2022/23. This is likely to be due to low levels of cash handling.





## Quality Assurance

**12.1** As part of the *Public Sector Internal Audit Standards* the Chief Internal Auditor is required to maintain a quality assurance and improvement programme (QA&IP) that covers all aspects of the internal audit activity. This QA&IP must include both internal and external assessments, which are detailed below.

In addition to this, quality and improvement requirements are assessed by means of:

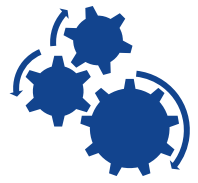
- Sign off by the Chief Internal Auditor or Deputy of all key stages of an audit, for example the scope of work and level of testing to be performed, the conclusion of the work and opinion formed followed by a review of the draft and final reports.
- Weekly or bi-weekly one to ones with all members of staff, within Internal Audit and colleagues who undertake Counter Fraud activities.
- Annual performance reviews of all staff, including the identification and provision of training. The majority of training needs are provided by a combination of external professional studies, supporting by in-house provisions and mentoring.
- All staff above Auditor level are required to undertake professional training or have achieved an education level of degree or above. For those that have completed professional studies as part of their professional body membership, must complete the required Continuous Professional Development.
- An annual skills gap analysis across the team, (this includes the wider team) to determine specific potential shortages or gaps. Areas requiring improvement for this year's assessments are noted below, Skills Gap Analysis Results (12.2).
- All staff complete an annual declaration of interests including a nil return, to avoid any impingement on independence or conflict of interest.
- Feedback has been received during 2022/23 from key stakeholders, all feedback supported the quality assurance assessment reflecting that the service provided complies with *PSIAS* criteria.

### Skills Gap Analysis for 2022/23

**12.2**           **Essential Areas:** where greater coverage of skills is needed moving forward:

- *Auditing, Specialist IT Auditing skills:* these are limited within the overall service (Partnership) with only two officers currently qualified. To address this shortfall, professional training will continue for a third officer and use will also be made of resources employed elsewhere under the various partnerships and shared service arrangements.
- *Counter Fraud skills:* whilst there are three officers qualified in Counter Fraud (CF) and investigative practice these resources are limited. These resources are employed within the wider partnership, not directly by the Isle of Wight Council. There has been a



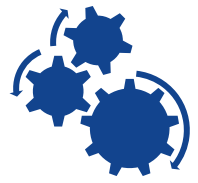


significant increase in investigating across the partnership for counter fraud work, including grant related fraud prevention and assessment work, which has placed this area of the service under pressure.

- *Qualified Accountants:* the final area to note is in relation to the level of qualified auditors, specifically 'accountancy qualified'. Following the retirement of three officers (during 2022) within the partnership a gap emerged representing a shortfall in this area. One implication is the ability to verify certain grant work, where the accounting qualification is restricted. An additional member of staff is now newly qualified, however discussions will continue to be held with the s151 officer to review the arrangements moving forward relating to both the accountancy qualifications and counter fraud skills.







## Public Sector Internal Audit Standards

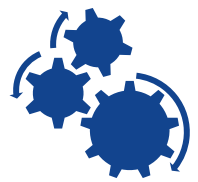
- 13.1** Under the *Public Sector Internal Audit Standards (PSIAS, the Standards) Standard 1310* requires that, as part of the quality assurance and improvement programme internal and external assessments (of conformance with the *PSIAS*) must be undertaken. *Standard 1311* allows for periodic self-assessments, which for Portsmouth City Council (the lead authority for the Internal Audit Partnership) has been carried out each year since the standards were introduced. The results of the self-assessments have been communicated annual alongside the annual audit opinion to this committee.
- 13.2** *Standard 1312* requires that an external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The Standards state that a qualified assessor demonstrates competence in two areas; the professional practice of internal auditing and the external assessment process. Competence can be demonstrated through a mixture of experience and theoretical learning. An independent assessor means not having an actual or perceived conflict of interest and not being part of, or under the control of, the organisation to which the internal audit activity belongs.

During 2022/23 an External Quality Assessment (EQA) was carried out of the Internal Audit Service (including arrangements in place in the Island), to comply with the Public Sector Internal Audit Standards (PSIAS) identified above. The EQA assessed the Service against key PSIAS standards, confirming:

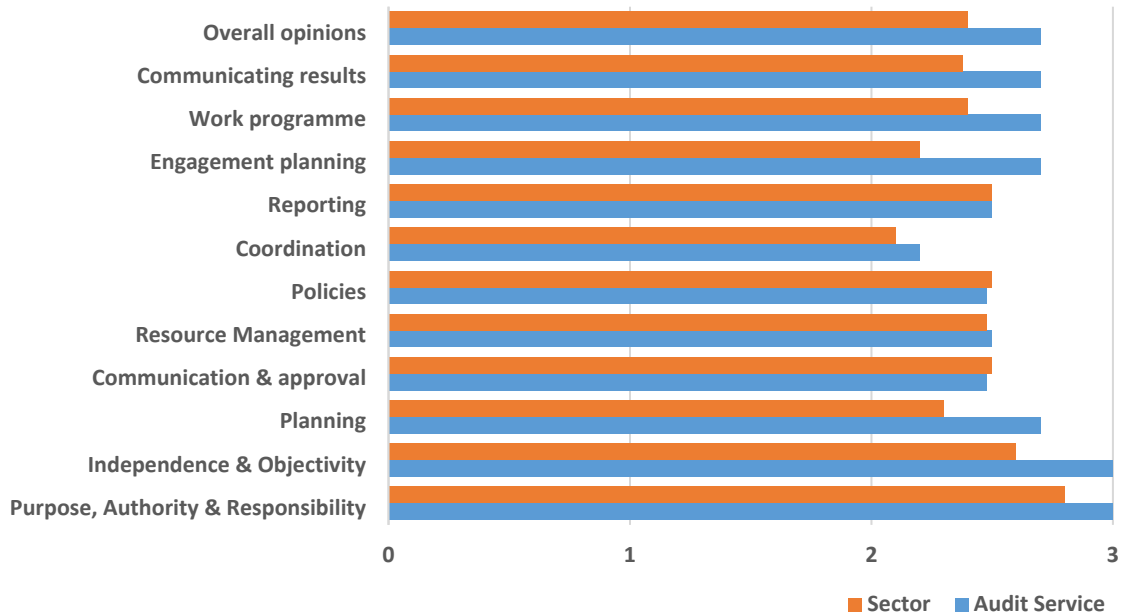
- Appropriate strategic documentation and policies are in place.
- The Service is correctly managed and resourced (skill set).
- Audits are carried out, from scoping to finalisation, in line with good practice.

Overall Internal Audit achieved the highest rating possible, with no substantive issues identified with either the constitution or operation of the Service.





The assessment was grouped under 12 high level headings. An indicative assessment, against the wider local government sector, is provided below (Developing: 1, Established: 2, Excelling: 3):

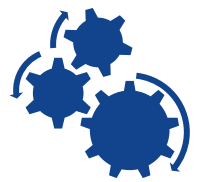


As above Internal Audit is rated as ‘established/ excelling’, for all 12 areas of the assessment.

While no substantive gaps were identified against the PSIAS, a number of recommendations were made to enable the Service ‘to better reflect the application of the PSIAS’ and its proposed direction, which is currently out for consultation. These are summarised below:

- *Audit Universe*: increase alignment of auditable units with the Council's risk management process.
  - This is currently performed at a strategic level with each auditable area aligned to the corporate risks. Operational risks are discussed with Directors and individual service managers; however, amendments have been made to the Audit Planning Memorandum (APM) to explicitly reflect this.
- *Governance*: formalise mapping of Internal Audit activity, to the Council’s Code of Governance/Annual Governance Statement.
  - Amendments have been made to the Internal Audit Charter to capture this.
- *Assurance Mapping*: enhance capture of wider sources of assurance in the planning of individual audit reviews.
  - Where applicable this is already reflected in the APM, i.e., that the scope excludes areas already covered either by IA or other relevant parties. Also see comment below under Annual Report.
- *Engagement Planning*: increase alignment of audit scopes, with the Council's operational risks.
  - See action taken under Audit Universe.





- *Grading of Recommendations:* align finding ratings with the Council’s risk assessment framework.
  - These are discussed with relevant officers at the close of the audit and are presented as a narrative or risk and consequence, consideration to adopting scoring system will be explored in discussion with the s151 officer.
- *Annual Report:* more fully capture wider sources of assurance.
  - The annual audit opinion has been expanded to adequately reflect the sources of assurance consider when forming the overall opinion.
  - Internal Audit is progressing all of the enhancements summarised above. Implementation will commence during 2023/24, scheduled to be fully implemented by the of the 2023/24 financial year.

**13.2** The Code of Ethics (CoE) expected of internal auditors is embedded in the Public Sector Internal Audit Standards, covering four areas, Integrity, Objectivity, Confidentiality and Competency. The steps taken by Internal Audit to ensure compliance with the CoE are set out in the Internal Audit Charter, as part of the Quality Assurance and Improvement Programme (QAIP).

For 2022/23 the Chief Internal Auditor assesses Internal Audit as fully compliant with the CoE, as detailed below:

- Integrity is ensured through the recruitment process, with any issues addressed through disciplinary processes; no issues have materialised during 2022/23.
- Individual auditors update their register of interests annually. This is used to inform resourcing for individual audits, to confirm that these are carried out objectively.
- The Internal Audit Manual and supporting processes/systems ensure that client information is treated in line with Council data protection requirements, maintaining confidentiality.
- A workforce plan is maintained by the Chief Internal Auditor at the team level, with a combination of recruitment and training used to address any gaps. For individual audits only auditors with the requisite competency are used, for the area under review.



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## Committee Report

Committee	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
Date	<b>31 JULY 2023</b>
Title	<b>INTERNAL AUDIT PROGRESS REPORT</b>
Report of	<b>CHIEF INTERNAL AUDITOR</b>

---

### EXECUTIVE SUMMARY

1. Internal Audit provide periodic, summary in-year reporting to the Audit and Governance Committee regarding progress with the Annual Internal Audit Plan. The purpose of this reporting is to provide the committee with the necessary information to satisfy their remit, as set out in the committee's terms of reference in the constitution.
2. The committee is asked to note the report, seeking any clarifications necessary to satisfy their remit, either with Internal Audit regarding the findings of individual reports, or from line management regarding the progress of remedial action.

### RECOMMENDATION

3. That the report of internal audit be noted.

### BACKGROUND

4. The last Internal Audit Progress Report was presented to Audit Committee in March 2023. The report presented to the July 2023 committee meeting summarises the results of audits finalised between March 2023 and July 2023. Reports included are for 2022/23. 2023/24 summaries will be presented in September 2023.

### CORPORATE PRIORITIES AND STRATEGIC CONTEXT

5. Internal Audit is a statutory function, responsible for providing independent assurance over all areas of the council.

#### Responding to climate change and enhancing the biosphere

6. There are no direct impacts within this report that will affect this corporate priority.

### Economic Recovery and Reducing Poverty

7. There are no direct impacts within this report that will affect this corporate priority.

### Impact on Young People and Future Generations

8. There are no direct impacts within this report that will affect this corporate priority.

### Corporate Aims

9. Supports the Corporate Plan core value of being “fair and transparent”.

### CONSULTATION

10. Consultation takes place with the senior management team, both to inform the content of the annual Internal Audit programme of reviews and in year, to ensure that the work of Internal Audit is continuously aligned with the need of the council. Consultation also takes place with relevant managers for individual reviews, both to inform review scope and to confirm the accuracy of audit findings.

### FINANCIAL / BUDGET IMPLICATIONS

11. There are no direct financial implications, audits are carried out within the approved budget.

### LEGAL IMPLICATIONS

12. The council has an obligation under Regulation 5 of the Account and Audit Regulations 2015 to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

### EQUALITY AND DIVERSITY

13. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. It is considered that there are no direct equality and diversity implications of this report for any of the protected groups.

### PROPERTY IMPLICATIONS

14. There are no direct impacts within this report with property implications.

### RISK MANAGEMENT

15. Risks associated with issues identified through the work of Internal Audit are clearly identified in all audit reports, regularly presented in summary form to Audit Committee.

APPENDICES ATTACHED

16. Appendix 1 – Internal Audit Progress Report – July 2023.

Contact Point: Elizabeth Goodwin, Chief Internal Auditor  
☎ 821000 e-mail [Elizabeth.Goodwin@portsmouthcc.gov.uk](mailto:Elizabeth.Goodwin@portsmouthcc.gov.uk)

CHRIS WARD  
*Director of Finance  
and Section 151 Officer*

CLLR ANDREW GARRATT  
*Chairman of the  
Audit and Governance Committee*

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## Internal Audit Progress Report 01 July 2023

Elizabeth Goodwin, Chief Internal Auditor



## 1. Introduction

Internal Audit is a statutory function for all local authorities. The Isle of Wight Council's Internal Audit service has an in-house team and a shared Chief Internal Auditor with Portsmouth City Council (PCC). The in-house audit team is supported by audit and counter fraud staff from PCC under a collaborative working arrangement.

The requirement for an Internal Audit function in local government is detailed within the Accounts and Audit Regulations 2015 as to:

*Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance*

The standards for 'proper practices' are laid down in the Public Sector Internal Audit Standards [the Standards – updated 2017].

## 2. Purpose of report

The purpose of this report is to update the Audit Committee on the progress of the 2022/23 Audit Plan as of 01 July 2023 and to highlight any significant risk exposure and control issues, including fraud and governance risks.



### 3. 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
<b>Assurance</b>	<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>
<b>Reasonable Assurance</b>	<i>Control weaknesses or risks were identified but overall the activities do not pose significant risks to the Authority</i>
<b>Limited Assurance</b>	<i>Control weaknesses or risks were identified which pose a more significant risk to the Authority</i>
<b>No Assurance</b>	<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>

*Audits rated No Assurance are reported in their entirety to Audit Committee along with Director's comments*



## 4. 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
<b>Low Risk (Improvement)</b>	<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>
<b>Medium Risk</b>	<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>
<b>High Risk</b>	<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>
<b>Critical Risk</b>	<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 will be reported in their entirety to the Audit Committee along with Director's comments*



## 5. Follow-up Action Categorisation

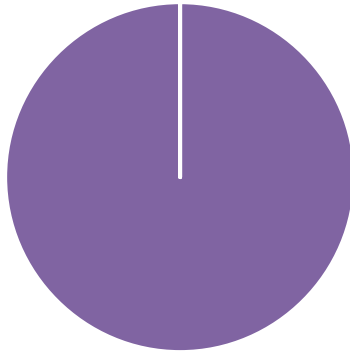
The following table outlines the follow up categories used to describe the outcome of follow up testing completed.

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: Verified	<i>Agreed action implemented and risk mitigated, verified by follow up testing.</i>
Closed: Not Verified	<i>Client has stated action has been completed but unable to verify via testing.</i>
Closed: Management Accepts Risk	<i>Management have accepted the risk highlighted from the exception.</i>
Closed: No Longer Applicable	<i>Risk exposure no longer applicable.</i>



## 6. Audit Plan Progress

### Status Overall



Final, 100%

Status (including follow-ups)	Audits
Pending	0
Fieldwork	0
Draft	0
Final	61
<b>TOTAL</b>	<b>61</b>

There were 53 reviews set out in the Audit Plan for 2022/23. There have been a number of changes to the originally proposed plan, primarily related to additional grants requiring certification by Internal Audit and consequent reductions in planned audit activity elsewhere. The current number of planned audits (full, follow-up and grant certification) is 61 more detail is provided in section eight of this report.

In addition to core assurance Internal Audit is providing further, ongoing support to the Council, by utilising IDEA software to highlight potential duplicate invoices.

All reviews currently included in the 2022/23 programme of work are included in summary information on this page. Detail regarding changes to the Audit Plan (not previously reported) is provided in the '**Audit Status**' section, later in this report.

This level of coverage represents an increase from the coverage provided prior to the partnership with Portsmouth City Council (PCC) and is appropriate for the size and range of responsibilities held by the Isle of Wight Council.



## 7. Audits in Period

Summaries for reports rated 'limited assurance' are provided below.

St Mary's School				Overall Assurance Level
<b>Exceptions Raised</b>				<b>Limited Assurance</b>
<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	
<b>0</b>	<b>3</b>	<b>4</b>	<b>1</b>	

Assurance Level by Scope Area	
Achievement of strategic objectives	<b>Assurance</b>
Compliance with Policies, Laws & Regulations	<b>Limited Assurance</b>
Safeguarding of Assets	<b>Limited Assurance</b>
Effectiveness and Efficiency of Operations	<b>Limited Assurance</b>
Reliability and Integrity of Data	<b>Reasonable Assurance</b>

High risk issues were identified regarding data security, income and expenditure record keeping.

Data security issues relate to the school's main server. This is physically in a poor state, in an unlocked cupboard in a public area and does not have a front cover, with the internal components (including disk drives) easily accessible. No environmental controls, for example cooling/backup power are in place and the site manager was observed using a prior employee's details to login.

Income controls are inconsistent. Pupil debts are not managed in line with the school's documented policy, with 20% of sampled school meal debts being over the £20 threshold identified in the Policy. There are also a range of issues with letting and minibus income management. For example, the absence of hire agreements and inconsistencies between invoices and paying in books.

Expenditure record keeping is in need of an update. There are a large number of unreconciled items, dating back to 2009 and, due to invoice dates not being recorded, it was not possible to confirm that these had been paid in a timely manner.

Medium risk issues were also identified, regarding inventory controls (e.g., no annual checks since 2015), business continuity (e.g., incorrect information in the Business Continuity Plan), estate management (e.g., the lack of action plans, to manage issues identified through inspections) and the School's Single Central Record (e.g., the lack of documented processes for starters and leavers). One low risk issue was identified, regarding the lack of reconciliation between the vehicle logbook and fuel purchases/invoices.



**Environmental Health - Food Safety Standards**

**Exceptions Raised**

Critical	High	Medium	Low
0	2	0	0

**Overall Assurance Level**

Limited Assurance
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**Assurance Level by Scope Area**

Achievement of strategic objectives	Limited Assurance
Compliance with Policies, Laws & Regulations	Limited Assurance
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	Limited Assurance
Reliability and Integrity of Data	Limited Assurance

High risk issues were raised regarding governance/oversight and Food Standard Authority (FSA) requirements.

The FSA require councils to gain approval from members for Food Safety Service plans, to ensure transparency and accountability. While there has been recent consultation with the Cabinet there is no evidence of plans being formally approved or periodic reporting of service performance against other Environmental Health statutory functions to members.

The FSA published a revised Food Law Code of Practice in 2017 specifying the responsibilities of Local Authorities in relation to Food Safety standards. This specifies the intervals at which the Council should be inspecting premises, based on their assessed risk rating, from six month to three yearly intervals. While the Council is complying with requirements for high-risk premises it is not complying with requirements for other categories. For context there are 247 unrated premises on the Island, which have never been inspected.

The Authority has been in communication with the FSA concerning the backlog to ensure transparency and the FSA have confirmed that the service maintains a clear and robust approach to its unrated premises that identifies areas of higher risk so they may be prioritised. The FSA appreciated that resource in the service is limited but they were assured that the service has a comprehensive service plan in place to distribute these resources effectively.





Summaries for reports rated 'reasonable assurance' or better are provided below.

**Ukrainian Accommodation Support**

Exceptions Raised				Overall Assurance Level
Critical	High	Medium	Low	Reasonable Assurance
0	0	1	1	

**Assurance Level by Scope Area**

Achievement of strategic objectives	Assurance
Compliance with Policies, Laws & Regulations	Reasonable Assurance
Safeguarding of Assets	Reasonable Assurance
Effectiveness and Efficiency of Operations	Assurance
Reliability and Integrity of Data	NAT

The main issues identified relate to potential overreliance on a single member of staff, to maintain records, some duplication/overlap of records and a need to carry out follow-up visits consistently. A more minor issue was identified, regarding the need to update the Service Level Agreement (SLA), to reflect recent changes to government funding tariffs.

**Disabled Facility Process**

Exceptions Raised				Overall Assurance Level
Critical	High	Medium	Low	Reasonable Assurance
0	1	2	0	

**Assurance Level by Scope Area**

Achievement of strategic objectives	NAT
Compliance with Policies, Laws & Regulations	Reasonable Assurance
Safeguarding of Assets	Reasonable Assurance
Effectiveness and Efficiency of Operations	NAT
Reliability and Integrity of Data	NAT

The most significant issue identified (high risk) is the allocation of spend outside of the Disabled Facilities Grant (DFG) and associated oversight. This audit also identified that no progress has been made addressing issues highlighted in prior reviews. Specifically, the need to update documentation, publish information regarding the DFG on the Council's website and comply with Council procurement rules, regarding the use of a single supplier for specialist toilets.



**Disposal of Assets (Non-Operational)**

Exceptions Raised				Overall Assurance Level
Critical	High	Medium	Low	Reasonable Assurance
0	1	2	0	

**Assurance Level by Scope Area**

Achievement of strategic objectives	Assurance
Compliance with Policies, Laws & Regulations	NAT
Safeguarding of Assets	Assurance
Effectiveness and Efficiency of Operations	Reasonable Assurance
Reliability and Integrity of Data	Reasonable Assurance

This audit reviewed the Council’s approach to disposal of non-operational land and property assets. The most significant issue identified related to the consistency of the approval process, when disposing of assets. It is unclear at what level approvals are required, with inconsistent/limited records of decisions maintained. Lower risk issues were identified, regarding general record keeping and document retention.

**Creative Biosphere Grant**

Exceptions Raised				Overall Assurance Level
Critical	High	Medium	Low	Assurance
0	0	0	0	

**Assurance Level by Scope Area**

Achievement of strategic objectives	NAT
Compliance with Policies, Laws & Regulations	Assurance
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	NAT
Reliability and Integrity of Data	NAT

Testing was performed in accordance with the conditions of the funding to enable sign off by the Chief Executive Officer and Chief Internal Auditor.



**Key Financial Controls**

Exceptions Raised				Overall Assurance Level
<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	<b>Reasonable Assurance</b>
<b>0</b>	<b>3</b>	<b>1</b>	<b>2</b>	

**Assurance Level by Scope Area**

Achievement of strategic objectives	NAT
Compliance with Policies, Laws & Regulations	NAT
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	<b>Reasonable Assurance</b>
Reliability and Integrity of Data	NAT

This audit reviewed a number of key financial controls including cash handling arrangements, across a sample of Council sites/teams. High risk findings were raised as below:

- Gaps in receipting, inventory, withdrawal and oversight records/controls, regarding donations of vouchers and cash within one team. Current arrangements leave these vulnerable to theft/misuse, which would be unlikely to be identified.
- Poor controls over petty cash and onsite stock of stamps at one site. Internal Audit was unable to reconcile either of these areas to bank records.
- Absence of food/equipment stocktakes, absence of inventories for valuable IT equipment, self-authorisation of timesheets by administrative staff and insufficient security for client valuables across a range of sites.

Lower risk issues were identified regarding:

- A potentially excessive float of £1000 with inadequate security in one team.
- Inappropriate use of petty cash for staff expensive and cash storage in excess of the safe limit at one site.
- Receipts not always being provided for expenditure within one team.



**Accounts Receivable**

**Exceptions Raised**

<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>

**Overall Assurance Level**

<b>Reasonable Assurance</b>
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**Assurance Level by Scope Area**

Achievement of strategic objectives	NAT
Compliance with Policies, Laws & Regulations	<b>Assurance</b>
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	<b>Limited Assurance</b>
Reliability and Integrity of Data	NAT

The high-risk finding raised relates specifically to debt recovery within Wightcare. The overarching issue is a lack of effective debt recovery for all 25 debts, where debt recovery action was reviewed. 11 debts reviewed being for customers who have since died, which makes it unlikely that they will now be recoverable. At a more granular level minimal evidence could be identified to recover short term debts (under 60 days), with no recent attempts identified to recover longer-term debts. For context, in all instances, clients continue to receive Wightcare services.

Medium risk findings were raised, regarding delays in attempts to recovery debt and a lack of effective management monitoring, where debt recovery responsibility sits outside the central team.

**Biodiversity Net Gain Grant 31-6499**

**Exceptions Raised**

<b>Critical</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Overall Assurance Level**

<b>Assurance</b>
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**Assurance Level by Scope Area**

Achievement of strategic objectives	NAT
Compliance with Policies, Laws & Regulations	<b>Assurance</b>
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	NAT
Reliability and Integrity of Data	NAT

Testing was performed in accordance with the conditions of the funding to enable sign off by the Chief Executive Officer and Chief Internal Auditor.



**UNESCO Interreg Grant On the Spot**

**Exceptions Raised**

Critical	High	Medium	Low
0	0	0	0

**Overall Assurance Level**

Assurance
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**Assurance Level by Scope Area**

Achievement of strategic objectives	NAT
Compliance with Policies, Laws & Regulations	Assurance
Safeguarding of Assets	NAT
Effectiveness and Efficiency of Operations	NAT
Reliability and Integrity of Data	NAT

Testing was performed in accordance with the conditions of the funding and online submissions required.



## Follow-up Audits in Period

Summaries for follow-up reports rated 'limited assurance' are provided below.

Asbestos Framework				Original Assurance Level	Follow-up Level
Original Exceptions Raised				Limited Assurance	Limited Assurance
Critical	High	Medium	Low		
0	3	2	0		

This is the first follow-up of the 2021/22 audit of Asbestos Management. Demonstrable progress has been made, most importantly the agreement of a comprehensive Asbestos Management Plan. However, the arrangements this sets out need to be implemented, with two high risks remaining open and the overall assurance level unchanged. This area will be followed up again, in quarter four 2023/24.

1	Medium	<b>Asbestos Policy</b> The previous Policy has been superseded by a comprehensive Asbestos management Plan, which covers policy requirements.	Closed: Verified
2	High	<b>Asbestos Surveys</b> Future arrangements are largely covered in the new Asbestos Management Plan. Substantively actual arrangements are unchanged from the time of the original audit. However, importantly the Council has decided a programme of action to enhance its arrangements, regarding let buildings.	In Progress
3	High	<b>Property Liaison Officers (PLOs)</b> What PLO responsibilities will be regarding asbestos and how they will be supported is set out in the new Asbestos Management Plan. However, revised expectations now need to be implemented.	In Progress
5	High	<b>Operational Arrangements/Site Monitoring</b> How these will operate is set out in the Asbestos Management Plan. Records maintained are sufficient for the core Team to manage and schedule site status and visits.	Closed: Verified
5	Medium	<b>Oversight</b> A draft Annual Report has been presented to the Health and Safety Board. However, this needs to be supplemented by periodic reporting to senior responsible officers, to give them the information they need to confirm that asbestos management arrangements are operating effectively.	In Progress



Summaries for follow-up reports rated 'reasonable assurance' or better are provided below.

Early Years				Original Assurance Level	Follow-up Level
Original Exceptions Raised				Reasonable Assurance	Reasonable Assurance
Critical	High	Medium	Low		
0	0	3	0		

All agreed actions are now implemented or pending final completion. Further enhancements were agreed during follow-up, which are in progress.

1	Medium	<b>Sufficiency of childcare places</b> An updated sufficiency report is pending approval; the service plan has been finalised and enhanced content on the website is currently being tested.	Closed: Unverified
2	Medium	<b>Payments to providers</b> Originally agreed actions are fully implemented. Follow-up actions, to address issues with the new online portal, for example manual process, have been agreed and are in progress.	In Progress
3	Medium	<b>Provider compliance checks</b> The sample size for compliance checks has been reduced (30% to 10%), which is being achieved.	Closed: Verified



**Bank and Cash**

Original Exceptions Raised				Original Assurance Level	Follow-up Level
Critical	High	Medium	Low	Reasonable Assurance	Reasonable Assurance
0	0	4	1		

Progress is being made, to address the issues identified in the 2021/22 audit of Bank and Cash arrangements.

<b>1</b>	<b>Medium</b>	<b>Policies relating to income collection processes.</b> Financial policies are in the process of being combined, into an overarching policy document.	In Progress
<b>2</b>	<b>Medium</b>	<b>Payment Card Industry Data Security Standard (PCI DSS)</b> Work is ongoing, to complete work, to ensure PCI DSS compliance.	In Progress
<b>3</b>	<b>Medium</b>	<b>Till Floats</b> The till float list has been updated and revised cash handling arrangements are in the process of being implemented.	In Progress
<b>4</b>	<b>Medium</b>	<b>Cash in Transit</b> No decision has been made, regarding insuring cash in transit.	Open
<b>5</b>	<b>Low</b>	<b>Cash Collection consistency</b> Revised policies and enhanced processes have been agreed and are pending implementation.	Closed: Unverified





**Fleet and Hire Cars**

Original Exceptions Raised				Original Assurance Level	Follow-up Level
Critical	High	Medium	Low	Reasonable Assurance	Reasonable Assurance
0	1	3	0		

Progress is being made, to address the issues identified in the 2021/22 audit of Fleet and Hire Cars arrangements.

<b>1</b>	<b>High</b>	<p><b>Contract</b> A replacement contract is in the process of being put in place.</p>	<b>In Progress</b>
<b>2</b>	<b>Medium</b>	<p><b>Driving Assessment and CVDA</b> The requirement to complete assessments, prior to driving a fleet vehicle, has been re-highlighted to staff. 100% of the reviewed sample complied with this requirement.</p>	<b>Closed: Verified</b>
<b>3</b>	<b>Medium</b>	<p><b>Pre and Post Journey Checks</b> This requirement has been highlighted to managers and staff. The compliance rate for pre journey checks is 80%, no evidence was provided, to support post journey checks.</p>	<b>Open</b>
<b>4</b>	<b>Medium</b>	<p><b>Accident and Incident Reporting</b> Managers and staff have been repeatedly reminded of the importance of reporting accidents within 48 hours, with supporting evidence. While the compliance rate (60%) has not improved those with supporting photographic evidence has (80% from 55%).</p>	<b>In Progress</b>



**IT Follow-Up**

Original Exceptions Raised				Original Assurance Level	Follow-up Level
Critical	High	Medium	Low	Reasonable Assurance	Assurance
0	0	4	0		

This was a combined review, following up on a number of open IT actions. Evidence was provided to Internal Audit, confirming that appropriate arrangements are in place either addressing the originally identified risk, or that planned actions will address risks by the end of 2023/24.

<b>1</b>	<b>Medium</b>	<p><b>IT Training</b> Arrangements have changed since the original finding was raised. Current arrangements are for regular reports to be provided to line management, enabling them to ensure that staff complete mandatory training.</p>	<b>Closed: Verified</b>
<b>2</b>	<b>Medium</b>	<p><b>IT Transfer Processing Performance</b> Required processing timeframes have been agreed and are being monitored by management. Lead times, to be highlighted to service management, are scheduled to be promoted shortly.</p>	<b>Closed: Verified</b>
<b>3</b>	<b>Medium</b>	<p><b>Accuracy of Access Permission (Post Transfer)</b> Funding has been agreed for an automated solution, scheduled to be implemented during 2023/24.</p>	<b>Closed: Verified</b>
<b>4</b>	<b>Medium</b>	<p><b>Shared Drives</b> Removing shared drives has been delayed for technical reasons. Assurance has been given that data will be cleansed, as part of the migration away from shared drives.</p>	<b>In Progress</b>



## Audit Status

The table below summarises audit status including detail regarding audits now scheduled, either where the area of focus had not been confirmed at the time the 2022/23 Audit Plan was produced or where changes have been made subsequently, for example to respond to service requirements, in year.

Audit	Full	First Follow-up	Second Follow-up	Grant	Status	Assurance Level	Comments
<b>Adult Services</b>							
Hospital Team/Discharge Process	■				Final	Reasonable	Reported in March.
Ukrainian Accommodation Support	■				Final	Reasonable	Included in this report.
Weights Management Service Grant				■	Final	Assurance	Reported in March.
Financial Governance	■				Final	N/A	Reported in March.
<b>Children's Services</b>							
Oakfield School	■				Final	Reasonable	Reported in September.
Brighstone	■				Final	Reasonable	Reported in November.
St Mary's School	■				Final	Limited	Included in this report.
Children with Disability (to include Transition children's to adults)	■	■			Final	Reasonable	Reported in March.
School Condition Funding				■	Final	Assurance	Reported in March.
Edge of Care (Barnardo's Contract)			■		Final	Assurance	Reported in September.
Early Years		■			Final	Reasonable	Included in this report.
Broadlea School		■			Final	Assurance	Reported in November.
Troubled Families (Children's)				■	Closed	Assurance	Work completed across the year for each submission.
School Financial Management Standard (SFVS)	■				Final	Reasonable	Reported in September.
<b>Corporate Services</b>							
Accounts Payable (AP)		■			Final	Assurance	Reported in November.
Accounts Receivable (AR)	■				Final	Reasonable	Included in this report.



Audit	Full	First Follow-up	Second Follow-up	Grant	Status	Assurance Level	Comments
Bank and Cash		■			Final	Reasonable	Included in this report.
Council Tax and NNDR	■				Final	Reasonable	Reported in November.
Duplicate Payments	■				Final	N/A	Reported in March.
Housing Benefits	■				Final	Reasonable	Reported in November.
Payroll		■			Final	Reasonable	Reported in November.
IT Assets (including mobile phones)	■				Final	Reasonable	Reported in September.
Blue Badges	■				Final	Assurance	Reported in September.
Software Development	■				Final	Reasonable	Reported in March.
Technology Forge (IT System)		■			Final	Reasonable	Reported in September.
Fleet/Hire Cars		■			Final	Reasonable	Included in this report.
Insurance		■			Final	Reasonable	Reported in March.
Test and Trace £500				■	Final	Assurance	Reported in September.
Omicron Business Grant				■	Final	Assurance	Reported in November.
Modern Slavery			■		Final	Assurance	Reported in November.
Freedom of Information (FOI)/Subject Access Requests (SARs)			■		Final	Reasonable	Reported in November.
Agency (temporary staff, across Council)			■		Final	Reasonable	Reported in November.
Pension Administration			■		Final	Reasonable	Reported in November.
Workforce Development (including Wellbeing)		■			Final	Assurance	Reported in March.
IT Follow-Up		■			Final	Assurance	Included in this report.
<b>Finance</b>							
UNESCO and Interreg				■	Final	Assurance	Reported in September.
UNESCO Interreg Grant On the Spot				■	Final	Assurance	Included in this report.



Neighbourhoods							
Food Safety (Regulatory Compliance)	■				Final	Limited	Included in this report.
Bereavement	■				Final	Reasonable	Reported in November.
Disabled Facility Process	■				Final	Reasonable	Included in this report.
Disabled Facilities				■	Final	Assurance	Reported in March.
Local Transport Capital Funding				■	Final	Assurance	Reported in September.
CCTV			■		Final	Reasonable	Reported in March.
HMOs			■		Final	Reasonable	Reported in March.
Bus Subsidy				■	Final	Assurance	Reported in November.
Public Health							
Public Health Outcomes	■				Final	Reasonable	Reported in September.
Contain Outbreak Management Fund (COMF)				■	Final	Assurance	Reported in September.
Universal Drug Treatment				■	Final	Assurance	Reported in September.
Regeneration							
Disposal of Assets (Non-Operational)	■				Final	Reasonable	Included in this report.
Planning and Enforcement	■				Final	Reasonable	Reported in March.
Section 106		■			Final	Reasonable	Reported in November.
Asbestos		■			Final	Limited	Included in this report.
Asset Management			■		Final	Reasonable	Reported in March.
School Landlord Responsibility		■			Final	Reasonable	Reported in March.
Creative Biosphere Grant				■	Final	Assurance	Included in this report.
Biodiversity Net Gain Grant 31-6499				■	Final	Assurance	Included in this report.



**Strategy & Corporate**

Advocacy Contract (Adults)	■				Final	Assurance	Reported in September.
Gouldings Project	■				Final	Reasonable	Reported in November.
Annual Governance Statement (AGS)	■				Final	Reasonable	Reported in March.
Key Financial Controls	■				Final	Reasonable	Included in this report.
Risk Management		■			Final	Assurance	Reported in March.



## Committee report

Committee	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
Date	<b>31 JULY 2023</b>
Title	<b>PROPERTY INVESTMENT PORTFOLIO ANNUAL REPORT</b>
Report of	<b>CABINET MEMBER FOR FINANCE, CLIMATE CHANGE AND BIOSPHERE</b>

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### EXECUTIVE SUMMARY

1. This report provides members of the Audit and Governance Committee with an update as at 31 March 2023 on the four mainland property investments that were purchased in 2018 using the now dormant commercial property acquisition fund.
2. The gross rental value is £1,870,941, but there is currently one vacant unit so the rent roll is £1,830,981 per annum.
3. The total income actually received between 1 April 2022 to 31 March 2023 was £1.78m (rounded up), whilst the Council incurred debt costs of £738k during this same period.
4. The cumulative net income (excluding debt costs) for the period 1 April 2022 to 31 March 2023 represented a net return of 4.91%.
5. The Council has a number of lease events taking place in 2023/24 which, when concluded, should increase the rent roll.
6. In addition, if current negotiations with one of our tenants prove to be successful, this should help increase the value of the portfolio.
7. The fund decreased in value between March 2022 and March 2023 by 15.96%.
8. The current market value of the portfolio, as determined by independent valuers, is £34.75m. This is £0.42m less than it was acquired for.

### RECOMMENDATION

- |  |
|--|
| <ol style="list-style-type: none"><li>9. To note the current position of property investment portfolio, including the total income that has been accrued by the Council.</li></ol> |
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## BACKGROUND

10. The Council's medium-term financial strategy, which is designed to help improve the Council's financial sustainability, made provision for up to £100 million to be available for a commercial property acquisition fund, subject to the approval of a commercial property acquisition strategy. Full Council at its meeting on 20 September 2017 gave its approval to such a strategy. The report recommending the strategy also proposed that reports should be prepared for submission to the Audit and Governance Committee setting out the progress of the property investment fund, including the total income that has, or will, be accrued by the Council on an annual basis.
11. The strategy was used as the framework for all acquisitions and included strict criteria to determine which properties to acquire. Those criteria included the following:
  - a balanced commercial property portfolio that provided long term rental returns and growth;
  - a portfolio of property assets with a view to diversification on individual assets by sector (industrial, offices and retail), location and risk;
  - core assets being the best property for the sector in an ideal location with long term income to high quality tenants;
  - all investments must initially provide income (yield) equal to, or above, the Council's required rate of return (IRR);
  - priority to be given to properties that yield optimal rental growth and a stable income;
  - protect capital invested in acquired properties; and
  - location to be dictated by opportunity to acquire investments that meet the strategy, with proximity to the Isle of Wight being a deciding factor when all other attributes are equal.
12. In 2018, the fund acquired four separate property investments comprising thirteen lettable units with nine tenants.
13. Portsmouth City Council (PCC), as commissioned by Isle of Wight Council, managed the fund until 1 April 2021, following which responsibility for management of the properties was then transferred to the Council's Property Services department.
14. The Council's investment strategy is in a management phase and it is not looking to acquire additional properties on the mainland.

## PROGRESS TO DATE

### 15. **Acquisition costs**

- 15.1 Including all the costs associated with purchase (Stamp Duty Land Tax, land registry fees, surveyor's fees, legal expenses, due diligence and agreed costs to PCC), the Council spent £35.17 million on investment acquisitions.



- 15.2 The four investments comprise:
- Olympic Court, Salford, Greater Manchester – acquired March 2018 for £10.8m;
  - Network Oxford, Littlemore, Oxford – acquired October 2018 for £10m;
  - Access 4:20, Aylesford, Kent – acquired April 2018 for £8.6m; and
  - Nursling Industrial Estate, Southampton – acquired November 2018 for £3.5m.

15.3 Appendix 1 is a schedule of all assets currently held within the fund.

## 16. **Rental income**

16.1 No tenants are currently in rental arrears and one unit (Unit 1, Access 4:20, Aylesford) is currently vacant and on the market.

16.2 The total rent passing is £1,830,981 per annum.

16.3 The tenants currently in occupation are:

- **Olympic Court**
  - Mettler-Toledo Safeline Ltd
  - In The Style Fashion Ltd (Tenant has vacated the unit but not yet assigned or sublet)
- **Network Oxford**
  - Nedschroef Fasteners Ltd
  - Scoto Ltd (Stagecoach Group)
- **Access 4:20**
  - Betterstore Self Storage Properties III Ltd
  - MJ Supply Ltd
  - Go Installations Ltd
- **Nursling Industrial Estate**
  - Metabo UK Ltd

## 17. **Strategy**

17.1 With a stop on acquisition activity, the immediate focus for the portfolio is continued cash-flow security and debt management. A careful and considered management approach is central to all ongoing and future lease events (mainly rent reviews and lease renewals) to avoid protracted and costly court procedures and potential void risks.

17.2 Continuing to hold and actively manage these assets in the short to medium term whilst the wider implications associated with the economy are monitored is of utmost importance. In doing so, this should protect the Council's revenue position and allow maximum opportunity for the revision of the investment strategy as appropriate.

## 18. **Investment market**

18.1 The industrial and logistics investment market took quite a turn in the second half of 2022, going from record-breaking highs to quite dramatic lows, as the

country faced the economic challenge of rising interest rates, inflation, the chaos of the mini-budget and a slowdown in the growth of online retail.

- 18.2 As 2022 was drawing to a close, it became clear that the 'race for space' seen during the pandemic had finally run its course, with take-up in the final quarter of 2022 sliding back into line with pre-2020 levels.
- 18.3 Rental growth, nationally, is now starting to ease down after two years of unprecedented expansion, partly due to the inability of occupiers to pay ever more for space without being forced to relocate or drive efficiencies elsewhere in the supply chain.
- 18.4 Nevertheless, ongoing positive fundamentals in the occupier market should restore industrial as the UK's lead performing sector over the medium term. And, while industrial's colossal outperformance of previous years will not be repeated, better rental growth prospects will be key to driving enhanced returns relative to other sectors.

## 19. **Resources**

The fund is being managed within IWC's existing resources.

## CORPORATE PRIORITIES AND STRATEGIC CONTEXT

### 20. **Keep the Isle of Wight Council solvent and take all the measures we can to improve the financial position of the council**

- 20.1 The financial performance of the mainland portfolio helps to ensure the Council can meet its stated aspiration to keep the Isle of Wight Council solvent and take all the measures we can to improve the financial position of the Council.
- 20.2 Refresh the Council's commercial strategy and approach towards securing investment and income generation opportunities. Refresh the council's procurement strategy to enhance our approach to social value, environmental sustainability and 'Think Local'.

### 21. **Responding to climate change and enhancing the biosphere**

The Council will consider all opportunities to improve the efficiency of these buildings as and when they become available to let and the opportunity arises.

### 22. **Economic Recovery and Reducing Poverty**

The Council will try to provide as much support as it can to any tenants who have experienced financial difficulties arising from the pandemic.

### 23. **Impact on Young People and Future Generations**

The report is not expected to have an applicable effect on young people or future generations.

## CORPORATE AIMS

### 24. **We will aim to spend and invest as much Council money on the Island as is possible**

The mainland portfolio currently provides a significant income stream and opportunities for capital appreciation that cannot be quickly replicated on the Island. The performance of the mainland investments is compared with Island-based opportunities to ensure maintaining investments away from the Island is not at the expense of the island.

## CONSULTATION

25. No consultation has taken place as the report is intended to provide Members of the Audit and Governance Committee with an overall summary of progress in the delivery of the Council's commercial property acquisition strategy up to 31 March 2023.

## FINANCIAL / BUDGET IMPLICATIONS

### 26. **Capital growth**

26.1 The primary objective for the Council is to protect its capital base where possible, maximise income and create a long-term, sustainable income stream. As the fund matures over the coming years and rental income grows, the impact of initial acquisition costs on overall performance should decrease.

26.2 The fund is valued annually on 31<sup>st</sup> March by an external firm of professional property valuers. Capital values are now measurable for the whole portfolio year-on-year from 1 April 2022 to 31 March 2023.

### **External Valuations 2018 - 2023**

	<b>March 2018 Value (£m)</b>	<b>March 2019 Value (£m)</b>	<b>March 2020 Value (£m)</b>	<b>March 2021 Value (£m)</b>	<b>March 2022 Value (£m)</b>	<b>March 2023 Value (£m)</b>	<b>Percentage +/- between 2022 and 2023</b>
Olympic Court	£10.8	£10.97	£10.97	£11.75	£13.675	£12.3	-10.05%
Network Oxford	Not yet acquired	£10.0	£10.0	£10.2	£12.175	£9.5	-21.97%
Access 4:20	£8.625	£8.625	£8.625	£9.1	£10.7	£9.0	-15.89%
Nursling, Southampton	Not yet acquired	£3.5	£3.5	£4.0	£4.8	£3.95	-17.71%
<b>TOTAL</b>	<b>£19.425</b>	<b>£33.095</b>	<b>£33.095</b>	<b>£35.05</b>	<b>£41.35</b>	<b>£34.75</b>	<b>-15.96% (average)</b>

26.3 The current fund value of £34.75m represents an increase of 5.62% over the initial purchase price of £32.9m (not including acquisition costs).

26.4 The purchase price, including acquisition costs of £2.2m, was £35.17m.

26.5 If the portfolio were to be sold for the estimated market price (£34.75m), this would represent a loss since acquisition of £0.42m less costs of sale (legal and agency fees).

## 27. **Rental Income (Gross Return)**

27.1 The total income received for the period 1 April 2022 to 31 March 2023 was £1.78m (rounded up).

27.2 Based on the acquisition price, the gross return up to 31 March 2022 was 4.66% and up to 31 March 2023 it was 5.06%.

## 28. **Rental Income (Net Return)**

28.1 The cumulative net income (excluding debt costs) to the council for the year to 31 March 2023 amounts to £7.34m, which represents income of £7.78m less costs of £0.44m. For the period between 1 April 2022 and 31 March 2023, this represents a net return of 4.91%.

28.2 The Council incurred costs of £52k, which includes the services provided by managing agents of £10k. The Council incurred debt costs of £738k for the financial year ending 31 March 2023.

28.3 The reserve balance as at 31 March 2023 is £1.25m. This reserve will be used to fund potential future lost rental income and future property related costs.

28.4 The net yield (including debt costs) for 2022/23 was 2.81%

## LEGAL IMPLICATIONS

29. The council is empowered to buy and sell land pursuant to section 120 of the Local Government Act 1972. Section 1 of the Local Government Act 2003 provides a power to the council to borrow for the purposes of any enactment.

30. In order to lawfully implement the investment strategy, each proposal (including the funding strategy for purchases) was reviewed as part of a decision to purchase and tested for both value for money and regulatory compliance. All acquisitions were reviewed by, or on behalf of, IWC to be able to maintain oversight of the transactions being completed.

## EQUALITY AND DIVERSITY

31. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 and to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups, as well as foster good relations between people who share a protected characteristic and those who do not share it.

32. The protected characteristics are: age; disability; gender reassignment; marriage/civil partnership; pregnancy/ maternity; race, religion and/or belief; and sex/sexual orientation. It is not considered that the content of this report has any impact on any of the protected characteristics.

## RISK MANAGEMENT

33. All commercial property investments carry a risk. However, the commercial property investment strategy ensured that any risk was minimised in return for an appropriate level of financial gain. There are clear protocols, authorisation processes (overseen by the Director of Finance/Section 151 Officer) and due diligence checks in place that allowed for risks associated with the various acquisitions to be fully evaluated prior to sale completion. These protocols and processes will continue to be reviewed.

## EVALUATION

34. Full Council agreed the commercial property acquisition strategy in line with the medium-term financial strategy in order to secure an income stream that would contribute to the overall aim of future financial sustainability of the Island's public services.

## APPENDICES ATTACHED

Appendix 1 - Schedule of assets held

## BACKGROUND PAPERS

35. Full Council 20 September 2017 – Commercial Property as Investment – Paper C <https://www.iow.gov.uk/Meetings/committees/mod-council/20-9-17/Paper%20C.pdf>
36. Audit Committee 3 December 2018 – Progress Report Commercial Acquisition Strategy <https://www.iow.gov.uk/Meetings/committees/Audit%20Committee/3-12-18/PAPER%20J%20-%20Progress%20Report%20-%20Commercial%20Aquisition%20Strategy.pdf>
37. Audit Committee 30 September 2019 – Progress Report Commercial Acquisition Strategy – Paper G <https://www.iow.gov.uk/Meetings/committees/Audit%20Committee/30-9-19/PaperG-ProgressReport-PropertyAquisitionsStrategy.pdf>
38. Audit Committee 28 September 2020 – Progress Report Commercial Acquisition Strategy <https://iow.moderngov.co.uk/documents/s1029/Commercial%20Property%20Report.pdf>
39. Audit Committee 27 September 2021 – Progress Report Commercial Acquisition Strategy <https://iow.moderngov.co.uk/documents/s4626/Item%207%20-%20Commercial%20Acquisition%20Progress%20Report.pdf>  
<https://iow.moderngov.co.uk/documents/s4627/Item%207%20-%20Commercial%20Acquisition%20Progress%20-%20Appendix%201.pdf>
40. Audit Committee 25 July 2022 – Progress Report Commercial Acquisition Strategy <https://iow.moderngov.co.uk/documents/s8719/Item%208%20Property%20Investment%20Portfolio%20Annual%20Report.pdf>  
<https://iow.moderngov.co.uk/documents/s8720/Item%208%20Property%20Investment%20Portfolio%20Annual%20Report%20-%20Appendix%201.pdf>

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*Director of Regeneration*

CLLR JONATHAN BACON  
*Cabinet Member for Finance, Climate  
Change and Biosphere*

Metabo, Nursling, Southampton	Nov 18	£3.5m Vendor: Off-market Rodenhurst Estates
	<p>25,000 sq ft industrial warehouse on Nursling Industrial Estate on the outskirts of Southampton</p> <p>Let to Metabo Tools</p>	
Network Oxford	Oct 18	£10m Vendor: CBRE Investors
	<p>Modern, semi-detached warehouse built in 2008 extending to 30,136 sq ft and a 1-acre concreted yard currently occupied as a transport depot.</p> <p>Multi-let to Nedschroef and Stagecoach</p>	
Olympic Court, Manchester	March 18	£10.8m Vendor: Goldman Sachs
	<p>5 unit multi let industrial estate of 108,639 sq ft</p> <p>2 miles from Manchester City Centre</p>	
Access 4:20 Aylesford, Kent	April 18	£8.6m Vendor: Milton Property
	<p>5 unit multi let industrial estate of 50,000 sq ft</p> <p>High quality industrial warehouse units developed in 2006 close to the M20 motorway</p>	

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Purpose: For Noting



## Committee report

Committee	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
Date	<b>31 JULY 2023</b>
Title	<b>TREASURY MANAGEMENT ANNUAL REPORT 2022-23</b>
Report of	<b>PENSION FUND &amp; TREASURY MANAGEMENT ACCOUNTANT</b>

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### EXECUTIVE SUMMARY

1. In accordance with the council's Treasury Management Strategy 2022-23, this is a report on treasury management policies, practices and activities for the year ended 31 March 2023.
2. In March 2022, the committee approved the Treasury Management Strategy for 2022-23 and this is the last of the regular progress reports on treasury management activities for this year.
3. The council's activities have fallen within the boundaries of the prudential indicators set for the year.
4. The committee is asked to note this report and highlight any areas which may need to be addressed in the forthcoming year.

### RECOMMENDATION

- |   |
|---|
| 5. That the committee notes the performance for the year to 31 March 2023 against the treasury management indicators. |
|---|

### BACKGROUND

6. The council's treasury management activity is underpinned by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (the code), which requires authorities annually to produce prudential indicators and a treasury management strategy statement on the likely financing and investment activity. The code also requires that councillors are informed of treasury management activities on a quarterly basis.

7. The report in Appendix 1, has been produced from a template provided by the council's treasury management advisor, Arlingclose Limited. It sets out a summary of the council's treasury management activities during the year to 31 March 2023, and its performance against the prudential indicators that were approved as part of the Treasury Management Strategy.
8. Appendix 1 also includes a summary of the economic outlook provided by Arlingclose, based on information on 11 April 2023. Since then, the Bank of England base rate has increased twice from 4.25% to 4.50% on 11 May and then to 5.00% on 22 June 2023.
9. Arlingclose's latest interest rate forecast is suggesting that the rate may increase by a further 0.25% in August and then by yet another 0.25% in September. They anticipate that the rate will plateau at 5.5% and then start to slowly reduce from early 2024.
10. The code of practice defines treasury management as follows:  
*"The management of the council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*
11. The code of practice requires that a report be provided on the actual performance of the council against the following prudential indicators at the end of each financial year and that it encompasses:
  - the revenue effect of transactions executed.
  - the risk implications for decisions made.
  - compliance on agreed policies / practices and statutory / regulatory requirements.
  - performance report.
  - compliance with the CIPFA code recommendations.
  - monitoring of treasury management indicators.
12. Detailed information on the council's performance in respect of these items is set out in Appendix 1 to this report.

## CORPORATE PRIORITIES AND STRATEGIC CONTEXT

13. The council's arrangements for treasury management support effective service and project delivery across the authority, in turn supporting the key priorities set out in the [Corporate Plan 2021 – 2025](#).
14. There is a need for regular review of the Treasury Management Strategy, in line with the Corporate Plan and Medium-Term Financial Strategy, to ensure the key priorities of the council continue to be deliverable within the reduced resources available to the council.
15. The Treasury Management Strategy is reviewed and updated annually in March and approved by the Audit & Governance Committee.

### Responding to climate change and enhancing the biosphere

16. Through its treasury management activity, the council invests in a combination of money market funds, call accounts maintained by banks and in other local authorities. The council undertook a review of these investments in relation to their impact on the council's Climate and Environment Strategy.
17. As a result, each of the financial institutions that the council invests in has provided their Environmental, Social and Governance statements, together with any specific statements relating to climate change.
18. The council will include all [scope 1, 2 and 3 emissions](#) created directly by itself or indirectly (for example emissions made by our contractors, investments or travel) in our annual carbon footprint.
19. Investments count towards downstream scope 3 emissions which contribute towards the Council's overall carbon footprint.

### Economic Recovery and Reducing Poverty

20. Although there is no direct impact within the report at Appendix 1 relating to this corporate priority, the Treasury Management Strategy and the prudential indicators that are set, enable the council to contribute towards reducing the numbers of residents, and especially children, who are living in poverty.

### Impact on Young People and Future Generations

21. Although there is no direct impact within the report at Appendix 1 relating to this corporate priority, the Treasury Management Strategy and the prudential indicators that are set, enable the council to contribute towards the future sustainability of the council.

### Corporate Aims

22. The reporting of the treasury management activity of the council is in alignment with the aspiration of transparency and disclosure of council investments and debts as detailed in the latest [Corporate Plan 2021 - 2025](#).

### CONSULTATION

23. The treasury management report for year ended 31 March 2023, has been considered by senior accountants within the Financial Management team, including the Director of Finance and the Assistant Director of Finance.
24. No external consultation has been undertaken.

### FINANCIAL / BUDGET IMPLICATIONS

25. The council's current treasury management arrangements are conducted by council staff, with support from an external treasury management advisor, Arlingclose Limited, within existing budgets.

26. The Treasury Management Strategy includes the overall management of the council's cash flow and borrowing strategy. With interest rates having been low over the last few years, it was decided to take a combination of short-term and long-term borrowing in order to balance the requirement for low interest costs and achieving cost certainty.
27. Even though interest rates are currently increasing, the council is forecasting lower than budgeted costs of borrowing, due to current lower levels of short-term borrowing, and it has resulted in a net saving of £3.6million which has contributed towards the overall financial result of the council.
28. The recent increases in interest rates have not had a major effect on the cost of borrowing for the Council as most of the borrowing, £173.2 million of a total of £198.2 million, are long-term fixed-rate loans. It has been necessary to increase the amount of short-term borrowing by £10 million throughout the year in order to maintain operational cashflow, and due to the recent increase in interest rates these loans have had to be secured at an average rate of 4.2%.
29. The increase in interest rates on the investments held from 0.20% at the end of March 2022, to 4.09% in March 2023, enabled investment income to contribute towards the position of the council for that financial year, with the income being £560,000 more than the budget.
30. The actual level of investments had reduced by £23.5 million throughout the year, as the council had pursued a policy of repaying short-term borrowing during the year, thus, minimising the interest rate risk. Historically the council has invested mainly in instant access bank accounts and money market funds, with loans to other local authorities on occasions.

#### LEGAL IMPLICATIONS

31. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 explicitly require English authorities to "have regard" to the CIPFA Code of Practice for Treasury Management.
32. Should the council not receive this report, it is in breach of the requirements set out in the code and the council's approved Treasury Management Strategy 2022-23.

#### EQUALITY AND DIVERSITY

33. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
34. The annual treasury management report has no implications for any of the protected characteristics.

## RISK MANAGEMENT

35. Treasury management activities have a high level of risk in that they relate to transactions that can amount to several million pounds which are undertaken with external bodies. When the council has surplus monies to invest, there are risks, if those organisations to whom it lends, default on repayment (counterparty risk). The costs to the council of its treasury management activities are dependent on fluctuating interest rates.
36. The overall strategy of borrowing short-term and avoiding long-term debt carries the risk that, if interest rates suddenly rise, when longer term debt is eventually required, it will cost more (refinancing risk).
37. The council manages the counterparty risk by adopting a treasury management strategy which includes maintaining a limited list of organisations to which it is authorised to lend and restricting the maximum amount to be invested with each organisation, based on advice obtained from its external treasury management advisor, Arlingclose Limited.
38. The refinancing risk is mitigated by maintaining a combination of both short-term and long-term borrowing, which is regularly reviewed, based on interest rate projections provided by Arlingclose Limited.
39. It also operates protocols for maintaining financial controls. The treasury management function is reviewed by the council's internal auditors on a regular basis. The most recent review which was based on the 2019-20 transactions provided the highest level of assurance on the operation of these controls.
40. The council is obliged under section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs. Failure to comply with the code could result in adverse comments being raised by the council's external auditors.
41. The committee's overview of the council's treasury management arrangements plays an important part in the council's overall governance regime. It has an important role to play in the monitoring of treasury management activities, including overview of the risks faced by this function both internally, which are directly controllable through segregation of duties and reporting arrangements, and externally, controllable through the monitoring of counterparties and lending limits, and also regular monitoring of general economic factors.

## EVALUATION

42. The council's treasury management activities for the year to 31 March 2023 have fallen within the boundaries of the agreed strategy for 2022-23.

## APPENDICES ATTACHED

43. Appendix 1 – Treasury Management 2022/23 year-end report

## BACKGROUND PAPERS

44. Treasury Management Strategy 2022-23 (Audit Committee 14 March 2022, Item 9)  
[\(Public Pack\)Agenda Document for Audit Committee, 14/03/2022 10:00](#)  
[\(moderngov.co.uk\)](#)

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CHRIS WARD  
*Director of Finance  
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CLLR JONATHAN BACON  
*Cabinet Member for Finance,  
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## Treasury Management Performance Report 2022/23

### Introduction

In February 2011 the council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the council to approve treasury management semi-annual and annual reports.

The council's treasury management strategy for 2022/23 was approved at the audit committee meeting on 14 March 2022. The council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the council's treasury management strategy.

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

The Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full council covering capital expenditure and financing, treasury management and non-treasury investments. The council's Capital Strategy, complying with CIPFA's requirement, was approved by full council on 23 February 2022.

### External Context (provided by Arlingclose Limited) (produced 11 April 2023)

**Economic background:** The war in Ukraine continued to keep global inflation above central bank targets and the UK economic outlook remained relatively weak with the chance of a mild recession. The economic backdrop during the January to March period continued to be characterised by high energy and commodity prices, high inflation, and the associated impact on household budgets and spending.

Central Bank rhetoric and actions remained consistent with combatting inflation. The Bank of England, US Federal Reserve, and European Central Bank all increased interest rates over the period, even in the face of potential economic slowdowns in those regions.

Starting the financial year at 5.5%, the annual CPI measure of UK inflation rose strongly to hit 10.1% in July and then 11.1% in October. Inflation remained high in subsequent months but appeared to be past the peak, before unexpectedly rising again in February. Annual headline CPI registered 10.4% in February, up from 10.1% in January, with the

largest upward contributions coming from food and housing. RPI followed a similar pattern during the year, hitting 14.2% in October. In February RPI measured 13.8%, up from 13.4% in the previous month.

Following the decision by the UK government under Rishi Sunak and Jeremy Hunt to reverse some of the support to household energy bills announced under Liz Truss, further support in the form of a cap on what energy suppliers could charge households was announced in the March Budget to run from April until end June 2023. Before the announcement, typical household bills had been due to rise to £3,000 a year from April.

The labour market remained tight albeit with some ongoing evidence of potential loosening at the end of the period. The unemployment rate 3mth/year eased from 3.8% April-June to 3.6% in the following quarter, before picking up again to 3.7% between October-December. The most recent information for the period December-February showed an unemployment rate of 3.7%.

The inactivity rate was 21.3% in the December-February quarter, slightly down from the 21.4% in the first quarter of the financial year. Nominal earnings were robust throughout the year, with earnings growth in December-February at as 5.7% for both total pay (including bonuses) and 6.5% for regular pay. Once adjusted for inflation, however, both measures were negative for that period and have been so throughout most of the year.

Despite household budgets remaining under pressure, consumer confidence rose to -36 in March, following readings of -38 and -45 in the previous two months, and much improved compared to the record-low of -49 in September. Quarterly GDP was soft through the year, registering a 0.1% gain in the April-June period, before contracting by (an upwardly revised) -0.1% in the subsequent quarter. For the October-December period was revised upwards to 0.1% (from 0.0%), illustrating a resilient but weak economic picture. The annual growth rate in Q4 was 0.6%.

The Bank of England increased the official Bank Rate to 4.25% during the financial year. From 0.75% in March 2022, the Monetary Policy Committee (MPC) pushed through rises at every subsequent meeting over the period, with recent hikes of 50bps in December and February and then 25bps in March, taking Bank Rate to 4.25%. March's rise was voted by a majority of 7-2, with two MPC members preferring to maintain Bank Rate at 4.0%. The Committee noted that inflationary pressures remain elevated with growth stronger than was expected in the February Monetary Policy Report. The February vote was also 7-2 in favour of a hike, and again with two members preferring to keep Bank Rate on hold.

After reaching 9.1% in June, annual US inflation slowed for eight consecutive months to 6% in February. The Federal Reserve continued raising interest rates over the period with consecutive increases at each Federal Open Market Committee meetings, taking policy rates to a range of 4.75%- 5.00% at the March meeting.

From the record-high of 10.6% in October, Eurozone CPI inflation fell steadily to 6.9% in March 2023. Energy prices fell, but upward pressure came from food, alcohol, and tobacco. The European Central Bank continued increasing interest rates over the



period, pushing rates up by 0.50% in March, taking the deposit facility rate to 3.0% and the main refinancing rate to 3.5%.

**Financial markets:** Uncertainty continued to be a key driver of financial market sentiment and bond yields remained relatively volatile due to concerns over elevated inflation and higher interest rates, as well as the likelihood of the UK entering a recession and for how long the Bank of England would continue to tighten monetary policy. Towards the end of the period, fears around the health of the banking system following the collapse of Silicon Valley Bank in the US and purchase of Credit Suisse by UBS caused further volatility.

Over the period the 5-year UK benchmark gilt yield rose from 1.41% to peak at 4.70% in September before ending the financial year at 3.36%. Over the same timeframe the 10-year gilt yield rose from 1.61% to peak at 4.51% before falling back to 3.49%, while the 20-year yield rose from 1.82% to 4.96% and then declined to 3.82%. The Sterling Overnight Rate (SONIA) averaged 2.24% over the period.

**Credit review:** Early in the period, Moody's affirmed the long-term rating of Guildford BC but revised the outlook to negative. The agency also downgraded Warrington BC and Transport for London.

In July Fitch revised the outlook on Standard Chartered and Bank of Nova Scotia from negative to stable and in the same month Moody's revised the outlook on Bayerische Landesbank to positive. In September S&P revised the outlook on the Greater London Authority to stable from negative and Fitch revised the outlook on HSBC to stable from negative.

The following month Fitch revised the outlook on the UK sovereign to negative from stable. Moody's made the same revision to the UK sovereign, following swiftly after with a similar move for a number of local authorities and UK banks including Barclays Bank, National Westminster Bank (and related entities) and Santander.

During the last few months of the reporting period there were only a handful of credit changes by the rating agencies, then in March the collapse of Silicon Valley Bank (SVB) in the US quickly spilled over into worries of a wider banking crisis as Credit Suisse encountered further problems and was bought by UBS.

Credit Default Prices had been rising since the start of the period on the back of the invasion of Ukraine, and in the UK rose further in September/October at the time of the then-government's mini budget. After this, CDS prices had been falling, but the fallout from SVB caused a spike on the back of the heightened uncertainty. However, they had moderated somewhat by the end of the period as fears of contagion subsided, but many are still above their pre-March levels reflecting that some uncertainty remains.

On the back of this, Arlingclose reduced its recommended maximum duration limit for unsecured deposits for all UK and Non-UK banks/institutions on its counterparty list to 35 days as a precautionary measure. No changes were made to the names on the list.

As market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority’s counterparty list recommended by Arlingclose remains under constant review.

Local authorities remain under financial pressure, but Arlingclose continues to take a positive view of the sector, considering its credit strength to be high. Section 114 notices have been issued by only a handful of authorities with specific issues. While Arlingclose’s advice for local authorities on its counterparty list remains unchanged, a degree caution is merited with certain authorities.

**Local Context**

On 31 March 2023, the council had net borrowing of £171.2 million arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	<b>31.03.2023 Actual £m</b>
<b>Total CFR **</b>	686.0
Less Other Debt Liabilities *	(92.6)
<b>Borrowing CFR</b>	<b>593.4</b>
External Borrowing	<b>(198.2)</b>
<b>Internal borrowing</b>	<b>395.2</b>
Less Usable Reserves **	(134.0)
Less Working Capital **	(287.8)
<b>Net Investments</b>	<b>(26.6)</b>

\* Finance leases, PFI liabilities and transferred debt that form part of the council’s total debt

\*\* These figures are as per the latest figures as of 27 June 2023 and are not the final year end position as the statement of accounts is still being prepared.

The council pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

The treasury management position at 31 March 2023 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.03.2022 Balance £m	Movement £m	31.03.2023 Balance £m	31.03.2023 Average Rate %
Long-term borrowing	185.8	(12.6)	173.2	3.09%
Short-term borrowing	15.0	10.0	25.0	3.86%
<b>Total borrowing</b>	<b>200.8</b>	<b>(2.6)</b>	<b>198.2</b>	<b>3.29%</b>
Short term Investments	(50.5)	23.5	(27.0)	4.09%
<b>Total investments</b>	<b>(50.5)</b>	<b>23.5</b>	<b>(27.0)</b>	<b>4.09%</b>
<b>Net borrowing</b>	<b>150.3</b>	<b>20.9</b>	<b>171.2</b>	<b>3.17%</b>

### **Borrowing Update**

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. Public Works Loan Board (PWLB) loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.

The council was not planning to borrow to invest primarily for commercial return and is so unaffected by the changes in the Prudential Code.

The council currently holds £34.8 million in commercial investments that were purchased prior to the change in the CIPFA Prudential Code. Before undertaking further additional borrowing the council will review the options for exiting these investments.

### **Borrowing strategy**

As outlined in the treasury strategy, the council's chief objective when borrowing has been to strike an appropriately low risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the council's long-term plans change being a secondary objective. The council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio and, where practicable, to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The cost of both long and short-term borrowing rose dramatically over the year, with rates at the end of March 2023 around 2% - 4% higher than those at the beginning of April 2022. Rate rises have been driven primarily by inflation and the need for central banks to control this by raising interest rates. Particularly dramatic rises were seen in September after Liz Truss' 'mini-budget' included unfunded tax cuts and additional borrowing to fund consumer energy price subsidies: over a twenty-four-hour period, some PWLB rates increased to 6%. Rates have now fallen from September peaks but remain volatile and well above recent historical norms. The PWLB 10-year maturity

certainty rate stood at 4.33% at 31 March 2023, 20 years at 4.70% and 30 years at 4.66%.

At 31 March 2023 the council held £198.2 million of loans, (a decrease of £2.6 million during the year), as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 31 March are summarised in Table 3 below.

**Table 3: Borrowing Position**

	31.03.22 Balance £m	Net Movement £m	31.03.23 Balance £m	31.03.23 Weighted Average Rate %	31.03.2023 Weighted Average Maturity (years)
Public Works Loan Board	180.8	(12.6)	168.2	3.18%	18.67
Banks (LOBO)	5.0	-	5.0	4.27%	14.46
Banks (fixed term)	-	-	-		
Local authorities (long-term)	-	-	-		
Local authorities (short-term)	15.0	10.0	25.0	3.86%	0.70
<b>Total borrowing</b>	<b>200.8</b>	<b>(2.6)</b>	<b>198.2</b>	<b>3.29%</b>	<b>12.83</b>

During the year net borrowing decreased, but although £12.6 million of PWLB loans were allowed to mature without replacement, it was necessary to take out an additional £10 million of short-term borrowing from other local authorities. This enabled the council to reduce net borrowing costs (despite foregone investment income) and also reduce overall treasury risk.

As mentioned above, PWLB funding margins have lurched quite substantially and there remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The council will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.

The council continues to hold £5 million of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the council has the option to either accept the new rate or to repay the loan at no additional cost. The bank did not exercise their option during the year.

### **Other Debt Activity**

During the 2022/23 financial year the council did not raise any additional capital finance for Highway Improvements via Private Finance Initiative. Total debt, other than borrowing, stood at £92.6 million on 31 March 2023, taking total debt to £290.8 million

### **Treasury Investment Activity**

CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20 December 2021. These define

treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

The council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the council's investment balances ranged between £18.0 and £59.5 million due to timing differences between income and expenditure. During the year the balances of up to £12 million were maintained in the council's current bank account, in addition to the amounts invested.

The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	<b>31.03.2022 Balance £m</b>	<b>Net Movement £m</b>	<b>31.03.2023 Balance £m</b>	<b>31.03.2023 Income Return %</b>	<b>31.03.2023 Weighted Average Maturity days</b>
Banks & Building societies (unsecured)	(1.0)	1.0	-		
Covered bonds (secured)	-	-	-		
Govt (incl local authorities)	(40.5)	40.5	-		
Isle of Wight Council Pension Fund	-	-	-		
Corporate bonds and loans	-	-	-		
Money Market Funds	(9.0)	(18.0)	(27.0)	4.09%	1
Other Pooled Funds	-	-	-		
<b>Total Investments</b>	<b>(50.5)</b>	<b>23.5</b>	<b>(27.0)</b>	<b>4.09%</b>	<b>1</b>

Both the CIPFA Code and government guidance require the council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Bank Rate has increased from 0.75% at the beginning of the year to 4.25% at the end of March 2023. Short-dated cash rates, which had ranged between 0.7% - 1.5% at the beginning of April, rose by around 3.5% for overnight/7-day maturities and 3.3% for 6–12-month maturities. On 31 March 2023, the 1-day return on the council's money market funds (MMF) ranged between 3.97% and 4.12%

Similarly, deposit rates with the Debt Management Account Deposit Facility (DMADF) increased from 0.55% to 0.85%, depending on the deposit maturity, at the beginning of the year to the closing position of 4.05% to 4.15%. The council did not use this facility during the 2022/23 financial year.

Given the risk and low returns from short-term unsecured bank investments, the council has continued in the more secure investment of money market funds, as shown in table 4 above. As a result, investment risk was diversified.

The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in exposure %	Weighted Average Maturity days	Rate of Return %
31.03.2022	4.62	A+	20%	123	0.20%
30.06.2022	4.67	A+	43%	72	0.46%
30.09.2022	4.87	A+	58%	28	1.45%
31.12.2022	4.74	A+	100%	1	3.23%
31.03.2023	4.88	A+	100%	1	4.09%
<b>Similar LAs</b>	<b>4.84</b>	<b>A+</b>	<b>60%</b>	<b>64</b>	<b>3.80%</b>
<b>All LAs</b>	<b>4.71</b>	<b>A+</b>	<b>59%</b>	<b>12</b>	<b>3.67%</b>

### Non-Treasury Investments

The definition of investments in CIPFA's revised 2021 Treasury Management Code now covers all the financial assets of the council as well as other non-financial assets which the council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e., management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) and Welsh Government also broadens the definition of investments to include all such assets held partially or wholly for financial return.

The council also held £40.9 million of such investments in

- directly owned property £34.8 million
- shared ownership housing £4.9 million
- loans to local businesses £1.3 Million

A full list of the council's non-treasury investments is available in the Isle of Wight Council Statement of Accounts 2022/23 when published.

The directly owned property investments generated £1.0 million of income for the council, after taking account of direct costs. This represents a rate of return of 2.84%

## Treasury Performance

The council measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates, as shown in table 6 below.

Table 6: Performance

	<b>Actual £m</b>	<b>Budget £m</b>	<b>Over / Under £m</b>	<b>Actual %</b>	<b>Benchmark %</b>	<b>Over / Under %</b>
Total Investment Income	(0.7)	(0.2)	(0.5)	1.69%	3.67%	-1.98%
Total Cost of Borrowing	6.0	9.1	(3.1)	2.68%	-	2.68%
<b>GRAND TOTAL</b>	<b>5.3</b>	<b>8.9</b>	<b>(3.6)</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>

## Compliance

The Director of Finance and Section 151 Officer reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the council's approved Treasury Management Strategy.

Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 7 below.

Table 7: Debt Limits

	<b>2022/23 Maximum</b>	<b>31.3.2023 Actual</b>	<b>2022/23 Operational Boundary</b>	<b>2022/23 Authorised Limit</b>	<b>Complied?</b>
Borrowing	200.8	198.2	354.0	440.0	✓
PFI and Finance Leases	97.1	92.6	111.0	140.0	✓
<b>Total Debt</b>	<b>297.9</b>	<b>290.8</b>	<b>465.0</b>	<b>580.0</b>	<b>✓</b>

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Table 8: Investment Limits

	<b>2022/23 Maximum</b>	<b>31.03.2023 Actual</b>	<b>2022/23 Limit</b>	<b>Complied?</b>
Any single organisation, except the UK Government	12.0	7.5	16.0	✓
Any group of organisations under the same ownership	-	-	12.0	✓
Money Market Funds	39.5	27.0	Unlimited	✓

## Treasury Management Indicators

The council measures and manages its exposures to treasury management risks using the following indicators.

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

	31.03.23 Actual	2022/23 Target	Complied ?
Portfolio average credit score	4.88	5.0	✓

The council measures the security of its investments using data provided by Arlingclose. The target figure is the average credit score of all Arlingclose clients that take part in the benchmarking exercise.

Although the portfolio average credit score for the year was slightly higher than the target in numeric terms, the average credit rating of the council's investments was A+ for both actual and target.

**Liquidity:** The council maintains detailed cash flow forecasts with a view to keeping minimum surplus cash balances. It addresses liquidity issues by restricting a significant proportion of its investment opportunities to short term and instant access deposits.

	31.03.2023 Actual £m	2022/23 Target £m	Complied?
Total cash available within 3 months	27	21	✓

**Interest Rate Exposures:** This indicator is set to control the council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

Interest Rate Risk Indicator	31.03.23 Actual £m	2022/23 Limit £m	Complied?
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	-0.1	-0.3	✓
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	0.1	0.3	✓

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.



**Maturity Structure of Borrowing:** This indicator is set to control the council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	<b>31.03.2023 Actual</b>	<b>Upper Limit</b>	<b>Lower Limit</b>	<b>Complied?</b>
Under 12 months	16%	50%	0%	✓
12 months and within 24 months	2%	30%	0%	✓
24 months and within 5 years	13%	30%	0%	✓
5 years and within 10 years	11%	75%	0%	✓
10 years and above	58%	95%	0%	✓

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

**Principal Sums Invested for Periods Longer than a year:** The purpose of this indicator is to control the council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>
Actual principal invested beyond year end	-	-	-
Limit on principal invested beyond year end	40	35	30
Complied?	✓	✓	✓

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## Committee Report

Committee	<b>AUDIT COMMITTEE</b>
Date	<b>31 JULY 2023</b>
Title	<b>PROCUREMENT ACTIVITY REPORT FOR THE HALF YEAR 1 OCTOBER 2022 – 31 MARCH 2023 (Q3&amp;4 2022/23)</b>
Report of	<b>DIRECTOR OF CORPORATE SERVICES</b>

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### EXECUTIVE SUMMARY

1. This report provides the committee with a high-level overview of the council's procurement and contract monitoring activity for the period 1 October 2022 to 31 March 2023 inclusive.
2. The committee is asked to note the report.

### RECOMMENDATION

- |   |
|---|
| 3. The Audit Committee notes the Procurement Activity report. |
|---|

### BACKGROUND

4. The Procurement and Contract Monitoring Team (the PCMT) is a central resource, providing advice and guidance to all council departments on procurement and contract monitoring related matters primarily where the contract value is over £25,000. The PCMT is also responsible for drafting the council's contractual terms and conditions with its suppliers and for giving contract management advice and guidance.
5. A key role of the PCMT is to ensure compliance with the Public Contracts Regulations 2015 (PCR15). These regulations apply to the majority of procurements with a total value over a specified threshold. Procurements which are below threshold are not covered by the PCR15 but are still subject to the council's own contract standing orders (CSOs).
6. The UK's transition out of the European Union ended on the 31 December 2020. On the 15 December 2020, the Cabinet Office published a Green Paper putting forward proposals to transform public sector procurement post transition. The Cabinet Office has stated that the reform is an "*opportunity to leverage public procurement spend to deliver national and local government priorities to a greater*

*extent than has previously been possible*". On 11 May 2022, the Procurement Bill 2022 (the Bill) was introduced in the House of Lords to commence its passage through the legislative process. The progress of the Bill is being closely monitored by the PCMT and when the final proposals are known, work will commence to understand how these can be implemented locally. It is anticipated that the new regime will come into force at the end of 2023, at the earliest.

## CORPORATE PRIORITIES AND STRATEGIC CONTEXT

7. The council has set a target to achieve net zero emissions:
  - in its business and delivery of services by 2030.
  - across the school estate by 2035; and
  - as an island by 2040.
8. Greenhouse gas emissions result from energy use in buildings, street lighting, fleet vehicles, business travel, water use, waste disposal, air conditioning, and contractor's services.
9. The application of environmental and sustainability requirements in contract performance monitoring/reporting, tender evaluation criteria and specifications must be relevant and proportionate to the subject matter of the contract. Where appropriate, this will be extended to evaluate environmental management through supply chains in relation to how the council's suppliers will encourage sustainability amongst its sub- contractors.
10. In order to minimise harm to the environment and to promote conservation of natural resources, commissioners are required to consider climate, environment and UNESCO biosphere impact in the pre procurement planning stages of their project and build appropriate criteria into their procurement documents. This will include greenhouse gas/carbon reporting.

### Economic Recovery and Reducing Poverty

11. Progress towards economic recovery and the reduction of poverty is a key outcome for the council, and this is reflected in the Corporate Plan 2021-25.
12. The council's CSOs and Procurement Strategy promotes the use of social value criteria in our procurement processes.

The Public Services (Social Value) Act 2012 requires all service contracts governed by the Public Contracts Regulations 2015 to be subject to appropriate social value criteria. The Act requires that contracting authorities should consider not only how to improve the economic, social and environmental well-being of the local area served by them, but also how to undertake the process of procurement with a view to securing that improvement and measuring it during the life of the contract.

13. The Council has taken this a step further and has included within its CSOs the requirement to informally apply the Act to all contracts with a whole life value of over £25,000, where appropriate.
14. Social value cannot be used to discriminate on the basis of geography of a supplier, but they can identify local benefits that can be delivered through the contract being

delivered in a specific area for example targeted training and recruitment, local educational support initiatives, community and environmental initiatives, use of local supply chains.

#### Impact on Young People and Future Generations

15. Whilst this report has no direct impact on young people and future generations, commissioners are required to consider how their commissioning and procurement activity can contribute to this aim. Strategies to address this will be considered on a project-by-project basis and this could include consultation and coproduction of specifications with young people.

#### Corporate Aims

16. Through the procurement process, commissioners will be supported to consider how they can help to deliver the aspirations and priorities sets out in the Corporate Plan.

#### PROCUREMENT ACTIVITY 1 OCTOBER 2022 – 31 MARCH 2023 (Quarters 3 & 4 of financial year 2022/23)

#### CONTRACTS AWARDED

17. During the reporting period a total of 85 contracts were awarded. **Table 1** below shows a comparison, by directorate, of the number of contracts awarded in the previous two reporting periods. A detailed breakdown of the contracts awarded can be seen at **Appendix 1**.

**Table 1**

<b>Directorate</b>	<b>Quantity Q3&amp;4 2022/23</b>	<b>Comparison data Q1&amp;2 2022/23</b>	<b>Comparison data Q3&amp;4 2021/22</b>
Adult social care & community well-being	21	27	29
Children's services	20	31	24
Corporate services	11	18	17
Financial management	2	0	0
Neighbourhoods	6	7	7
Public health	1	1	0
Regeneration	17	8	26
Strategy	7	7	0
<b>TOTAL</b>	<b>85</b>	<b>99</b>	<b>103</b>

18. The total whole life value of contracts awarded during the current reporting period is £14.1 million. A breakdown by directorate is provided at **Table 2**.

**Table 2**

Directorate	Quantity Q3&4 2022/23	Comparison data 2022/23 Q1&2	Comparison data 2021/22 Q3&4
	£000	£000	£000
Adult social care & community well-being	3,681	5,505	6,927
Children's services	2,651	6,502	3,494
Corporate services	1,480	3,636	1,079
Financial management	63	0	0
Neighbourhoods	1,167	1,086	375
Public health	25	158	0
Regeneration	4,682	1,476	5,193
Strategy	360	410	0
<b>TOTAL</b>	<b>14,109</b>	<b>18,773</b>	<b>17,068</b>

**CONTRACT DATABASE**

19. The PCMT maintains a database of contracts with a whole life value of over £25,000. There are currently 368 entries with a whole life value totalling over £1.2 billion, broken down as follows:

Directorate	Number of contracts	£m
Adult social care & community well-being	79	163
Children's services	75	42
Corporate services	103	24
Finance	8	1
Neighbourhoods	35	953
Public health	32	27
Regeneration	35	21
Strategy	1	0.01
<b>TOTAL</b>	<b>368</b>	<b>1,231</b>

## WAIVERS OF CONTRACT STANDING ORDERS

20. Service areas have the ability to request a waiver of the CSOs. Waivers may be sought in unforeseen or exceptional circumstances but must not be sought for reasons of poor planning nor as a means to by-pass the CSOs. Waivers cannot be given if they would contravene the Public Contracts Regulations 2015 or any other applicable legislation. Waivers may be utilised where it can be demonstrated that the ability to act quickly to engage a single supplier would make economic sense and fit with service requirements, in circumstances where there is no more effective way to secure the capacity.
21. For waivers and contract price variations, the Procurement Board will consider the request. The membership of the board comprises the director of corporate services, procurement and contracts manager, pension fund manager and the strategic manager for legal services.
22. During the period, 48 waivers were approved. **Table 3** below sets out a high-level overview of the waivers with a comparison to the data collated for the previous two half yearly reports.

**Table 3**

Directorate	Quantity Q3&4 2022/23		Comparison data Q1&2 2022/23		Comparison data Q3&4 2021/22	
	Number	£000	Number	£000	Number	£000
Adult social care & community well-being	19	£3,472	25	£2,259	24	£1,992
Children's services	19	£2,356	24	£4,092	23	£3,371
Corporate services	2	£142	3	£185	7	£401
Financial management	1	£38	0	0	0	0
Neighbourhoods	1	£45	3	£188	5	£214
Public health	1	£25	1	£158	0	0
Regeneration	5	£271	2	£69	12	£975
Strategy	0	0	0	0	0	0
<b>TOTAL</b>	<b>48</b>	<b>£6,349</b>	<b>58</b>	<b>£6,951</b>	<b>71</b>	<b>£9,954</b>

23. The committee will note the continued high number of waivers from the adult social care & community well-being needs directorate, though, there has been a decrease to the numbers recorded. Through a piece of work between the adult social care & community well-being needs directorate and the PCMT, it was apparent that the waivers agreed by the Board didn't always result in a placement being made. The PCMT have therefore started to capture this and, because those waivers didn't result in a contract being awarded, have been removed from the data that forms part of this report as it was felt that this information was artificially elevating the figures. During this reporting period, this applied to one waiver.

24. It has been discovered that the same was happening in children's services and this applied to three waivers.
25. It should be noted that the waivers from adult social care are typically for placements where the placement is very urgent and often as a result of imminent hospital discharge for which the team receive minimal (or no) prior notice.
26. A detailed list of the waivers can be seen at **Appendix 2**.
27. PROCUREMENT STRATEGY 2022-2025
28. The new [Procurement Strategy](#) (the strategy) was approved by Cabinet at its meeting on the 13 October 2022.
29. The principal purpose of the strategy is to set the overall context for procurement and contract management in the council. The strategy builds on existing good practice and maps the future developments and likely improvements in the way the council approaches its procurement and contract management activities.
30. It is increasingly important that the council ensures value for money and identifies the full potential of procurement and contract management as a tool for delivering the council's long-term goals set out in the Corporate Plan.
31. Through the delivery of the strategy the council will help local (including small) businesses and suppliers wherever and insofar as overriding rules allow, and particularly in a way that supports the delivery of the council's strategic priorities. This includes generating economic growth, helping our communities recover from the Covid-19 pandemic, and supporting the Biosphere and Mission Zero.
32. The Strategy is focused around four key themes:
  - Local community wealth building
  - Climate and environment
  - Commercial approach
  - Skills and capabilities
33. The strategy maps out planned activities for the three-year term in the form of an action plan linked to each of the four themes. A copy of the action plan and progress made against the strategy can be seen at **Appendix 3**.
34. Good progress has been made against the strategy actions with a number of actions being complete and now forming part of 'business as usual'.
35. Due to resource constraints and the Procurement and Contracts Manager leaving the council, some of the actions are awaiting revised deadlines. This will be updated when the replacement is in post.
36. The actions requiring progress predominantly relate to training and guidance for staff and suppliers in relation to delivering on the aspirations of the strategy, such as in relation to community wealth building and climate and environment.



## CONTRACT MONITORING

37. The council's contract monitoring system is used to ensure that suppliers to the council are fulfilling their contractual obligations and will highlight where contracts are not performing. This will allow early intervention to remedy issues and will automatically flag to senior management where a supplier's performance is falling below an acceptable level.
38. The monitoring system also trigger alerts for reviews, it asks contract managers to confirm that they have received their supplier monitoring reports and it is a central location for contract data to be stored.
39. There are currently 79 contracts loaded in the contract monitoring system with a combined total of 1,737 performance measures. **Table 4** breaks this down by directorate.

**Table 4**

<b>Directorate</b>	<b>Number of contracts</b>	<b>Number of KPIs</b>
Adult social care & community well-being	31	1,088
Children's services	28	508
Corporate services	6	31
Financial management	0	0
Neighbourhoods	12	75
Public health	0	0
Regeneration	2	35
Strategy	0	0
<b>TOTAL</b>	<b>79</b>	<b>1,737</b>

40. As well as monitoring contract performance against each key performance indicator, the system provides an overall RAG (red, amber, green) rating for each contract. During the reporting period, five contracts have shown performance issues, four within the adult social care & community well-being needs directorate, and one in neighbourhoods. The system clearly shows where the issues are occurring and allows for early intervention to work with the suppliers to remedy the issues in accordance with the contract.
41. The contract performance issue in neighbourhoods was remedied by the supplier as soon as the issue was highlighted in the monitoring system.

42. Adult social care & community well-being needs commissioners are working with the PCMT and the suppliers to address the performance issues on their four contracts.
43. Contracts that are not yet loaded into the contract monitoring system are being managed by each service and each contract manager is responsible for ensuring the contract is performing as it should and that appropriate records are being kept to evidence this.

#### MODERN SLAVERY

44. Modern slavery is often a hidden crime involving one person denying another person his or her freedom. It includes slavery, servitude, forced and compulsory labour and human trafficking.
45. To tackle these crimes, the Modern Slavery Act 2015 (the Act) was introduced. The Act consolidates and clarifies modern slavery offences; toughens penalties and prosecution; and introduces greater support and protection for victims.
46. The prevention, detection and reporting of modern slavery in any part of the council's business or supply chains is the responsibility of all those working for the council. It is important that we consider modern slavery when we are letting and managing our contracts and the mitigation of modern slavery risks should be considered throughout the procurement process.
47. As standard, we have criteria built into our procurement documents where we can exclude suppliers from our procurement processes where they have committed offences under the Act. We also ask all suppliers with a turnover of £36 million+ to confirm that they are meeting their obligations to publish statements about what they are doing to prevent modern slavery in their supply chains, however, some contracts may require us to go further than that.
48. Some contracts will carry a higher risk in terms of where modern slavery can present itself. Additional evaluation and contract monitoring criteria can be built into the procurement process to enable a proper and thorough assessment of suppliers to ensure they are compliant with the Act and that they are monitoring their supply chains as well.
49. Section 54 of the Modern Slavery Act 2015 requires large employers to produce a modern slavery statement each financial year. The council's modern slavery statement can be viewed [here](#).

#### FINANCIAL / BUDGET IMPLICATIONS

50. There are no direct financial or budgetary implications arising from this report although all procurement decisions directly contribute to the council's total expenditure and therefore any reduction in the amount of spend as a result has a direct beneficial impact on the council's budget position.

## LEGAL IMPLICATIONS

51. Procurement by public bodies is subject to a rigorous regulation principally via the Public Contracts Regulations 2015 (which came into force on 26 February 2015). In addition, the council has its own contract standing orders. The council is also required to comply with other legislation when conducting procurements, for example that relating to equality, modern slavery and social value.
52. All procurements with a whole life value over £25,000 are overseen by the PCMT ensuring robust governance of the council's procurement activity in accordance with our contract standing order requirements.

## EQUALITY AND DIVERSITY

53. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it.
54. There are no direct equality and diversity implications arising from this report. However, commissioners are required to consider equality and diversity matters in the pre procurement planning stages of their project and build appropriate and proportionate criteria into their procurement documents.

## RISK MANAGEMENT

55. Failure to observe the relevant legislation and the council's contract standing orders has the potential to pose a significant threat to the council's financial health and reputation. Such risk could take many forms including the risk of legal challenge resulting in financial penalties and the potential for negative publicity together with the risk that a contract could be deemed to be void.
56. These risks are mitigated with the involvement of the PCMT in all procurements valued over £25,000. The risks are considered higher at this value as this is the trigger for advertised open market competition where the risk of challenge is greater.
57. Commissioners are offered a four day, in house, training programme to ensure they understand how to conduct a procurement process and adhere to the council's CSOs and Public Contracts Regulations 2015.
58. Any purchase order valued over £20,000 is sent to the PCMT. This is an additional approval step prior to financial approval where the PCMT will check that the spend complies with the relevant procurement rules and regulations.

## APPENDICES ATTACHED

Appendix 1 - Contracts awarded in the period 1 October 2022 to 31 March 2023 (Q3 and 4 2022/23).

Appendix 2 – Details of waivers approved in the period 1 October 2022 to 31 March 2023 (Q3 and 4 2022/23).

Appendix 3 – Procurement strategy action plan update.

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CLAIRE SHAND  
*Director of Corporate Services*

CLLR JONATHAN BACON  
*Cabinet Member for Finance, Climate  
Change and Biosphere*

**APPENDIX 1****Contracts awarded in the period 1 October 2022 to 31 March 2023 (Q3 and 4 2022/23)**

Directorate	Contract title	Contract value £000
Adult social care & community well-being	Home care services staff x 2 <i>Provision of statutory domiciliary care to people eligible for social care under the Care Act 2014.</i>	667
	Mainland residential placement x 15 <i>Provision of residential placements in mainland care homes.</i>	2,675
	Community occupational therapy service <i>Support in the community to meet the occupational needs of islands residents.</i>	83
	Rightsizing project on the Isle of Wight <i>Services to ensure maximisation of social housing units is achieved to help the Isle of Wight address the shortage of such units.</i>	25
	Prepaid cards <i>Prepaid cards to allow individuals in receipt of a direct payment to use the prepaid card to pay for care and support required.</i>	121
	Nursing care - block booking for six beds <i>Contract to facilitate the discharge of hospital patients during the critical incident over the winter period.</i>	47
Children's services	Residential/education placements for children and young people x 15 <i>Provision of a combination of residential, supported lodgings and education placements for children and young people.</i>	2,050
	Heating works at the island sixth form <i>Provision of urgent school building works to prevent school closure.</i>	138
	High needs school demand and capacity consultancy services <i>Consultancy support to build capacity across the system, upskilling the workforce to secure high quality early intervention and provision at the level of SEN (Special Educational Needs) Support.</i>	295
	Agency social workers	100
	Habilitation service for visually impaired pupils <i>Statutory service to support children and young people 0-25 to develop mobility, navigation, and develop independent living skills.</i>	38
	The Bay secondary school works <i>Provision of concrete and brickwork repairs.</i>	30
Corporate services	Marketing pathway qualifications <i>Provision of a training provider to deliver digital marketer level 3, marketing assistant level 3, marketing executive level 4.</i>	24
	Active directory vulnerability assessment system <i>Computer system to scan for vulnerabilities in active directory.</i>	143
	IDOX planning and licensing system <i>Provision of support and maintenance for the Isle of Wight Council's IDOX Uniform system.</i>	304
	Asset valuation service <i>Provision of asset valuations from the 2022/23 financial year to comply with the Financial Reporting Standard (FRS 102)</i>	135

	Desktop equipment (tablets and laptops)	276
	Geographic information system support and maintenance <i>Provision of support and maintenance for the council's ESRI GIS system.</i>	191
	Vulnerability assessment solution - cyber security <i>Provision of a computer system to scan for system vulnerabilities.</i>	203
	Customer service qualifications <i>Provision of a training provider to deliver practitioner level 2 and customer service specialist level 3.</i>	7
	Adobe licence <i>Adobe licence agreement for all adobe software used within the council.</i>	55
	Mobile phones <i>Provision of all corporate mobile phones and mi-fi devices.</i>	72
	Support and maintenance for swift system <i>Provision of a support and maintenance contract for the council's existing integrated children's social care system.</i>	70
Financial management	Pension fund organisational structure review <i>To review the operational structure for the pension fund.</i>	25
	Shared cost additional voluntary contributions <i>Provision of a salary sacrifice scheme that saves national insurance and apprenticeship levy for the employer and national insurance and tax for the employee.</i>	38
Neighbourhoods	Replacement of an artificial pitch at Queensgate astroturf	97
	Push boat service for floating bridge 6 <i>Provision of a work boat, to push the floating bridge square on to each slipway during the two periods prior to low water during a spring ebb tide.</i>	574
	Designated person ashore services for floating bridge 6 <i>Provision of a designated person ashore to help ensure the safe operation of the floating bridge and provide an independent, active link between the council, the master, and the crew of the vessel.</i>	58
	Ventnor harbour management <i>Provision of the management of harbour.</i>	393
	Catering unit at dinosaur isle <i>Provision of a mobile catering unit to be situated at dinosaur isle.</i>	60 (income)
	Coroner forensic service <i>To undertake toxicology service for His Majesty's Coroner during inquests into deaths.</i>	45
Public health	Domestic abuse survivor voice <i>Provision of an independent consultant with lived experience of domestic abuse to develop a survivor voice network.</i>	25

Regeneration	Ryde business park extension <i>Consultancy support for the provision of an outline business case (OBC), including a viability assessment for the proposed extension to Ryde Business Park on the Isle of Wight.</i>	37
	County hall equipment compound <i>Construction of an external compound to hold equipment.</i>	53
	Roofing works at lord louis library	388
	Audio visual solutions at building 41 <i>Purchase and installation of audio visual equipment at building 41.</i>	30
	Internal works to the south elevation of the columbine building	668
	Remedial building works at victoria barracks	498
	The bay area place plan <i>Consultancy support for the development of a place plan for the bay area.</i>	45
	Thompson house demolition <i>Provision of a contractor to demolish the buildings on the Thompson house site.</i>	119
	Refurbishment and reconfiguration of the Goulding's resource centre	1,277
	Project manager - the department <i>Services to oversee building works to create a state-of-the-art creative resource centre.</i>	65
	Replacement lighting at county hall	162
	County hall de-carbonisation project <i>Provision of an air source heat pump and associated electrical infrastructure and new radiators.</i>	891
	Design and management consultant for 'the department' project	178
	New heating system at bluebell house	29
	Ryde transport hub consultancy <i>Provision of consultancy services to deliver the station construction works.</i>	56
Server room close control air conditioning unit	36	
Building works at Norris castle	150	
Strategy	Local Media Direct Buying Solutions x 7 <i>Approved supplier list for the provision of local media buying solutions such as official notices, general advertising and campaigns.</i>	360

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**APPENDIX 2****Details of waivers approved in the period 1 October 2022 – 31 March 2023 (Q3 and 4 2022/23)**

<b>Contract title</b>	<b>Value £000</b>	<b>Directorate</b>	<b>Details of the waiver</b>	<b>Long term action plan</b>
Mainland care placement x 15	2,675	Adult social care & community well-being	It has continued to be necessary, to take action to support rapid discharge of a number of patients from St Marys Hospital and to create sufficient capacity to meet anticipated demand. The development of the national Discharge to Assess model has resulted in the requirement to support people to move to short term residential placements following a period of hospital admission pending assessment and to aid their recovery. Due to a lack of available capacity within the local care marketplace, the council continues to have to look further afield and support people to be discharged, with their full consent, to care services off island. Due to the urgent need to take action there was not sufficient time to carry out a procurement process.	The frequency of mainland placements is being monitored. It is felt at present that they aren't frequent or predicible enough to justify a full open market competitive procurement process as the work required to do this is disproportionate to the need for these services.
Home care services staff x 2	667	Adult social care & community well-being	At the time the waiver was sought the health and care system on the Isle of Wight was continuing to face significant demand in relation to hospital admissions and corresponding hospital discharges. The existing contracted suppliers of home care services did not have capacity to meet this demand and therefore a supplier with capacity was identified following discussions with the market.	One off contract.
Community occupational therapy service	83	Adult social care & community well-being	Following a failed procurement process, the service area sought a waiver to continue with the incumbent supplier of the services whilst a new procurement was carried out. The procurement process had	A procurement process will be carried out.

			failed due to no bids being received.	
Nursing care - block booking for six beds	47	Adult social care & community well-being	Due to the hospital facing a critical incident, the service area sought a waiver to urgently secure six beds in a nursing home facility.	One off contract.
Residential/ education placements for children and young people x 15	2,050	Children's services	<p>The children's services commissioning team utilise the waiver process as a route to commissioning a placement in the following situations:</p> <ul style="list-style-type: none"> <li>• When no suitable supplier can be commissioned through the framework agreement;</li> <li>• Where the placement is made at the request of the family/family legal representatives;</li> <li>• Where the child is in an existing placement that needs to be extended;</li> <li>• Where the council is responsible for paying fees due to the "belonging regulation".</li> </ul>	The suppliers have been approached to join the framework agreement.
Heating works at the island sixth form	138	Children's services	The waiver sought to waive the advertising requirement of contract standing orders but retained competition with a number of local suppliers being invited to tender for the works. The works were required urgently due to a risk of Legionella and a risk that the school would need to be shut until the boilers were replaced. Due to the timescales involved, the service area felt that there was not sufficient time to carry out an open market tender exercise and therefore requested a waiver to approach three local suppliers directly.	One off contract.
Agency social workers	100	Children's services	The service area had initially attempted to secure agency workers through the council's approved agency provider, however, no suitable candidates were identified. A waiver was	A permanent recruitment campaign is under way.

			requested to engage with an agency outside of the council's corporate contract to be able to secure an experienced candidate.	
Habilitation service for visually impaired pupils	38	Children's services	There is no qualified specialist on the Isle of Wight with qualifications or experience in paediatric work. The service area sought the waiver to continue to engage with the known supplier in the region of these services whilst they are encouraged to join the council's approved supplier list which would enable a contract to be awarded without the need for a waiver.	Supplier is being encouraged to join the approved supplier list.
The Bay secondary school works	30	Children's services	The service area had initially sought quotes from three local suppliers as the value was anticipated to be below £25,000. The quotes that came in were over the £25,000 threshold and therefore they sought a waiver to be able to award a contract following the process.	One off contract.
Mobile phones	72	Corporate services	The service area sought a waiver to continue with the incumbent supplier of the mobile phone contract whilst options to join in with a central government collaborative procurement process were explored.	Either a collaborative procurement or council led procurement will be run for the longer term contract.
Support and maintenance for swift system	70	Corporate services	Due to delays in the implementation of the new integrated care system, continuation of the support and maintenance agreement for the current system was needed. The service area sought a waiver to be able to award a further contract with the current supplier to cover the delay.	New system has been procured and therefore this contract is only needed until the new system goes live.
Shared cost additional voluntary contributions	38	Financial management	The incumbent supplier is the only company that offers a fully managed solution in the market. On that basis, the service area sought a waiver to continue to engage with them to deliver the scheme.	Suppliers and routes to market shall be investigated prior the end of this contract and if a new

				supplier has entered the market, and/or a framework agreement is identified, a procurement process shall be carried out.
Coroner forensic service	45	Neighbourhoods	Due to the incumbent supplier of these services serving notice to the council, a new supplier needed to be sourced quickly. The decision of where and by whom the toxicology is analysed is a matter of the coroner's judicial discretion and a supplier was selected by them. A waiver was sought to allow them to be directly engaged without the need for an open market procurement process.	Decisions around the contract, supplier and route to market will be made in conjunction with the coroner in the lead up to the end of this contract term.
Domestic abuse survivor voice	25	Public health	Due to the sensitive and unique nature of the contract the service area sought to directly award a contract to an independent consultant with lived experience of domestic abuse to work with the Isle of Wight Domestic Abuse Partnership Board.	One off contract.
New heating system at bluebell house	29	Regeneration	The service area sought to urgently waive the requirements of contract standing orders to directly award a contract to a local supplier to replace the boiler at a local care home. The council had taken over responsibility of the facility over the winter period and it became apparent that the heating system was not adequate and needed immediate replacement. There was insufficient time to carry out an open market procurement process.	One off contract.
Replacement lighting at county hall	N/a	Regeneration	Due to the time constraints in getting the work awarded and programmed so that it could be completed in line with the other works taking place at county hall and reduce the level of disruption to the building, the	N/a.

			service area sought to reduce the advertising time from the standard 21 days to 14 days.	
Ryde transport hub consultancy	56	Regeneration	Due to delays in the project, the supplier was required for longer than originally anticipated and the waiver sought permission to continue to engage with them without needing to carry out an open market procurement process.	One off contract.
Server room close control air conditioning unit	36	Regeneration	Due to the failure of one of the air conditioning units in the council's server equipment room, a waiver was requested to urgently purchase a replacement unit without needing to carry out an open market procurement process.	One off contract.
Building works at norris castle	150	Regeneration	The service area sought to waiver advertising requirements of contract standing orders and seek direct quotes from three local suppliers for urgent enforcement works required at Norris castle.	One off contract.

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# Local Community Wealth Building

## Action Plan

How will we deliver this theme?	We will do this by:	Target date
<p>We will be explicit in our expectations of suppliers in meeting our Local Community Wealth objectives and we will seek commitments from them through the procurement process.</p>	<p>Updating our tender documentation to capture more information about the local benefits that will be delivered as part of our contracts.</p>	<p>By January 2023</p> <p><b>UPDATES:</b></p> <p><b>November 2022</b> - Where relevant, tender evaluation criteria is specifically tailored to require suppliers to set out the local benefits that the delivery of the contract will bring. For contracts that are managed using the council's contract monitoring system, the commitments are captured and monitored to ensure the successful delivery of the commitments made. Where a contract is managed outside of the system, the commissioner is required to implement appropriate processes to monitor the delivery of the local benefits.</p> <p><b>April 2023</b> - The council's tender documentation has been updated to require suppliers to inform whether they are a Category 1 or Category 2 supplier. This information has been collected for all contracts awarded via open market competition/framework agreement call off from 1 April 2022 and will be routinely collected for all contracts awarded, including waivers of contract standing orders going forward.</p>

	<p>Working with commissioners to encourage evaluation criteria that clearly sets out what the Council sees as valuable in our local area and seeks supplier commitments that meets the council's corporate objectives.</p>	<p>By December 2022</p> <p><b>UPDATES:</b></p> <p><b>26/11/2022</b> – workshop delivered to commissioners which explained the strategy, theme and implementation of these. Also available on the learning hub for others to watch.</p> <p><b>November 2022</b> - Where relevant, tender evaluation criteria is specifically tailored to require suppliers to set out the local benefits that the delivery of the contract will bring. For contracts that are managed using the council's contract monitoring system, the commitments are captured and monitored to ensure the successful delivery of the commitments made. Where a contract is managed outside of the system, the commissioner is required to implement appropriate processes to monitor the delivery of the local benefits.</p> <p><b>13/12/2022</b> - Updated Procurement Initiation Form with guidance about linking social value to corporate plan with example questions that can be included.</p> <p><b>April 2023</b> – waiver form has been updated to require commissioners seeking a waiver of contract standing orders to set out the local benefits that their contract can deliver and to demonstrate how these meet the objectives set out in the corporate plan and the procurement strategy.</p>
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	Implementing the findings of the Community Wealth Building work that CLES (Centre Local Economic Strategies) has done with the Council.	TBA based on CLES report.
We will include specific, measurable, realistic and timebound targets that will be used to capture the amount of community wealth being delivered as a result of the Council's procurement activity.	Updating our tender documentation to capture information about the local benefits that will be delivered as part of our contracts in a consistent and meaningful way.	By January 2023 <b>UPDATES:</b> <b>November 2022</b> - Where relevant, tender evaluation criteria is specifically tailored to require suppliers to set out the local benefits that the delivery of the contract will bring. For contracts that are managed using the council's contract monitoring system, the commitments are captured and monitored to ensure the successful delivery of the commitments made. Where a contract is managed outside of the system, the commissioner is required to implement appropriate processes to monitor the delivery of the local benefits.
	Ensuring that where community wealth and social value expectations and criteria has been built into a procurement, we will also include key performance indicators /reporting measures which will require the supplier to report on their progress in	Ongoing <b>UPDATES: November 2022</b> - Where relevant, tender evaluation criteria is specifically tailored to require suppliers to set out the local benefits that the delivery of the contract will bring. For contracts that are managed using the council's contract monitoring system, the commitments are captured and monitored to ensure the successful delivery of the commitments made. Where a contract is managed outside of the system, the

	delivering the benefits throughout the lifetime of the contract.	commissioner is required to implement appropriate processes to monitor the delivery of the local benefits.			
We will develop reporting processes to capture the number of contracts awarded locally and the amount of spend with local suppliers. The aim will be to see this increase throughout the term of the Strategy as community wealth building activities start to embed.	Developing processes within the procurement and contracts team to collate and report on data relating to local spend (direct and indirect) and local contract awards.	<p>By March 2023</p> <p><b>UPDATES: March 2023</b> – Two categories have been created to classify local suppliers:</p> <table border="1"> <thead> <tr> <th>Category</th> </tr> </thead> <tbody> <tr> <td><b>Category 1</b> – is a local supplier whose registered office is on the Isle of Wight.</td> </tr> <tr> <td><b>Category 2</b> – is a supplier who doesn't fall into the Category 1 classification but who has a local base and is employing local people to deliver the contract.</td> </tr> </tbody> </table> <p>This information is being captured for contracts awarded where the whole life value of the contract is over £25,000 and for contracts awarded via a waiver. The data forms part of the QPMR reporting.</p>	Category	<b>Category 1</b> – is a local supplier whose registered office is on the Isle of Wight.	<b>Category 2</b> – is a supplier who doesn't fall into the Category 1 classification but who has a local base and is employing local people to deliver the contract.
Category					
<b>Category 1</b> – is a local supplier whose registered office is on the Isle of Wight.					
<b>Category 2</b> – is a supplier who doesn't fall into the Category 1 classification but who has a local base and is employing local people to deliver the contract.					
We will work with anchor institutions to ensure, as far as possible, the adoption of the Community Wealth principles within their organisations.	Implementing the findings of the Community Wealth Building work that CLES (Centre Local Economic Strategies) has done with the Council, which will include work with Anchor Institutions.	TBA based on CLES report.			

<p>We will ensure that our procurement processes are structured in such a way to support the delivery of this theme, where possible.</p>	<p>Promoting the use of Prior Information Notices to engage SMEs prior to the commencement of the procurement process.</p>	<p>Ongoing</p> <p>Prior Information Notices are routinely used by commissioners to give prior notice to the market of our forthcoming contract opportunities. Early market engagement and intelligence gathered during this process is also used to help inform the subsequent procurement process.</p> <p><b>UPDATES:</b></p> <p><b>May 2023</b> – the Procurement Initiation Form has been updated to educate commissioners on the benefits of issuing a Prior Information Notice and to ask them to confirm whether they want to utilise it as part of their process.</p>
	<p>Being mindful of the way in which we run and structure a procurement, such as breaking up larger contracts into smaller packages of work, so that our contract opportunities are accessible for SMEs.</p>	<p>Ongoing</p> <p><b>UPDATES:</b></p> <p><b>May 2023</b> – the Procurement Initiation Form has been updated to require commissioners to consider breaking down their contracts into Lots. If they chose not to, justification must be provided.</p>
<p>We will ensure that our procurement documents are streamlined and easy to understand</p>	<p>Reviewing the council’s suite of procurement documents and refreshing the format and language used.</p>	<p>By February 2023</p> <p>This action has not progressed due resource constraints and other priorities in the Procurement Team. A revised date will be set in due course when the Procurement and Contracts Manager replacement is in post in June 2023.</p>

<p>We will ensure that our procurement policy supports the delivery of this strategy theme.</p>	<p>Reviewing Contract Standing Orders to ensure they maximise the benefit to Island-based local partners/businesses to create a cyclical model of community wealth generation.</p>	<p>August 2023</p>
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## Climate and Environment Action Plan

How will we deliver this theme?	We will do this by:	Target date
<p>We will be explicit in our expectations of Suppliers in meeting our Climate and Environment objectives and we will seek commitments from them through the procurement process.</p>	<p>Updating the Procurement Initiation Document to be clearer to commissioners on the importance of including climate and environment related evaluation criteria, specification requirements and performance measures. This will include making it a mandatory consideration for every procurement run by the council.</p>	<p>By November 2022</p> <p><b>26/11/2022</b> – workshop delivered to commissioners which explained the strategy, theme and implementation of these. Also available on the learning hub for others to watch.</p> <p><b>December 2022</b> – The Procurement Initiation Form has been updated to provide additional guidance to commissioners in relation to the council’s climate and environment aspirations and how these can be incorporated in to their procurement process and contract requirements. This is a mandatory consideration and evaluation criteria, specification requirements and contract performance monitoring criteria will be built in to the procurement documents</p>

		<p>where relevant and in a proportionate way.</p> <p><b>Work in progress -</b></p> <p>Further work with Climate and sustainability officer has been instigated to see if the document can be further enhanced with signposting/education literature, specialist support for commissioners to maximise the benefits of including climate and environment expectations in the council's procurement process.</p>
	<p>Updating our tender documentation to require tenderers to demonstrate their strategies to reduce carbon in their operations and in their supply chain.</p>	<p>By November 2022</p> <p><b>UPDATES:</b></p> <p><b>December 2022</b> – The Procurement Initiation Form has been updated to provide additional guidance to commissioners in relation to the council's climate and environment aspirations and how these can be incorporated in to their procurement process and contract requirements, including carbon reduction initiatives.</p> <p><b>Work in progress -</b></p> <p>Further work with Climate and sustainability officer has been instigated to see if the document can be further enhanced with signposting/education literature, specialist support for commissioners to maximise the benefits of including climate reduction strategies in a relevant and proportionate way.</p> <p><b>15/05/23</b> – The need for further involvement from the council's climate and environment expertise has been</p>

		<p>highlighted to the Climate and Environment Programme Delivery Group for consideration. The relevant officers from the Waste and Environment service will be meeting with the Procurement team to agree a suitable approach to building this into the procurement process. A revised completion date will be set when the meeting has taken place.</p>
<p>We will include specific, measurable, realistic and timebound targets that will be used to capture the activities contributing to the Council's net carbon zero aspirations that are being delivered through the Council's procurement activity.</p>	<p>Ensuring that where climate and environment expectations and criteria has been built into a procurement, we will also include key performance indicators/reporting measures which will require the supplier to report on their progress in delivering the benefits throughout the lifetime of the contract.</p>	<p>Ongoing <b>UPDATES:</b> <b>November 2022</b> - Where climate and environment expectations and criteria has been built into a procurement, the commitments are captured and monitored to ensure the successful delivery of the commitments made through the council's contract monitoring system. Where a contract is managed outside of the system, the commissioner is required to implement appropriate processes to monitor the delivery of the commitments made.</p>
	<p>Working with the sustainability team and the climate change team to put in place a process for collecting carbon emissions data from Suppliers that are within scope (where they are not already reporting on this information).</p>	<p>By February 2023 <b>UPDATES:</b> <b>15/05/23</b> – The need for further involvement from the council's climate and environment expertise has been highlighted to the Climate and Environment Programme Delivery Group for consideration. The relevant officers from the Waste and Environment service will be meeting with the Procurement team to agree a suitable approach to</p>

		building this into the procurement process. A revised completion date will be set when the meeting has taken place.
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## Commercial Approach Action Plan

How will we deliver this theme?	We will do this by:	Target date
We will work with Commissioning staff to consider delivery models, route to market and contracting mechanisms.	Working with the commercialisation agenda lead officer to update the Procurement Initiation Document to provide a framework of considerations and options that can help inform their procurements.	By November 2022  <b>UPDATES:</b> This action has not progressed due resource constraints and other priorities in the Procurement Team. A revised date will be set in due course when the Procurement and Contracts Manager replacement is in post in June 2023.
We will promote the Council's Contract Management Framework and Toolkit which has been developed to assist officers in setting robust contract performance monitoring regimes, managing relationships with suppliers and to provide a structure for recording	Promoting the Contract Management Framework and Toolkit through the Vine, Manager's Brief and commissioner network	Ongoing

contract compliance.		
We will continue to develop the Council's Contract Monitoring System which will be a central system whereby the contract performance will be monitored, allow the early detection of poor performance which can be remedied quickly in line with the contract arrangements.	Engaging with commissioners pre procurement to demonstrate the benefits of the system and encourage its use to monitor contract performance.	Ongoing
	Engaging with contract managers to encourage existing contracts to be added to the system.	Ongoing
We will use contract monitoring data to assist with greater strategic planning for contracts that are due to expire, enabling effective options appraisal to be undertaken and new/creative solutions to be identified.	Working with commissioners and contract managers to demonstrate the benefits of using the data in the Contract Monitoring System and develop the use of the reporting aspects of the system.	Ongoing



We will ensure that our procurement policy supports the delivery of this strategy theme.	Reviewing Contract Standing Orders to ensure they are fit for purpose and supportive of this Procurement Strategy, the Commercialisation Strategy and the Corporate Plan.	By August 2023
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## Skills and Capabilities Action Plan

	How will we deliver this theme?	We will do this by:	Target date
<b>Staff</b>	We will do this by reviewing and enhancing the training offered to staff involved in procurement and contract management activities and will cover all aspects of the procurement life cycle.	Working with learning and development to add bitesize training packages to the Learning Hub.	By September 2023
		Setting up regular 'drop in' sessions to be set up for commissioners on key procurement and contract matters.	By April 2023 This action has not progressed due resource constraints and other priorities in the Procurement Team. A revised date will be set in due course when the Procurement and Contracts Manager replacement is in post in June 2023.
		Updating the in-house four-day training programme to cover the themes of this strategy.	By February 2023 This action has not progressed due resource constraints and other

			priorities in the Procurement Team. A revised date will be set in due course when the Procurement and Contracts Manager replacement is in post in June 2023.
We will review and enhance the guidance available to staff to assist with procurement and contract management activity. This will have a particular focus on how to deliver the aims of this Strategy and the Council's Corporate Plan.	Creating guidance on climate and environment considerations for Council staff involved in procurement and contract activity to assist them with their understanding of environmental issues and the benefits that it can bring when applied appropriately in a procurement process. This will also include guidance on managing a supplier to ensure delivery of their climate and environment contract commitments.	By April 2023 <b>UPDATES:</b> <b>15/05/23</b> – The need for further involvement from the council's climate and environment expertise has been highlighted to the Climate and Environment Programme Delivery Group for consideration. The relevant officers from the Waste and Environment service will be meeting with the Procurement team to agree a suitable approach to building this into the procurement process. A revised completion date will be set when the meeting has taken place.	
	Creating guidance on the inclusion of community wealth building and social value criteria into the procurement process	By April 2023 This action has not progressed due resource constraints and other priorities in the	

	and the subsequent management of the supplier in relation to their commitments.	Procurement Team. A revised date will be set in due course when the Procurement and Contracts Manager replacement is in post in June 2023.
	Creating guidance for Council commissioning staff on the different delivery models, routes to market and contracting mechanisms.	By April 2023 This action has not progressed due resource constraints and other priorities in the Procurement Team. A revised date will be set in due course when the Procurement and Contracts Manager replacement is in post in June 2023.
We will develop training and guidance for sub £25,000 procurement and contract management activity.	Providing templates and guidance for commissioning and contract management staff to use for sub £25k procurements.	By September 2023
	Working with learning and development to create a training module to go on to the Learning Hub for sub £25k procurements.	By September 2023
We will ensure that the procurement and contracts team keep up to date with forthcoming changes to the	Taking advantage of the learning and development programme that will be run by the	TBC – dependent on Cabinet Office timetable

	public sector procurement regime to enable the changes to be implemented successfully.	Cabinet Office to support those operating within the new regime.	
Suppliers	We will do this by reviewing our procurement processes to ensure they are fit for purpose and accessible to SMEs and VCSEs.	Reviewing of Contract Standing Orders to ensure they enable processes that are accessible to SMEs and VCSEs.	By August 2023
		Reviewing stage 1 evaluation criteria to ensure there are no unnecessary barriers to SMEs and VCSEs.	By January 2023 <b>UPDATES:</b> <b>January 2023</b> – A review has been carried out of the stage 1 evaluation criteria to ensure that there are no unnecessary barriers in the procurement process that would hinder SMEs or the VCS from being able to engage with the council’s procurement processes. It has been concluded that the process is appropriate in its current form. Commissioners are required to ensure that their expectations of suppliers are relevant and proportionate, such as the setting of insurance levels.

		Suppliers have a number of ways that they are able to demonstrate financial standing and experience which is also supportive of SMEs, VCS organisations and new start-ups.
We will develop guidance for Suppliers to help them understand the Council's procurement processes. This will have a particular focus on how they can help the Council to realise this Strategy through the delivery of their contracts for the Council.	Creating guidance on climate and environment to assist Suppliers with their understanding of the Council's aspirations in relation to this theme. This will also include supporting SMEs to develop processes to capture carbon emission data and guidance on activities to reduce their carbon footprint.	By June 2023 This action has not progressed due resource constraints and other priorities in the Procurement Team. A revised date will be set in due course when the Procurement and Contracts Manager replacement is in post in June 2023.
	Creating guidance on Local Community Wealth Building and social value to assist Suppliers with their understanding of the Council's aspirations in relation to this theme. This will include setting out what the Council sees as being valuable locally which will assist Suppliers with their tender submissions.	By June 2023 This action has not progressed due resource constraints and other priorities in the Procurement Team. A revised date will be set in due course when the Procurement and Contracts Manager replacement is in post in June 2023.

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## Committee report

Committee	<b>AUDIT AND GOVERNANCE COMMITTEE</b>
Date	<b>31 JULY 2023</b>
Title	<b>THE COUNCIL'S RISK PROFILE</b>
Report of	<b>CHIEF EXECUTIVE</b>

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### EXECUTIVE SUMMARY

1. The purpose of this report is to give the committee an opportunity to review the current position with regard to the council's strategic risks. The committee's terms of reference include the provision for consideration of "the effectiveness of the council's risk management arrangements."

### RECOMMENDATION

2. That the strategic risks of the council as set out in Appendix 1 of the report be approved.

### BACKGROUND

3. This is the quarter one update of the Strategic Risk Register within the 2023/24 financial year reporting period.
4. A revision of the Corporate Plan 2021-25 was approved by Full Council on 17 November 2021 and the Strategic Risk Register was reviewed to ensure it remained aligned to the new plan.
5. The application of the Risk Management Framework within the Isle of Wight Council has been subject to an internal audit revisit and has outcome of "Assurance." All policies that underpin the annual governance statement have been refreshed and reviewed, except for the finance policies which will be completed by the end of September. A refresh of the council's Policy Framework has been undertaken and reported through the Corporate Scrutiny Committee. A process is now in place to support the maintenance of those council policies identified as key to the underpinning of the annual governance statement, including their effective and regular review.
6. Regular meetings to discuss, update and monitor service risks are being held across all service areas.

7. Improvements to the council's risk management system have been implemented to enhance the functionality and to improve the reporting mechanisms. This has been communicated to the system users who now receive automated reminders to update their risks.
8. Strategic risks are referred to within the Quarterly Performance Management Reports (QPMR) that are presented to Cabinet.

## CORPORATE PRIORITIES AND STRATEGIC CONTEXT

9. Strategic risks are those that have the potential to prevent the council from achieving its strategic priorities. Senior managers 'own' strategic risks according to their particular responsibilities. Strategic risks are brought to the attention of Cabinet in that they are linked to the corporate priorities of the council in the Quarterly Performance Management Report (QPMR). QPMR quarter four report will go to the cabinet meeting to be held on 14 September 2023.

### Provision of affordable housing for Island Residents

10. Whilst this report has no direct impact on the provision of housing for Island Residents it will play an important part in reporting on the progress towards the delivery of key activities concerned with that outcome. The relevant mitigations around this theme can be viewed in Appendix 1 – Risk 13

### Responding to climate change and enhancing the biosphere

11. Whilst this report has no direct impact on the progress toward the delivery of the [Council's Climate and Environment Strategy](#) or direct impact on the decision on the Island's designation as a [UNESCO Biosphere](#), it will play an important part in reporting on the progress towards the delivery of key activities from within the Corporate Plan that are being delivered in line with these matters. The relevant mitigations around this theme can be viewed in Appendix 1 – Risk 13 and Risk 17.

### Economic Recovery and Reducing Poverty

12. Progress towards Economic Recovery and the reduction of poverty is a key outcome for the Isle of Wight Council, and this is reflected in the Corporate Plan 2021-25. As such, Strategic Risks 1 and 2 as detailed in Appendix 1 relate to the ability of the Council to meet its statutory financial obligations as a Local Authority.
13. Strategic Risk 16 held in Appendix 1. reflects the work undertaken to understand the impact of cost-of-living pressures on both residents and service delivery.

### Impact on Young People and Future Generations

14. The decisions the Council makes now not only affect current residents, but may have long term impacts, both positive and negative, on young people and future generations. These impacts may not immediately be apparent or may not emerge for a number of years or decades. Impacts will be interrelated across the various domains of young people's lives from housing, employment or training, health, and the environment.



15. The United Nations Conventions on the Rights of the Child (UNCRC) in 1989, in particular article 12, places a duty for children and young people to have an active voice in decision making on matters that affect them. We value the views of our young people. Incorporating coproduction and consultation with young people into our decision-making process is a robust way of ensuring young people's views are taken into consideration. Participation workers experienced in coproduction can support engagement with the Youth Council, our Island children, and wider groups of young people to ensure the voice of young people is sought, heard, and acted upon on important matters that will affect them.
16. Appendix 1 - Risks 5 and 6 contain information relating to this priority.

#### Corporate Aims

17. The Strategic Risk Register is comprised of the key risks to the delivery of the IWC Corporate Plan as identified by the Isle of Wight Council's Corporate Management Team.

### REPORTING METHODS AND RISK CHANGES

18. Updates are requested from all mitigation owners, these updates are then added to the risk register and included in this report.
19. All risk scoring is decided by Corporate Management Team which reviews the Strategic Risk Register each month as the Chief Executive Officer and the Directors have the statutory responsibility for managing the risks. The risk scoring matrix from which these scores are derived is shown in Appendix 2.
20. Risk owners have been requested to provide timescales for the mitigating actions associated with each risk where it is possible and appropriate to do so.
21. Updates made since the previous committee report are shown in italics in Appendix 1.
22. The strategic risk register was most recently circulated to Corporate Management Team (CMT) on 4 July 2023 and all risk owners provided additional content and verified the current risk ratings.

### CONSULTATION

23. The review of each strategic risk has been undertaken by senior managers according to their particular responsibilities. Members of the Corporate Management Team have reviewed the strategic risk register, provided additional input, and verified the current risk ratings. Cabinet members are also given the opportunity to review the strategic risks as part of the QPMR.

### FINANCIAL / BUDGET IMPLICATIONS

24. There are no direct financial implications of approving the Strategic Risk Register.

## LEGAL IMPLICATIONS

25. The Accounts and Audit Regulations 2015 require that the council reviews its system of internal control including its risk management arrangements. This report is therefore concerned in part with improving the way the council manages risk and also in giving the committee the opportunity to play its part in overseeing risk management arrangements. These are key features in the council's governance arrangements.

## EQUALITY AND DIVERSITY

26. It is considered that there are no direct equality and diversity implications of this report for any of the protected groups.

## OPTIONS

27. Option 1: That the strategic risks of the council as set out in Appendix 1 of the report be approved.
28. Option 2: That the strategic risks of the council as set out in Appendix 1 of the report are not approved.

## RISK MANAGEMENT

29. While this report is concerned with the subject of strategic risk itself, the key risk is that the council fails to recognise the importance of identifying, assessing, and managing strategic risk. The result would mean that risks are more likely to occur or that the council will fail to plan for their impact.
30. This risk is mitigated by a monthly review of the Strategic Risk Register by Corporate Management Team who also formally approve the register before it is submission to the IWC Audit and Governance Committee.

## EVALUATION

31. Option 1 is recommended in that from the information provided in the report and appendices is based on the views of the IWC Corporate Management Team.

## APPENDICES ATTACHED

32. Appendix 1: Full Strategic Risk Register
33. Appendix 2: IWC Risk Scoring Matrix

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WENDY PERERA  
*Chief Executive*

CLLR JONATHAN BACON  
*Cabinet Member for Finance,  
Climate Change and Biosphere*

STRATEGIC RISK 1		
Lack of financial resource and the ability to deliver the council's in-year budget strategy		
Assigned to: Director of Finance and Section 151 Officer		
Inherent Score	Target Score	Current Score (June 23)
16 VERY HIGH	5 LOW	5 LOW
Previous scores		
Mar 23	Dec 22	Sep 22
5 LOW	5 LOW	5 LOW
Mitigation in Place / Planned	Update on Mitigation Activity/ Risk Status in the period	Current Pressure Points this period
<p>Close monitoring of both Capital and Revenue spending (including income and savings targets)</p> <p>Position reviewed at the end of each quarter.</p> <p>The Council maintains a Corporate Contingency for general and unidentified risk at circa. £3.5m per annum</p> <p>Next review will be for Qtr. 4 (draft outturn) 2022-23</p>	<p><b>Revenue Position</b></p> <ul style="list-style-type: none"> <li>As at quarter three the council is forecasting a net balanced budget. However, this includes significant pressures forecast in Adults and Children's Social Care, Leisure Centre income, and utility costs. This pressure is being offset by savings in Treasury Management costs, concessionary fares, and the use of contingencies.</li> </ul> <p><b>Capital Position</b></p> <ul style="list-style-type: none"> <li>As at quarter three the council's is forecasting expenditure of £32.6m against a budget of £45.5m. There is net slippage in spending forecast at c. £12m from 2022/23 into future years (i.e., simply representing budgeted spending that is forecast not to take place in 2022/23 but will now fall into 2023/24). There is currently a forecast overspend of £0.4m.</li> </ul>	<p><b>Revenue Position</b></p> <ul style="list-style-type: none"> <li>The main pressure areas are within Adults and Children's Social Care with net forecast overspend of £4.0m and £3.5m respectively but being offset by Treasury Management and contingencies</li> <li>Income from fees and charges mainly associated with Leisure Services are underachieving mainly because of legacy impact from the pandemic. The shortfall will be funded by the Covid-19 contingency</li> <li>It should also be noted that there is a considerable risk to this forecast position as the financial year progresses and the impact of further inflationary pressures due to the current economic climate.</li> </ul> <p><b>Capital Position:</b></p> <ul style="list-style-type: none"> <li>Potential overspends of c £0.4m have been identified</li> <li>Given the current economic conditions and delays caused to projects during the pandemic there is a significant risk that further cost pressures will become apparent and will be reported in future reports as the impact becomes clearer.</li> </ul>
<p><b>Review of Corporate Finance Risks</b></p> <p>Position reviewed at the end of each quarter.</p>	<ul style="list-style-type: none"> <li>The Charging of severely disabled people for Social Care (Norfolk decision) remains a key financial risk. Adult Social Care (ASC) undertake finance and charging assessments to determine individuals' eligibility to contribute towards the cost</li> </ul>	<ul style="list-style-type: none"> <li>Legal advice secured by the National Association of Financial Assessment Officers indicates that the judgement is flawed and advocated for continuing to levy charges in accordance with the regulations and local policy. This creates</li> </ul>

	<p><i>of their care and support. In line with other local authorities the council considers higher rate benefits when undertaking this calculation. This generates approx. £1.2 million per year of additional income for ASC.</i></p> <ul style="list-style-type: none"> <li><i>In a recent court decision, it was found that higher rate benefits should be disregarded, and calculations only based on standard or lower rates of benefits.</i></li> </ul>	<p><i>risk of potential legal challenge for all local authorities. We are seeking advice and recommendations from Legal Services as to the steps we need to take to reduce the risk and potential success of any challenge and are currently reviewing our Finance and Charging policies to afford maximum protection.</i></p>
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<b>STRATEGIC RISK 2</b>		
<b>Lack of financial resource and the ability to deliver the council's medium-term financial strategy</b>		
<b>Assigned to: Director of Finance and Section 151 Officer</b>		
<b>Inherent Score</b>	<b>Target Score</b>	<b>Current Score (June 23)</b>
<b>16 VERY HIGH</b>	<b>9 MEDIUM</b>	<b>9 MEDIUM</b>
<b>Previous scores</b>		
<b>Mar 23</b>	<b>Dec 22</b>	<b>Sep 22</b>
<b>9 MEDIUM</b>	<b>9 MEDIUM</b>	<b>9 MEDIUM</b>
<b>Mitigation in Place / Planned</b>	<b>Update on Mitigation Activity/ Risk Status in the period</b>	<b>Current Pressure Points this period</b>
<p><b>A full revision of the budget and future forecast and resulting savings requirements is presented to Full Council each February.</b></p> <p><b>Due date 28/2/24</b></p>	<ul style="list-style-type: none"> <li><i>The process for setting the budget for 2023-24 was completed and approved by Full Council in February 2023</i></li> <li><i>Full Council approved an indicative savings requirement of £2m for the financial year 2024-25. The process to identify savings and prepare the budget for 2024-25 will commence in the Summer/Autumn 2023</i></li> <li><i>The budget and associated indicative savings proposals will be presented to Full Council for approval in February 2024</i></li> </ul>	<ul style="list-style-type: none"> <li><i>Provisional funding levels from Government are not published until December each year and confirmed in January</i></li> <li><i>Savings requirements are currently estimated at £2m per annum for the next three financial years (2024-25, 2025-26, 2026-27)</i></li> <li><i>Service Pressures/Demographic. Cost pressures including Inflation can be significant. The key pressures generally relate to Social Care (Adults &amp; Children's) and inflation in particular utility costs and wage costs (including costs passed on from contractors/suppliers)</i></li> <li><i>Reserves need to be maintained at a level that provides sufficient financial resilience to enable the delivery of the Medium-Term Financial Strategy</i></li> </ul>

		<ul style="list-style-type: none"> <li>• <i>Future Local Government funding system – there is still considerable uncertainty relating to planned major changes to the funding formula (Fair Funding Review) and the business rates system, therefore future funding levels remain very uncertain</i></li> <li>• <i>Island Deal – £1m was awarded for 2022-23 and 2023-24 to recognise the additional costs of delivering services on an Island. Future allocations for 2024-25 are still being discussed with Government in the absence of the delivery of the Fair Funding Review</i></li> <li>• <i>Capital Programme Resources – grant funding is very constrained. There is a reliance on one-off contributions from revenue. Borrowing must be demonstrated to be affordable with a sufficient revenue stream to pay the debt costs. PWLB Borrowing approval is also restricted by regulation and the three-year capital programme is prohibited from including schemes that are primarily for a commercial yield.</i></li> </ul>
<p><b>Delivery of:</b></p> <p><b>Income generation / efficiencies</b></p> <p><b>Services reductions and early identification of unavoidable cost pressures/unachievable income targets to allow effective mitigation planning</b></p> <p><b>Review - ongoing</b></p>	<ul style="list-style-type: none"> <li>• <i>Regeneration Programme Boards are in operation and aim to deliver an economic benefit to the council, including an improved council tax and business rates base</i></li> <li>• <i>The budget process includes a series of meetings with Directors and Cabinet to explore unavoidable cost pressures &amp; undelivered savings, opportunities for income generation, efficiencies &amp; opportunities for transformation bids</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Ability to fund new initiatives that require an initial subsidy. See note above regarding the conditions for borrowing.</i></li> <li>• <i>The Transformation Fund is the main source of one-off investment required for new income generating activity. This is a limited fund which must be prioritised to schemes that deliver the best outcome. Any top-ups required to the fund will be considered as part of the budget setting process and is subject to affordability.</i></li> </ul>
<p><b>Maintain ultimate Council Tax collection rate at 98.3% &amp; minimise the opportunity for fraud</b></p> <p><b>Review date – 30/09/23</b></p>	<ul style="list-style-type: none"> <li>• <i>Creation of a centralised debt team with enhanced staffing levels to ensure that the payment of debt is maximised and to signpost residents to appropriate support and guidance</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Continued increase in the number of residents contacting the council relating payment concerns due to cost of living increases</i></li> <li>• <i>Ability to recruit to fixed term roles to create additional</i></li> </ul>

	<ul style="list-style-type: none"> <li>Processes in place to review discounts and exemptions to verify reductions being claimed</li> <li>Empty properties are under review to ensure the correct status is recorded in the council tax database to ensure data for the CTB1 return is accurate which in turn will maximise government funding.</li> <li>A robust enforcement approach is in place to maximise collection of council tax, sundry debt, and business rates. To also assist customers to proactively manage debt before recovery becomes a requirement</li> <li>Working closely with Portsmouth Fraud team to prosecute those who are accessing the public purse fraudulently</li> </ul>	<p>resource for the administration of government initiatives to assist residents with financial support</p> <ul style="list-style-type: none"> <li>Potential increase in caseload for Local Council Tax Support, reducing Council Tax income levels</li> </ul>
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<b>STRATEGIC RISK 3</b>		
<b>Insufficient staffing capacity and skills</b>		
<b>Assigned to: Director of Corporate Services</b>		
<b>Inherent Score</b>	<b>Target Score</b>	<b>Current Score (June 23)</b>
<b>16 VERY HIGH</b>	<b>9 MEDIUM</b>	<b>12 HIGH</b>
<b>Previous scores</b>		
<b>Mar 23</b>	<b>Dec 22</b>	<b>Sep 22</b>
<b>12 HIGH</b>	<b>10 MEDIUM</b>	<b>10 MEDIUM</b>
<b>Mitigation in Place / Planned</b>	<b>Update on Mitigation Activity/ Risk Status in the period</b>	<b>Current Pressure Points this period</b>
<b>Monitoring Staff Capacity</b>  <b>Review Date 30/09/23</b>	<ul style="list-style-type: none"> <li>To address sickness levels staff are being signposted to support services such as Maximus and our internal Mental Health Champions network.</li> <li>All managers are being encouraged to complete the Attendance Management training, this is being monitored and escalated to CMT quarterly.</li> <li>A quarterly people management paper reporting on absence is reviewed by CMT.</li> <li>Current application process for voluntary redundancies has closed and consideration by CMT prior to compulsory redundancies being instigated.</li> </ul>	<ul style="list-style-type: none"> <li>Due to the recent cost pressures, an organisational redesign may be required to reduce costs and achieve a structural balance. This could result in reductions in non-statutory activity, rationing of the council's priorities set out in the corporate plan, and a redesign that takes place during 2023/24 for implementation from October 2023.</li> </ul>

<p><b>Delivery of recruitment and retention strategy and action plan</b></p> <p><b>Delivery Due date</b> 30/09/23</p>	<ul style="list-style-type: none"> <li>• <i>Work has been completed on simplifying and improving manual processes following consultation with hiring managers.</i></li> <li>• <i>A dedicated recruitment team has been formed within HR with expanded scope to support hard to recruit roles, develop an internal talent / casual bank, and facilitate the use of contingent labour</i></li> <li>• <i>Whilst the bid for a new e-recruitment system was rejected late 2022, work has commenced on an in-house solution with ICT called the candidate profile. This will deliver some essential automation and quality of life upgrades for stakeholders in the recruitment process and will enhance the council's image.</i></li> <li>• <i>Work is ongoing to draw insights from recruitment data using Power BI and will start to be delivered to management teams in the same way as sickness absence data.</i></li> <li>• <i>Further pay benchmarking is due to take place in quarter 1 23/24 with a further analysis of results</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Resourcing has been identified as a key issue for the delivery of the strategy with competing workload priorities and lack of funding placing pressure on the ability to deliver the desired outcomes of the project.</i></li> </ul>
<p><b>Regular monitoring, analysis, and review of organisational health indicators</b></p> <p><b>Review date</b> 30/09/23</p>	<ul style="list-style-type: none"> <li>• <i>Sickness absence information is delivered regularly to CMT (monthly and quarterly), KPIs are reported as part of the QPMR, and HR attend service boards to discuss absence trends and interventions.</i></li> <li>• <i>This is an ongoing area of work and further development of Power BI and further sources of data are being planned as outlined in the strategy action plan</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Resourcing and a lack of additional funding has been identified as a key issue for the delivery of the absence strategy and wider service initiatives</i></li> <li>• <i>Competing priorities place pressure on our ability to deliver desired outcomes.</i></li> </ul>
<p><b>Workforce planning</b></p> <p><b>A workforce plan is being developed across the Council to identify key roles in service areas and the skills needed for the future so services can plan training and enable succession planning.</b></p> <p><b>Completion Date</b> 31/10/23</p>	<ul style="list-style-type: none"> <li>• <i>This plan has been delivered and rolled out across the council with HR and L&amp;D delivering workforce planning sessions across all the major directorates.</i></li> <li>• <i>Directorates are now being supported in the development of workforce plans and are at varying stages of maturity.</i></li> <li>• <i>Themes which are similar across the organisation include: better use of apprenticeships, better job design, clearer career pathways, improved recruitment processes, talent management and maintaining a healthy work life balance.</i></li> <li>• <i>These themes and actions to address them will feature in the refreshed People and Organisation Development Strategy which is due in October 2023.</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Staff wishing to take advantage of the potential to reduce their hours / take voluntary redundancy or flexible retirement, will have a negative impact on available succession planning options.</i></li> </ul>



<b>STRATEGIC RISK 4</b>		
<b>A change in organisational culture fails to keep a pace with the speed of organisational change, negatively impacting on the delivery of the required transformation to deliver the corporate plan</b>		
<b>Assigned to: Director of Corporate Services</b>		
<b>Inherent Score</b>	<b>Target Score</b>	<b>Current Score (June 23)</b>
<b>16 VERY HIGH</b>	<b>6 LOW</b>	<b>8 MEDIUM</b>
<b>Previous scores</b>		
<b>Mar 23</b>	<b>Dec 22</b>	<b>Sep 22</b>
<b>8 MEDIUM</b>	<b>6 LOW</b>	<b>6 LOW</b>
<b>Mitigation in Place / Planned</b>	<b>Update on Mitigation Activity/ Risk Status in the period</b>	<b>Current Pressure Points this period</b>
<b>Leadership and management development</b>  <b>Review Date 31/07/23</b>	<ul style="list-style-type: none"> <li><i>The second Leadership and Management Conference is planned for 17th July 2023. The theme will be 'Moving forward in the new organisation'.</i></li> <li><i>To date 9 people have completed higher level leadership and management apprenticeship programmes, with 32 currently studying. Adult Social Care &amp; Housing Needs have 21 people on management pathway apprenticeships with 1 in Children's Services, 4 in Corporate Services, 1 in Neighbourhoods and 5 in Strategy.</i></li> <li><i>Pilot Developing Leaders concluded with a presentation from participants to the CX. CMT have requested a second course in this financial year.</i></li> </ul>	
<b>Workforce development programmes/ Initiatives</b>  <b>Review Date 31/07/23</b>	<ul style="list-style-type: none"> <li><i>Corporate Services have made a commitment to staff being enabled to set aside three hours a month as a minimum for L&amp;D activity.</i></li> <li><i>The 'Focus on the Front' project has specifically focussed on reviewing frontline staff access to essential learning by reviewing their access to IT equipment, their system log ins and ensuring that they have time to learn a requirement of their roles.</i></li> <li><i>Leisure services are currently trialling tablets for frontline staff to be able to access their mandatory training whilst at work.</i></li> </ul>	<ul style="list-style-type: none"> <li><i>There are some concerns over connectivity at leisure sites and work is being undertaken by IT on access for staff.</i></li> </ul>
<b>Delivery of the council's BIG Action Plan</b>  <b>Review Date 31/07/23</b>	<ul style="list-style-type: none"> <li><i>Refresh of People and OD Strategy in October 23 will be informed by corporate plan refresh, staff survey results, new organisational framework and the workforce planning refresh. Quarterly reporting to CMT on its action plan should therefore resume from Jan 24</i></li> </ul>	<ul style="list-style-type: none"> <li><i>The delivery of all this activity and its contribution to the overall development of the organisation is reliant on staff capacity.</i></li> </ul>



<p><b>Maintaining ICT Networks and systems to facilitate large scale agile working</b></p> <p><b>COMPLETED</b></p>	<ul style="list-style-type: none"> <li>• Business continuity plans continue to be reviewed and monitored to ensure the Information and Communications Technology (ICT) infrastructure, networks and systems remain operational.</li> <li>• Where there are competing demands for ICT resources priority is given based on the importance of the activity towards delivery of key Corporate Plan outcomes</li> <li>• <i>There is now a digital strategy programme board in place with representatives from all directorates as board members. The aim of the board is to prioritise and allocate available resources for any proposed digital developments and needs in line with corporate priorities.</i></li> </ul>	<ul style="list-style-type: none"> <li>• There is only limited stock available and no additional budget to <b>increase</b> equipment supplies. Departments are being asked to review the working patterns of staff to determine essential equipment requirements to avoid budget pressures emerging.</li> <li>• <i>Capital bids submitted as part of the 2023/34 budget round for the rolling programme of equipment replacement was approved. This resource allocation is to meet the end-of-life product rotation for existing equipment but does allow for greater flexibility.</i></li> </ul>
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<b>STRATEGIC RISK 5</b>		
<b>Failure to improve educational attainment</b>		
<b>Assigned to: Director of Children's Services</b>		
<b>Inherent score</b>	<b>Target score</b>	<b>Current Score (June 23)</b>
<b>16 VERY HIGH</b>	<b>6 LOW</b>	<b>10 MEDIUM</b>
<b>Previous Scores</b>		
<b>Mar 23</b>	<b>Dec 22</b>	<b>Sep 22</b>
<b>10 MEDIUM</b>	<b>10 MEDIUM</b>	<b>10 MEDIUM</b>
<b>Mitigation in Place / Planned</b>	<b>Update on Mitigation Activity/ Risk Status in the period</b>	<b>Current Pressure Points this period</b>
<p><b>Building on the improvements in standards</b></p> <p><b>Review Date 30/06/23</b></p>	<ul style="list-style-type: none"> <li>• An analysis of the GCSE results and attendance demonstrates the correlation between good attendance and attainment. For those children with regular attendance their GCSE grades were above the national average whereas those that were persistently absent (10% absent) their grades were 3 grades lower on average than the rest of their peers. Promoting good attendance is therefore a key strand of our school improvement work.</li> <li>• <i>Workstreams to support improved outcomes for pupils in schools are well underway in all key stages, with the 2023 examination season starting shortly.</i></li> <li>• <i>Attendance continues to be a key focus. Intensive work is paying dividends, but the cultural shift</i></li> </ul>	<ul style="list-style-type: none"> <li>• Analysis of the data shows that the gaps between the attainment of the whole cohort and those experiencing vulnerabilities such as those children open to social care, those on free school meals and those with special educational needs have widened. This has happened both locally on the Island and nationally.</li> <li>• <i>Small primary schools in particular are feeling the financial pressures keenly which is reducing their available resource to tackle key issues that predominate with families subject to</i></li> </ul>

	<i>required to re-set the importance of good attendance in the hearts and minds of families will take some time.</i>	<i>disadvantage: attendance and therefore attainment</i>
<p><b>Ensuring schools are good (as rated by Ofsted) for all children</b></p> <p><b>Review Date 31/03/23</b></p>	<ul style="list-style-type: none"> <li>76 percent of IW schools are currently rated good or outstanding. The pandemic had a variable impact on schools and has affected attainment and attendance. In those circumstances the implementation of a relatively new Ofsted framework may lead to some variability.</li> </ul>	<ul style="list-style-type: none"> <li>Some schools have had very tough times over COVID; their improvement trajectories have slowed. This adds pressure to the Ofsted judgements improving as swiftly as would have been the case previously.</li> <li><i>Small primary schools in particular are feeling the financial pressures keenly which is further reducing their available resource to tackle key issues that are required by Ofsted to be well developed, such as curriculum across all subjects in primary schools</i></li> </ul>
<p><b>Leading a cohesive system for children based on effective partnership working</b></p> <p><b>Continued development of strong relationships and synergies between departments and agencies that work with children including social care, health, and the Special Educational Needs (SEN) service.</b></p> <p><b>Review Date 30/06/23</b></p>	<ul style="list-style-type: none"> <li>Continue the positive work on transition that began between primary and secondary schools during the pandemic, and between schools and post-16 providers.</li> <li><i>The Safety Valve programme is notable in enhancing the development of relationships between partner agencies and also parent voice. This is an incredibly complex piece of work that we expect to increase support for the young people of the Isle of Wight that have SEND.</i></li> </ul>	<ul style="list-style-type: none"> <li><i>The workforce pressures around driving and delivering the complex Safety Valve programme need careful management, and great care needs to be taken to ensure that all Isle of Wight headteachers are involved and on board.</i></li> </ul>

<b>STRATEGIC RISK 6</b>		
<b>Failure to identify and effectively manage situations where vulnerable children are subject to abuse</b>		
Assigned to: Director of Children's Services		
Inherent score	Target score	Current Score (June 23)
<b>16 VERY HIGH</b>	<b>5 LOW</b>	<b>9 MEDIUM</b>
Previous scores		
Mar 23	Dec 22	Sep 22
<b>9 MEDIUM</b>	<b>7 MEDIUM</b>	<b>7 MEDIUM</b>
Mitigation in Place / Planned	Update on Mitigation Activity/ Risk Status in the period	Current Pressure Points this period
<b>Enhancement of our offer to recruit and</b>	<ul style="list-style-type: none"> <li><i>Family Time (Contact) between looked after children and their parents moved during March 23 from the previous provider</i></li> </ul>	<ul style="list-style-type: none"> <li>The recruitment of both permanent and agency social workers</li> </ul>

<p><b>retain includes: A review of the market supplement, the appointment of additional Family Practitioners, investing in training apprentice, step up and general social work students, and the creation of a senior social worker role for career progression.</b></p> <p><b>Review Date 30/09/23</b></p>	<p><i>to the council following the provider giving notice.</i></p> <ul style="list-style-type: none"> <li><i>Family Practitioners have been recruited to CAST (Children’s Assessment and Support Teams) as part of the family help offer on the island. All of these workers have completed their induction and are case holding some children. They receive a high level of oversight and support, and this has been a very successful introduction.</i></li> <li><i>The Senior Social Work posts are currently being recruited to from internal positions and we then are working towards full staffing.</i></li> <li><i>Eight apprentice social workers currently undertaking their training. One due to qualify as a social worker in June, six next June and another one the following year. We are currently recruiting for our next intake of apprentice social workers. We also have two step up students who are about to qualify and will be remaining with us as social workers.</i></li> </ul>	<p>remains a challenge locally and nationally.</p> <ul style="list-style-type: none"> <li>The recruitment of in-house foster carers remains a pressure. We need a range of carers to match to meet the needs of children. Work is ongoing to progress the Modernising Placements Programme.</li> <li>The lack of private rented accommodation and social housing has meant young people who are ready to move on from supported accommodation are unable to do so. This has become a financial pressure and work is ongoing to work with providers to obtain affordable accommodation with some success, but more is required.</li> </ul>
<p><b>Corporate Parenting Board</b></p> <p><b>Corporate parenting board meetings taking place quarterly.</b></p> <p><b>Review Date 30/09/23</b></p>	<ul style="list-style-type: none"> <li>Have Your Say Week activities during school half terms offer opportunities for Councillors to meet and talk to children and families open to children’s social care.</li> <li>Corporate Parenting Board is held regularly and includes contributions from health, education and social care in children and adults. Children and young people currently choose not to attend but do feed views back and forth via their participation leads who are in attendance.</li> </ul>	<ul style="list-style-type: none"> <li>We are currently working on increasing attendance with a particular focus on more councillors, more partners, and encouraging children to attend to represent the HYPE (Hear Young People’s Experience) care experienced children and young people’s group.</li> </ul>
<p><b>Multi-agency integrated commissioning board</b></p> <p><b>Review Date 30/09/23</b></p>	<ul style="list-style-type: none"> <li>Isle of Wight is part of the integrated commissioning approach with Hampshire to align with developments around the new Integrated Care System and Partnership Board.</li> </ul>	
<p><b>Quarterly performance reports to Scrutiny Committee</b></p> <p><b>Review Date 30/09/23</b></p>	<ul style="list-style-type: none"> <li>Performance reports are viewed regularly by the Policy and Scrutiny Committee for Children’s Services, Education and Skills.</li> <li>Daily/weekly and monthly performance management data is reviewed by all managers to maintain oversight over practice, to maintain performance and identify and address areas for improvement.</li> </ul>	<ul style="list-style-type: none"> <li>The sustained Increase in demand (referrals/assessments) puts pressure on the service to maintain high levels of performance. Increased investment will ensure an increase in capacity to meet these increased and high rates of demand.</li> </ul>
<p><b>Caseloads continue to be scrutinised by senior management on a weekly basis</b></p>	<ul style="list-style-type: none"> <li>Caseloads were high during the period when we found recruitment more challenging, but this has now reduced again to below the agreed maximum for staff.</li> </ul>	<ul style="list-style-type: none"> <li>There continues to be an increase in demand and caseloads had been higher as a result, but additional recruitment of social workers and family practitioners has enabled these to come down</li> </ul>

<p>and fortnightly by the Director of Childrens Services and Deputy Director.</p> <p>Review Date 30/06/23</p>	<ul style="list-style-type: none"> <li>• Caseloads are currently scrutinised on a <b>daily</b> basis by managers. This is to ensure that with the additional investment the caseloads remain at a reasonable number despite higher numbers of children being referred in.</li> </ul>	<p>and this is being monitored very closely to ensure that this continues to be the case.</p>
<p>Quality assurance framework (monthly case audits concentrating on quality of practice)</p> <p>Review Date 30/06/23</p>	<ul style="list-style-type: none"> <li>• Monthly meetings take place to review audits and actions and quality of practice. The senior management team also undertake an audit of audits on a monthly basis to quality assure the auditing process.</li> </ul>	
<p>Annual self-assessment and annual conversation between Director and Ofsted</p> <p>Review Date 30/06/23</p>	<ul style="list-style-type: none"> <li>• The Quality Improvement Plan was reviewed and updated in <i>January 2023</i>.</li> <li>• The self-assessment for 2022/23 has been completed.</li> <li>• The annual conversation <i>took place on 7<sup>th</sup> March 2023</i>.</li> </ul>	

<b>STRATEGIC RISK 7</b>		
<b>Failure to recruit acceptable quality of professional practice across Adult Social Care (ASC) and Housing Needs</b>		
Assigned to: Director of Adult Social Care		
<b>Inherent score</b>	<b>Target score</b>	<b>Current Score (June 23)</b>
<b>14 VERY HIGH</b>	<b>6 LOW</b>	<b>8 MEDIUM</b>
<b>Previous scores</b>		
<b>Mar 23</b>	<b>Dec 22</b>	<b>Sep 22</b>
<b>8 MEDIUM</b>	<b>8 MEDIUM</b>	<b>8 MEDIUM</b>
<b>Mitigation in Place / Planned</b>	<b>Update on Mitigation Activity/ Risk Status in the period</b>	<b>Current Pressure Points this period</b>
<p>Addressing especially hard to recruit roles</p> <p>Robust recruitment plan now in place to support recruitment to 'hard to fill' roles.</p> <p>Review Date 30/09/23</p>	<ul style="list-style-type: none"> <li>• <i>Recruitment has improved with a number of 'home grown' professionals completing their formal training and able to apply for vacant posts through our usual recruitment activity. Outline business case in development to support overseas recruitment.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Against a backdrop of a national skills shortage in this area, the service still has vacancies in a number of key specialist roles but continues to advertise and promote the roles whilst also training existing staff to undertake these duties.</li> </ul>

<b>ASC recruitment and retention</b>  <b>Review Date 30/09/23</b>	<ul style="list-style-type: none"> <li>Vacancy monitoring is reviewed monthly.</li> </ul>	<ul style="list-style-type: none"> <li>As above. The IWC is not only in competition with other local authorities for but also with other industries where pay rates have increased post pandemic (e.g., hospitality).</li> </ul>
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<b>STRATEGIC RISK 8</b>		
<b>Failure to identify and effectively manage situations where vulnerable adults are subject to abuse</b>		
<b>Assigned to: Director of Adult Social Care and Assistant Director of Operations</b>		
<b>Inherent score</b>	<b>Target score</b>	<b>Current Score (June 23)</b>
<b>16 VERY HIGH</b>	<b>6 LOW</b>	<b>8 MEDIUM</b>
<b>Previous scores</b>		
<b>Mar 23</b>	<b>Dec 22</b>	<b>Sep 22</b>
<b>8 MEDIUM</b>	<b>11 MEDIUM</b>	<b>10 MEDIUM</b>
<b>Mitigation in Place / Planned</b>	<b>Update on Mitigation Activity/ Risk Status in the period</b>	<b>Current Pressure Points this period</b>
<b>Protecting Vulnerable Adults</b> <b>Review Date 30/09/23</b>	<ul style="list-style-type: none"> <li><i>Targets activity in relation to reviews continues.</i></li> <li><i>A review of our safeguarding service is underway focusing on more effective ways to triage high volumes of referrals which do not meet the appropriate threshold.</i></li> </ul>	<ul style="list-style-type: none"> <li>Safeguarding continues to be a key area of focus with the number of referrals in each month continuing to increase. Work continues to review safeguarding activity and levels.</li> </ul>
<b>'Deprivation of Liberty Safeguards' (DoLS) backlog clearance programme</b> <b>Review Date 30/09/2023</b>	<ul style="list-style-type: none"> <li><i>The number of applications awaiting assessment continues to be managed and robust triage systems are in place.</i></li> </ul>	
<b>Mental Health Action Plan</b> <b>Review Date 30/09/2023</b>	<ul style="list-style-type: none"> <li>An action plan has been produced in response to the independent review of mental health social work practice – its development and delivery continues to be on target.</li> </ul>	

<b>STRATEGIC RISK 9</b>		
<b>Failure to secure the required outcomes from the integration of adult social care and health</b>		
<b>Assigned to: Director of Adult Social Care</b>		
<b>Inherent score</b>	<b>Target score</b>	<b>Current Score (June 23)</b>
<b>16 VERY HIGH</b>	<b>5 LOW</b>	<b>5 LOW</b>
<b>Previous scores</b>		
<b>Mar 23</b>	<b>Dec 22</b>	<b>Sep 22</b>
<b>5 LOW</b>	<b>10 MEDIUM</b>	<b>10 MEDIUM</b>

Mitigation in Place / Planned	Update on Mitigation Activity/ Risk Status in the period	Current Pressure Points this period
Transformation programme and operational integration Review Date 30/09/23	<ul style="list-style-type: none"> <li>Planning for the 2023 to 2025 Better Care Fund is underway in line with national requirements</li> </ul>	
Responsiveness to hospital escalations Review Date 30/09/23	<ul style="list-style-type: none"> <li>The System Resilience Board, takes ownership of the programmes of work arising from escalation and monitors the delivery of actions in a timely way.</li> </ul>	

<b>STRATEGIC RISK 10</b>		
<b>Independent Social Care Sector Sustainability (Care Homes and Home Care)</b>		
<b>Assigned to: Director of Adult Social Care</b>		
Inherent score	Target score	Current Score (June 23)
16 VERY HIGH	6 LOW	9 MEDIUM
Previous scores		
Mar 23	Dec 22	Sep 22
12 HIGH	12 HIGH	12 HIGH
Mitigation in Place / Planned	Update on Mitigation Activity/ Risk Status in the period	Current Pressure Points this period
<b>IW Market Position Statement</b> Due date 30/09/2023	<ul style="list-style-type: none"> <li>Work to update the Market Position Statement is underway and we remain on target for the refresh to be delivered in Autumn 2023.</li> </ul>	<ul style="list-style-type: none"> <li>Independent provider fragility</li> <li>Lack of central government funding</li> <li>Affordability of care based on increased levels of dependency in the community</li> </ul>
<b>Occupancy Levels</b> COMPLETE	<ul style="list-style-type: none"> <li>Daily monitoring of the occupancy levels across all CQC registered Care Homes continues, through the National Capacity Tracker. This process is now considered as Business as Usual</li> </ul>	
<b>Levels of Fees</b> Review date 30/09/23	<ul style="list-style-type: none"> <li>Planning for 2024/2025 financial year is underway.</li> </ul>	
<b>Workforce pressures</b> Review Date 30/09/2023	<ul style="list-style-type: none"> <li>The lack of local workforce in the delivery of social care activity has been escalated as an area of concern to both national ADASS and the LGA.</li> <li>Locally recruitment pressures have eased over the past few months.</li> </ul>	<ul style="list-style-type: none"> <li>We continue to monitor the situation and to work with providers around business continuity plans and safe staffing levels.</li> </ul>



<b>Market Capacity – Homecare</b>  <b>Review Date</b> <b>30/09/23</b>	<ul style="list-style-type: none"> <li>Capacity is improving due to increased recruitment success however the fragility of the workforce continues to be monitored with robust business continuity plans in place to provide emergency care and support if necessary.</li> </ul>	
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<b>STRATEGIC RISK 11</b>		
<b>Failure of the Highways PFI contract resulting in significant financial and operational disruption for the council and its residents</b>		
<b>Assigned to: Director of Neighbourhoods</b>		
<b>Inherent score</b>	<b>Target score</b>	<b>Current Score (June 23)</b>
<b>16 VERY HIGH</b>	<b>5 LOW</b>	<b>9 MEDIUM</b>
<b>Previous scores</b>		
<b>Mar 23</b>	<b>Dec 22</b>	<b>Sep 22</b>
<b>7 MEDIUM</b>	<b>7 MEDIUM</b>	<b>8 MEDIUM</b>
<b>Mitigation in Place / Planned</b>	<b>Update on Mitigation Activity/ Risk Status in the period</b>	<b>Current Pressure Points this period</b>
<b>PFI – Establish and deliver available savings</b>  <b>Review Date</b> <b>30/09/23</b>	<ul style="list-style-type: none"> <li>Most of the requirements for the Core Investment Period (CIP) have been satisfied and the contractor is now moving into the Routine Maintenance and Life Cycle Investment period for the remainder of the contract.</li> <li>The majority of the first two phases of the programme of contract savings have been agreed. Island Roads have forward funded the savings amounts in the budget to meet the £1.5 m pa savings target.</li> </ul>	<ul style="list-style-type: none"> <li>Achieving savings from Schedule 32 schemes, in the region of £200k pa, <i>continues to fall further behind</i> schedule due to resourcing and ICT issues within Ringway Island Roads (RIR known as Opco). However, the risk to IWC has been mitigated by RIR guaranteeing the £1.5M saving on the Unitary Charge until the savings have been achieved.</li> </ul>
<b>PFI - Successfully resolve anomalies in the contract specification</b>  <b>Review Date:</b> <b>31/10/23</b>	<ul style="list-style-type: none"> <li><i>Due to the reinterpretation of the contract, there will be ongoing contractual issues throughout the contract, so this should be kept under regular review instead of having a date for completion.</i></li> <li><i>Some Progress on resolving contractual interpretation issues, which have been resolved by IWC's engagement with Island Roads Services Ltd (IRSL known as SPV), without the presence of RIR.</i></li> <li><i>Ongoing discussions will continue with IRSL, whilst seeking legal advice on the priority issues.</i></li> </ul>	

**STRATEGIC RISK 12**

**Failure of the Waste contract resulting in significant financial and operational disruption for the council and its residents**

**Assigned to: Director of Neighbourhoods**

Inherent score	Target score	Current Score (June 23)
16 VERY HIGH	5 LOW	8 MEDIUM
<b>Previous scores</b>		
Mar 23	Dec 22	Sep 22
8 MEDIUM	8 MEDIUM	8 MEDIUM
Mitigation in Place / Planned	Update on Mitigation Activity/ Risk Status in the period	Current Pressure Points this period
<p><b>Regular monitoring of performance of the contract</b></p> <p><b>Review Date 30/09/23</b></p>	<ul style="list-style-type: none"> <li>Recycling rates and service satisfaction levels remain high.</li> <li>Performance remains good with almost 100 percent of municipal waste now being diverted from landfill and over 58 percent of household waste being recycled or composted.</li> </ul>	<ul style="list-style-type: none"> <li>Contract now moved to Talia Waste Management UK under Ferrovial SE reducing the risk inherent with the sale of Amey Plc UK.</li> </ul>
<p><b>Ensure the delivery of Key Facilities through robust contract management</b></p> <p><b>Due Date July 2023</b></p>	<ul style="list-style-type: none"> <li>The Energy from Waste plant is currently operating and generating power as the commission tests are worked through. The final test certification is expected to be achieved in the summer 2023.</li> <li>All and any costs incurred by the delay will be met by the service provider.</li> <li>All construction delay and associated additional costs of treating waste is entirely at the financial risk of the service provider and does not affect the diversion of waste from landfill or the recycle rates being achieved on the island.</li> <li>Service provider has notified contract management team that the final acceptance test will commence mid May. Should this continuous operation be passed at the required levels the plant will be deemed "accepted"</li> </ul>	<ul style="list-style-type: none"> <li>Construction risk and cost of residual waste above agreed contract rates sits with <b>Ferrovial SE.</b></li> <li>There is a risk further faults may occur and lead to plant shutdown and more delays. This is a risk to the acceptance test.</li> </ul>



<b>STRATEGIC RISK 13</b>		
<b>Achieving the vision for the Island</b>		
<b>Assigned to: Chief Executive</b>		
<b>Inherent score</b>	<b>Target score</b>	<b>Current Score (June 23)</b>
<b>14 VERY HIGH</b>	<b>6 LOW</b>	<b>12 HIGH</b>
<b>Previous scores</b>		
<b>Mar 23</b>	<b>Dec 22</b>	<b>Sep 22</b>
<b>12 HIGH</b>	<b>12 HIGH</b>	<b>12 HIGH</b>
<b>Mitigation in Place / Planned</b>	<b>Update on Mitigation Activity/ Risk Status in the period</b>	<b>Current Pressure Points this period</b>
<b>Isle of Wight Corporate Plan 2021-25</b> <b>Review Date 30/09/2023</b>	<ul style="list-style-type: none"> <li>Progress against Corporate Plan is reported in the Quarterly Performance Management Report to Cabinet.</li> <li>A review of the Corporate Plan is scheduled for Summer 2023.</li> </ul>	
<b>Quarterly Performance Management Report (QPMR) updates</b> <b>Review Date 31/09/23</b>	<ul style="list-style-type: none"> <li>Regular reporting of finance and performance set against the corporate plan activities and metrics is made to the Cabinet and various committees with a scrutiny function.</li> <li>The new Corporate Plan is aligned to the council's vision for the Island and all the council's key activities and performance metrics derive from it.</li> </ul>	
<b>Strategic capacity and interventions</b> <b>Review Date 30/09/2023</b>	<ul style="list-style-type: none"> <li>Key current themes are affordable housing, biosphere, and net zero; economic regeneration and reducing poverty.</li> </ul>	<ul style="list-style-type: none"> <li><i>Due to the current budget cost pressures, an organisational redesign is required to reduce costs and achieve a structural balance. This could result in reductions in non-statutory activity, rationing of the council's priorities set out in the corporate plan, This will adversely affect the capacity capabilities within the IWC at all levels.</i></li> </ul>
<b>Robust Programme Management</b> <b>Review Date 31/09/23</b>	<ul style="list-style-type: none"> <li>The programme management framework is becoming embedded throughout the organisation, aided by the oversight of the Strategic Programme Board and the Leader's Programme Review Board chaired by the Leader.</li> <li>A comprehensive Project Management training pathway is in place including online internal, and external courses.</li> </ul>	
<b>Regeneration programme</b>	<ul style="list-style-type: none"> <li>Newport Harbour Masterplan Phase 1: <i>Phasing plan received from Andrew Appleby. The viability of the programme has been updated and phased delivery plan reviewed by members regeneration</i></li> </ul>	

<p><b>Review Date</b> 31/09/23</p>	<p><i>board. Supplementary Planning Document will be submitted to Cabinet in November 2023</i></p> <ul style="list-style-type: none"> <li>• Venture Quays site development progressing following the award of £5.8m from the government's levelling up fund. Work is scheduled to complete by March 2024</li> </ul>	
<p><b>Strategic risk register</b></p> <p><b>Review Date</b> 30/09/23</p>	<ul style="list-style-type: none"> <li>• <i>During March and April upgrades and additional features were implemented in the IW Risk Management System to improve usage and reporting functionality.</i></li> <li>• <i>Additional support to the directorate service boards has raised the profile of service risk reporting, all directorates are engaging in the process to improve recording and reporting at service level.</i></li> </ul>	
<p><b>Increase in levels of unmet Housing Needs – Prevention</b></p> <p><b>Review Date</b> 31/03/24</p>	<ul style="list-style-type: none"> <li>• <i>Housing have negotiated an option to extend and increase our bespoke accommodation for families to manage our statutory duties and increase in demand for services. This option to maintain our enhanced emergency/ temporary accommodation offer has been approved. This reduces the likelihood that the IWC will need to place households off island and in unsuitable accommodation options as defined by legislation.</i></li> <li>• <i>A grant has been received for Refugee Housing and this will deliver 9 units to be used for families presenting as homeless. An additional officer has been funded from the HFU grant to support the management of any refugees presenting as homeless</i></li> </ul>	
<p><b>Increase in levels of unmet Housing Needs - Intervention</b></p> <p><b>Review Date</b> 31/09/23</p>	<ul style="list-style-type: none"> <li>• <i>As part of the Rough Sleeping Accommodation Project the Council has purchased 5 properties and engaged a partner to manage them and provide support services to the residents.</i></li> <li>• <i>An Acquisition Strategy has been drafted to support longer term need for temporary accommodation. This is due to go to Cabinet in July 23 and aims to provide 25 units per year.</i></li> </ul>	
<p><b>Increase in levels of unmet Housing Needs - Recovery</b></p> <p><b>Review Date</b> 31/03/24</p>	<ul style="list-style-type: none"> <li>• <i>3 sites will be developed for housing as part of the Brownfield Land Release Fund (BLRF). Update reports have been presented to Housing Members Board and work on disposal of the sites is progressing</i></li> <li>• <i>A further bid for BLRF 2 was submitted for 3 further sites. The outcome will be known in Autumn 23.</i></li> </ul>	
<p><b>Delivery of the Climate Change</b></p>	<ul style="list-style-type: none"> <li>• Following on from the Council declaring a Climate Emergency in 2019 a comprehensive Climate Change and Environment Strategy has been published</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Vacant post causing time pressure to complete work to update the strategy and continue offering professional advice.</i></li> </ul>

<p><b>and Environment Strategy</b></p> <p><b>Review Date</b> 31/09/23</p>	<p>with the main aims to achieve net-carbon zero status by 2030 for the Council, by 2035 for all school estates and for the Island by 2040</p> <ul style="list-style-type: none"> <li>As part of the “Green Corridor” the council is bidding for £14 million from the governments next round of levelling up funding. This funding is proposed to be use on a “green link corridor” between Ryde and Yarmouth which will include a number of projects aimed at reducing car journeys and making routes both in town and between town more easily navigable for cyclist and walkers.</li> </ul>	
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<b>STRATEGIC RISK 14</b>		
<b>Additional demands placed upon the Isle of Wight Council and partners owing to a pandemic or similar large-scale outbreak</b>		
<b>Assigned to: Director of Public Health</b>		
<b>Inherent score</b>	<b>Target score</b>	<b>Current Score (June 23)</b>
16 VERY HIGH	12 HIGH	12 HIGH
<b>Previous scores</b>		
Mar 23	Dec 22	Sep 22
12 HIGH	12 HIGH	16 VERY HIGH
<b>Mitigation in Place / Planned</b>	<b>Update on Mitigation Activity/ Risk Status in the period</b>	<b>Current Pressure Points this period</b>
<p><b>Preparedness for other novel infectious disease (including COVID-19)</b></p> <p><b>Review Date</b> 30/12/23</p>	<ul style="list-style-type: none"> <li><i>The Public Health team regularly reviews surveillance data on novel/emerging infectious diseases provided by national and regional teams within UKHSA.</i></li> <li><i>The Public Health team’s annual learning and development programme includes training and capacity-building to ensure retention of capability to respond to a pandemic.</i></li> <li><i>In October 2023, the IWC Pandemic Influenza Plan will be ‘stood down’ and replaced by a generic IWC Pandemic Framework. The framework will be developed to take into account lessons learnt from the COVID-19 pandemic response and exercised in winter 2023 to ensure practical arrangements are tested.</i></li> <li><i>The Public Health team will work closely with the IWC Emergency Management Team to ensure that the new Pandemic Framework is linked into other Council and Multi-agency Emergency Response Plans.</i></li> <li><i>The Public Health and Emergency Management Teams will continue to take part in relevant exercises testing preparedness and response arrangements to large scale infectious disease outbreaks and pandemic led by the HIOW LRF or other organisations, e.g. UKHSA.</i></li> </ul>	<ul style="list-style-type: none"> <li><i>An internal consultation on the draft IWC Pandemic Framework will take place over the summer months. It is possible that the timing of the consultation and publication date of the Framework may need to be delayed to take into consideration the corporate restructuring process.</i></li> </ul>

<p><b>Partner Organisations</b></p> <p><b>Review Date</b> 30/12/23</p>	<ul style="list-style-type: none"> <li>• Communication with partners to establish pressures, including: <ul style="list-style-type: none"> <li>- United Kingdom Health Security Agency (UKHSA)</li> <li>- NHS – Trust and CCG</li> <li>- Multi-agency representative on the Island Resilience Forum</li> <li>- HIOW Integrated Care System</li> <li>- IOW Integrated Care Partnership</li> <li>- Local Resilience Forums (LRF)</li> <li>- Other Local Authorities</li> <li>- <i>His Majesty's Prison IOW</i></li> </ul> </li> </ul>	
<p><b>Internal arrangements</b></p> <p><b>Review Date</b> 30/12/23</p>	<ul style="list-style-type: none"> <li>• <i>The Public Health team's Health Protection Standard Operating Procedure (SOP) was reviewed and refreshed in May 2023. This provides a framework for the internal, public health response to a notification of an outbreak or incident involving an infectious disease. In the early stages of a pandemic, this SOP <b>may</b> provide the framework for initial response arrangements.</i></li> <li>• An Incident Response Plan has been produced specifically for the Public Health team. This combined with staff receiving specific training set to role allocations will enhance the team's overall response capability.</li> <li>• The Public Health Incident Response Plan is linked to the authority's own existing response arrangements and those of the HIOW Local Resilience Forum to allow greater prominence within the command-and-control structures that are established.</li> </ul>	
<p><b>External arrangements</b></p> <p><b>Review Date</b> 30/12/23</p>	<ul style="list-style-type: none"> <li>• <i>Oversight of health protection matters is provided by the Health Protection Board, which is chaired by the Director of Public Health. The main areas of focus for the Board are communicable diseases and vaccination. The Board brings together Council departments and external partners who are key to protecting the health of our local population and is a forum to jointly plan and coordinate activity on all health protection issues.</i></li> <li>• An Island Tactical Co-ordination Group (ITCG) will convene at a multi-agency level, including police, fire, IOW NHS Trust, ambulance, council, public health, Military, ferry companies, utilities, and prisons in case of a multi-agency response at a local level.</li> <li>• <i>The HIOW Local Health Resilience Partnership holds the strategic risk overview of all health-related risks across HIOW LRF, including a pandemic risk. A HIOW LRF Pandemic Framework was published in early 2023. The IWC Emergency Management and Public Health team have inputted into the consultation period and will actively participate in the schedule of exercises which will be led by the HIOW LRF.</i></li> <li>• <i>The Public Health team will maintain awareness of the partnership between the IOW NHS Trust and PHUT and work through the HIOW LHRP and LRF to ensure that impact of organisational changes on pandemic preparedness on the IOW is considered.</i></li> </ul>	

<b>STRATEGIC RISK 15</b>		
<b>Dealing with threats to business continuity (including cyber incidents)</b>		
<b>Assigned to: Assistant Chief Executive and Director of Strategy</b>		
<b>Inherent score</b>	<b>Target score</b>	<b>Current Score (June 23)</b>
<b>12 HIGH</b>	<b>6 LOW</b>	<b>9 MEDIUM</b>
<b>Previous scores</b>		
<b>Mar 23</b>	<b>Dec 22</b>	<b>Sep 22</b>
<b>9 MEDIUM</b>	<b>9 MEDIUM</b>	<b>9 MEDIUM</b>
<b>Mitigation in Place / Planned</b>	<b>Update on Mitigation Activity/ Risk Status in the period</b>	<b>Current Pressure Points this period</b>
<b>Revised Business Continuity Plans completed</b>  <b>Review Date 31/07/23</b>	<ul style="list-style-type: none"> <li>Plan reviews to be undertaken every 12 months and table-top tested at planned intervals.</li> <li><i>Business Continuity Policy to be reviewed Sept 2023, in line with outcomes of restructure</i></li> <li>An emergency planning exercise, led by the strategic manager for ICT and digital services (and SIRO, senior information risk officer) is being planned for 2023 (date to be confirmed), specifically to address the threat of a cyber-attack.</li> <li><i>A cyber security culture exercise was completed in March 2023 to raise awareness of cyber security and everyone's responsibility for it.</i></li> <li><i>Engagement with the Local Government Association cyber 360 security culture review programme was completed in June 2023. A report will be provided by end of July and feedback to CMT and Cllrs will be arranged. Initial feedback has been generally positive with some ideas for areas of improvement provided.</i></li> </ul>	
<b>Secure paper copies of Revised Business Continuity Plans</b>  <b>Review date 31/07/23</b>	<ul style="list-style-type: none"> <li>All services must ensure that there is a paper copy of their current BCP that is copied and circulated to key staff so that the plan can be enacted in the event of significant loss of ICT systems.</li> <li>All service areas have been reminded of this requirement.</li> </ul>	
<b>IWC - Cyber Incident Response Plan (developed and maintained by ICT)</b>  <b>Plan Review date 30/09/23</b>	<ul style="list-style-type: none"> <li>A Cyber Incident Response Plan (CIRP) has been drafted to provide a structured and systematic incident response process for all cyber security incidents that affect any of the Isle of Wight Council's information technology (IT) systems, network, data, and information assets, including the council's data held or IT services provided by third-party vendors or other service providers.</li> </ul>	

	<ul style="list-style-type: none"> <li>The CIRP will be reviewed post corporate structure changes to ensure all contacts are still relevant and all areas represented.</li> </ul>	
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<b>STRATEGIC RISK 16</b>		
<b>Ability to manage the impact of the cost-of-living crisis (CoLC) on the council's activities and sustain service delivery</b>		
<b>Assigned to:</b> Chief Executive		
<b>Inherent score</b>	<b>Target score</b>	<b>Current Score (June 23)</b>
12 HIGH	9 MEDIUM	12 HIGH
<b>Previous scores</b>		
<b>Mar 23</b>	<b>Dec 22</b>	<b>Sep 22</b>
12 HIGH	N/A	N/A
<b>Mitigation in Place / Planned</b>	<b>Update on Mitigation Activity/ Risk Status in the period</b>	<b>Current Pressure Points this period</b>
<p><b>Additional support and training in the contact centre and help centres to support the increased number of contacts to the council requesting financial support.</b></p> <p><b>Review Date 30/06/23</b></p>	<ul style="list-style-type: none"> <li>The contact centre is capturing the number of calls received from residents seeking guidance on the impact of cost-of-living crisis.</li> </ul>	
<p><b>Impact on Council Income identified and actions in place to provide additional training to staff, support for government funding and signposting to appropriate external support services.</b></p> <p><b>Impact on some council owned property occupiers is mitigated through the government funding for energy which is being monitored.</b></p> <p><b>Review Date 31/07/23</b></p>	<ul style="list-style-type: none"> <li><i>The alternative energy rebate schemes open until the end of May continue to provide financial support to residents.</i></li> </ul>	<ul style="list-style-type: none"> <li>Potential increase in fraudulent activity.</li> <li>Increase in number of households unable to pay council tax, rents or other paid for services provided by the council.</li> </ul>
<p><b>Council services have assessed the impact of known and anticipated contractual service price increases because of inflation.</b></p> <p><b>Mitigated either through a reduction in the volume of service requirements, reduction in overall service delivery or delay of purchase requirements.</b></p> <p><b>Review Date 30/09/23</b></p>		

<p><b>Adult Social Care, care market sustainability/ Care budget pressure:</b></p> <p>There has been extensive work to develop a budget that supports key statutory services resulting in a Council Tax increase of 4.99% (2.0% of which is raised specifically to be passported to Adult Social Care).</p> <p>Review Date: 30/09/23</p>	<ul style="list-style-type: none"> <li>Continue to support the providers to the best extent possible, have incurred overspend because of increased demand and higher rates of care.</li> <li>Negotiating with Integrated Care Board for joint funding arrangements for complex care and thereby contributing to the provider costs</li> <li>Targeted island wide adult social care recruitment campaign and dedicated free website for providers and potential job seekers</li> </ul>	<ul style="list-style-type: none"> <li>The actual cost of providing these services (e.g., recruiting and retaining staff, service overheads, etc) is increasing at a rate and to a level that exceeds the funding allocated to current contractual arrangements and budget forecasts. In the absence of further funding, this will may result in cost pressure and adverse financial performance against adult social care budgets.</li> </ul>
<p><b>An increase in child poverty will likely impact the demand on and need for a range of services from early help to child protection.</b></p> <p>Review Date 30/09/23</p>	<ul style="list-style-type: none"> <li>Recruitment of social workers remains a priority and is actively undertaken daily.</li> <li>Childrens services intend to recruit to the family help model which will add some capacity across the service.</li> </ul>	<ul style="list-style-type: none"> <li>If more children require help or protection, this will increase the pressure across all areas of Children's Services which is experiencing high levels of demand post pandemic</li> </ul>

<b>STRATEGIC RISK 17</b>		
<p><b>Description: Failure of coastal defences (where the policy is to “hold the line”) resulting in high risk to people, property, infrastructure and land, significant impact on communities and the council finances. The Isle of Wight Council has a vested responsibility for controlling coastal erosion under the Coast Protection Act 1949.</b></p> <p>Assigned to: Director of Neighbourhoods</p>		
<b>Inherent Score</b>	<b>Target Score</b>	<b>Current Score (June 23)</b>
<b>16 VERY HIGH</b>	<b>13 HIGH</b>	<b>13 HIGH</b>
<b>Mar 23</b>	<b>Dec 22</b>	<b>Sep 22</b>
<b>15 VERY HIGH</b>	<b>N/A</b>	<b>N/A</b>
<b>Mitigation in Place / Planned</b>	<b>Update on Mitigation Activity/ Risk Status in the period</b>	<b>Current Pressure Points this period</b>
<p><b>Partnership with the Environment Agency has identified 4 priority areas (Yaverland. Bembridge. Shanklin. Ventnor) to refurbish existing coastal defences to reduce growing impacts of coastal erosion, flooding, and land sliding on communities.</b></p>	<ul style="list-style-type: none"> <li>Ventnor Coastal Protection Scheme: Programme reviews underway to consider impacts on original proposals of the more urgent works for 4 frontages identified by recent surveys and the current IWC emergency works (see Current Pressure Points). Original planned scheme completion 2029.</li> <li>Yaverland Seawall Refurbishment Scheme: Completion planned for 2026.</li> </ul>	<ul style="list-style-type: none"> <li>EA main schemes are not scheduled to start until 2026 at the earliest. Potential for assets to deteriorate/fail during this period.</li> <li>For the Bembridge scheme nesting and wintering bird season constraints have the risk of causing a delay and limiting which options are possible to complete the scheme.</li> </ul>

<p><b>These locations are eligible for national government funding (FCERM Grant in Aid).</b></p> <p><b>Review Date 30/09/23</b></p>	<ul style="list-style-type: none"> <li>• Shanklin Seawall Refurbishment Scheme: Completion planned for 2026.</li> <li>• Bembridge Embankment Road: topographic survey commenced and discussions continued with Natural England regarding environmental limitations / seasonal constraints for the planned ground investigations. Scheme completion planned for 2026.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>The highways roadworks availability matrix conflicts with the environmental constraints for ground investigation works.</i></li> </ul>
<p><b>Memorandum of understanding with Coastal Partners who are conducting twice annual T28 condition surveys on all IWC maintained coastal assets.</b></p> <p><b>Review Date 30/09/23</b></p>	<ul style="list-style-type: none"> <li>• We have identified key areas where coastal assets have degraded to a poor or failure condition and are a risk to people, property, and environment.</li> <li>• <i>Governance structure has been reviewed to provide control and oversight for the programme.</i></li> </ul>	
<p><b>Oversight for coastal management is led by of the Strategic Manager of Environment and Waste. This will provide a coordinated, strategic, and operational approach to integrated coastal zone management.</b></p> <p><b>Review Date 30/06/23</b></p>	<ul style="list-style-type: none"> <li>• The emergency works at Ventnor Eastern Cliffs Esplanade has been managed by IWC and has been acknowledged by the EA as an exemplar example of partnership working and leadership to swiftly manage a complex coastal defence failure.</li> <li>• <i>Currently awaiting the outcome of the marine license, this has caused minor delay which is being managed.</i></li> </ul>	



# Risk Prioritisation Matrix

Appendix 2

<b>Likelihood/Probability</b>	<b>4</b> V. Likely	<b>7</b> Medium	<b>11</b> Medium	<b>14</b> High	<b>16</b> <u>VERY HIGH</u>
	<b>3</b> Likely	<b>4</b> Low	<b>8</b> Medium	<b>12</b> High	<b>15</b> <u>VERY HIGH</u>
	<b>2</b> Unlikely	<b>2</b> Low	<b>5</b> Low	<b>9</b> Medium	<b>13</b> High
	<b>1</b> Remote	<b>1</b> Low	<b>3</b> Low	<b>6</b> Low	<b>10</b> Medium
	<b>Scale</b>	<b>1</b> Low	<b>2</b> Medium	<b>3</b> High	<b>4</b> Major
<b>Impact/Severity</b>					

15 - 16	Red	V. high risk
12 - 14	Red	High risk
7 - 11	Amber	Medium risk
1 - 6	Green	Low risk

### Likelihood/Probability Criteria

FACTOR	SCALE	THREATS - DESCRIPTION	INDICATORS
Very likely	4	More than 75% chance of occurrence	Regular occurrence Circumstances frequently encountered -daily/weekly/monthly
Likely	3	40% - 75% chance of occurrence	Likely to happen at some point within the next 1-2 years Circumstances occasionally encountered (few times a year)
Unlikely	2	10% - 40% chance of occurrence	Only likely to happen 3 or more years
Remote	1	Less than 10% chance of occurrence	Has happened rarely/never before

## Impact/Severity Criteria

Factor	Scale	Effect on Service	Embarrassment/ reputation	Personal Safety	Personal privacy infringement	Failure to provide statutory duties/meet legal obligations	Financial	Effect on Project Objectives/ Schedule Deadlines
Major	4	Major loss of service, including several important areas of service and /or protracted period. Service Disruption 5+ Days	Adverse and persistent national media coverage Adverse central government response, involving (threat of) removal of delegated powers Officer(s) and/or Members forced to resign	Death of an individual or several people	All personal details compromised/ revealed	Litigation/claims/fines from Departmental £250k + Corporate £500k +	Costing over £500,000	Complete failure of project/ extreme delay – 3 months or more
High	3	Complete loss of an important service area for a short period Major effect to services in one or more areas for a period of weeks Service Disruption 3-5 Days	Adverse publicity in professional/municipal press, affecting perception/standing in professional/local government community Adverse local publicity of a major and persistent nature	Major injury to an individual or several people	Many individual personal details compromised/ revealed	Litigation/claims/fines from Departmental £50k to £125k Corporate £100k to £250k	Costing between £50,000 and £500,000	Significant impact on project or most of expected benefits fail/ major delay – 2-3 months
Medium	2	Major effect to an important service area for a short period Adverse effect to services in one or more areas for a period of weeks Service Disruption 2-3 Days	Adverse local publicity /local public opinion aware Statutory prosecution of a non-serious nature	Severe injury to an individual or several people	Some individual personal details compromised/ revealed	Litigation/claims/fines from Departmental £25k to £50k Corporate £50k to £100k	Costing between £5,000 and £50,000	Adverse effect on project/ significant slippage – 3 weeks–2 months
Low	1	Brief disruption of important service area Significant effect to non-crucial service area Service Disruption 1Day	Contained within section/Unit or Directorate Complaint from individual/small group, of arguable merit	Minor injury or discomfort to an individual or several people	Isolated individual personal detail compromised/ revealed	Litigation/claims/fines from Departmental £12k to £25k Corporate £25k to £50k	Costing less than £5,000	Minimal impact to project/ slight delay less than 2 weeks



## Committee Report

Committee	<b>CORPORATE SCRUTINY COMMITTEE</b>
Date	<b>6 JUNE 2023</b>
Topic	<b>PARTNERSHIP ARRANGEMENTS</b>
Report of	<b>LEADER OF THE COUNCIL AND CABINET MEMBER FOR STRATEGIC OVERSIGHT</b>

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### SUMMARY / BACKGROUND

1. At the Corporate Scrutiny Committee meeting in May 2022, a scoping document was approved by the committee for an item on partnership arrangements to be added to the workplan. This report provides committee members with the information requested against the key lines of enquiry identified.

### FOCUS FOR SCRUTINY

2. **Is there a formal framework for entering partnership arrangements so that its purpose and expected outcomes are fully understood and that the council's agreed priorities and objectives are met?**
  - 2.1 The council has a partnership framework (see Appendix 1) to provide all the relevant information that must be considered before entering a partnership arrangement and the minimum governance arrangements to be put in place for its oversight. This was refreshed in March 2023. The framework remains in draft pending corporate scrutiny committee consideration of this topic and identification of any recommendations following its review.
  - 2.2 Perhaps the most critical element of that framework is the need to clarify what is meant by a genuine partnership as distinct from a commissioned service for which there are specific contractual obligations (such as our strategic partnerships with Hampshire County Council and Portsmouth City Council) which are subject to different formal review mechanisms as a contract for service. The usage of the word partnership can be confusing as it is often used to describe a variety of working and commercial relationships. For the purposes of the Isle of Wight Council, a partnership is defined as an arrangement involving the council and one or more other organisations, from any sector, who share the responsibility for agreeing and then delivering a set of actions and outcomes that improve the economic and/or social environmental well-being of people living on, working on, or visiting the Isle of Wight.

- 2.3 The framework also sets out the wider considerations to be taken account of by the nominated officer who will be responsible for the partnership arrangements, before entering into an agreement. Such consideration include any risks associated with the partnership and how they will be managed, compliance with the council's performance management arrangements, effective delivery planning, statutory obligations under equalities legislation, the level of auditing and scrutiny required and most importantly, what resources are needed to deliver the intended outcomes and expectations of the partnership and whether they are available. The council must not enter any partnership where it cannot fully and effectively contribute to its success and there are clear links to the delivery of its corporate priorities.
- 2.4 There is a partnership register (see Appendix 2) that has been established for the purposes of holding a central record of all partnerships. This provides details against each of the key lines of enquiry that scrutiny presented for this report and will be refreshed on an annual basis going forward. It is still work in progress and is yet to be fully populated and evaluated for areas that require improvement, although work is ongoing to make sure that it is up to date and remains up to date. Unfortunately, due to the reductions in staffing over the period of austerity, there is no longer dedicated resource for the corporate oversight of such matters and the register that existed had become out of date. The register will now be maintained by the organisational intelligence team.

### **3. How is performance, value for money, outputs and financial incentives measured?**

- 3.1 Partnerships will vary in size and complexity and significance. The partnership framework sets out the minimum requirements that must be present when putting any such arrangements in place, including setting out the partnership's purpose, objectives, and outcomes to be delivered, its performance management arrangements, accountabilities of those organisations involved and arrangements for the review and termination of the partnership as may be required.
- 3.2 The partnership framework document sets out the requirement going forward for a partnership registration form to be completed by the council's nominated lead officer for that partnership. This requests all the relevant information required by the partnership framework to be put in place before entering into any such arrangement and therefore provides a formal record of its existence and evidence of its relevance, connection to corporate priorities, outcomes and outputs to be achieved, how it will be managed and reviewed and can demonstrate added value to the Island's communities.
- 3.3 The partnership register shown at Appendix 2, provides details of the arrangements for performance management and oversight of the intended partnership outcomes.

#### **4. Is provision made for the scrutiny of partnerships?**

- 4.1 This will be dependent upon the type of partnership. Some partnerships will require more formal governance arrangements to be put in place, both in the establishment of the partnership itself and in the discharge of their activities, especially if they are to exercise executive and/or non-executive functions of the council. These will be open to the corporate scrutiny committee to consider for review at any time. There are also more formal relationships for scrutiny in the review of partnerships for specific areas such as community safety where there is a legislative requirement for the designation of a committee where local community safety partners can be requested to attend meetings and provide information on the discharge of their work. Scrutiny committees also have a formal role regarding flood risk management which allows for review and scrutiny of the Isle of Wight local flood risk management strategy and the work of the partnership to deliver it. Corporate Scrutiny received reports on both items at their meeting in May 2023.
- 4.2 The partnership register shown at Appendix 2, provides details of the arrangements for the review of each partnership and its relationship to formal scrutiny where necessary.
- 4.3 The principal power of a scrutiny committee is to influence the policies and decisions made by the council and other organisations involved in delivering public services and so can investigate any issue which affects the local area. It remains that the purpose of scrutiny is to improve the lives of local people through improved public services. Ultimately, scrutiny may choose to scrutinise any area of activity set out in the partnership register if there is an item of concern to our local area identified by scrutiny committee members.

#### **5. Are all partner organisations expected to provide information to the council to enable members to conduct a full review if required?**

- 5.1 This will be dependent upon the type of information requested and the purpose for which the information is to be used. Any requests for information need to be undertaken within the confines of data protection legislation. Some partnership arrangements may necessitate a formal data sharing agreement to be put in place to fulfil the objectives and intended outcomes of the partnership arrangement. There is a formal process to be followed in the development of any such agreements involving the council's corporate information unit.
- 5.2 In general, the requirements of each partner organisation when entering a partnership arrangement are set out so that effective performance monitoring can take place by the partnership lead and supporting board. The partnership framework document sets out these expectations as part of the key considerations that must be identified before entering into an agreement.

## 6. Are expected outcomes being delivered?

- 6.1 The partnership framework document sets out the expectation that a partnership must be regularly reviewed to check for its ongoing viability and validity in delivering its intended outcomes and outputs. Depending upon the type and nature of the partnership, the responsibility for leading a review, identifying corrective action or determining the council's continued involvement in the partnership rests with the council's nominated lead officer for that partnership. However, some partnerships have a more formal footing or even legislative requirement for them to be in place and as such require a more structured approach to any such review taking place.
- 6.2 The partnership register shown at Appendix 2, provides a high-level determination of whether the partnership is meeting its expected outcomes. This acts as a marker for consideration as to whether there is a need for more investigation to be undertaken.

### APPENDICES ATTACHED

Appendix 1: Partnership Framework  
Appendix 2: Register of Partnerships

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CLLR JONATHAN BACON  
*Cabinet Member for Finance,  
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Isle of Wight Council  
**PARTNERSHIP  
FRAMEWORK**  
March 2023

DRAFT

# 1 Document Information

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## 1. Introduction

This protocol establishes minimum standards of governance and management to be followed by partnerships to satisfy the council that the partnerships are being well run and are delivering benefit to the authority.

The protocol will outline key requirements in initiating, approving, setting up, operating, reviewing, and exiting partnership arrangements.

## 2. What is a partnership?

The word partnership is used with increasing frequency across all sectors. It can mean different things to different groups. A partnership can be described as a group of stakeholders brought together from a range of organisations, to be responsible for tackling challenges, and exploiting opportunities in which they have a shared interest.

A partnership can be described as a joint working arrangement where the partners:

- Are otherwise independent bodies.
- Agree to co-operate to achieve common goals or outcomes.
- Create a new organisational structure or process to achieve these outcomes.
- Plan and implement a jointly agreed programme, often with joint staff or resources.
- Share relevant information, and pool risks and rewards.

## 3. For the purposes of this protocol, a partnership is defined as:

An arrangement involving the council and one or more other organisations, from any sector, who share the responsibility for agreeing and then delivering a set of actions and outcomes that improve the economic and/or social environmental well-being of people living in, working in, or visiting the Isle of Wight. *An example being the Isle of Wight Community Safety Partnership.*

## 4. Features of Partnerships

Although partnerships vary widely in the exact form they take, they usually share several basic features:

- A common purpose of the organisations
- Defined roles and relationships of those involved
- A range of organisations working together
- A lead agency
- A good understanding of the work of the other bodies in the partnership and other partnerships
- A constitution and/or clear terms of reference
- Be resourced in some way

- A commitment to share information needed to review value for money and performance
- A protocol for dispute resolution

## 5. The Isle of Wight Council would not define as a partnership:

An arrangement made by the council with a third party to deliver one or more services on its behalf. This is a contract for services. The Council is defined as the procurer/commissioner of the service and the third party as the contracted provider of that service. *An example might be Isle Help which is a commissioned service.*

Networks, forums, or groups of elected Councillors and/or officers from local authorities and others who come together to discuss forthcoming issues, policy, and strategy. *For example: The Council is part of a local authority bench marking group which formulates better practice to improve service delivery.*

External bodies that are single organisations but in which councils may be invited to take part.

The council's protocol is designed to support engagement in all partnerships meeting this definition. It is recognised that the council is engaged with a range of partnerships, but which may not all carry the same level of risk. For this reason, the level of governance and management processes applied to each partnership will vary.

## 6. Significant Partnership

A significant partnership is one that is substantial in terms of the amount of money and other resource involved; its impact upon the community and/or the level or nature of service delivery concerned and in line with the financial regulations and the council's Constitution.

The council has several methods of establishing bodies for decision-making or formal engagement with other local authorities, partners, officer representatives and members of the public. These bodies may be set up for a specific purpose or to promote more generally the economic, social, or environmental well-being of the Island. Joint arrangements with other local authorities may be established to exercise Executive and/or non-Executive functions. The establishment of "joint committees" that exercise Executive powers requires the agreement of the Leader. The establishment of joint committees that exercise non-Executive powers of the council requires the approval of Full Council.

If any person on behalf of the council is unsure what authority is required to enter into a partnership or to ensure they have adequate decision-making powers when attending on behalf the council, then they should seek advice from the monitoring officer and or Legal Services.

Significant partnerships that are not acting as a formal joint committee are likely to require councillor or senior officer approval. The exact decision maker will depend on what the nature of the functions the partnership is performing, the level of funding commitment or significance to the community. The most significant decisions are likely to require the leaders, cabinet, full council, or committee approval.

The leader and or the Cabinet can delegate authority to represent and make decisions on behalf of the authority - including those relating to partnerships - to specific councillors or council staff. These will be set out in a leader's decision record, by cabinet approval or are set out in the scheme of delegation that forms part of the council's Constitution. Where functions are delegated, the Cabinet remains accountable for them to the council.

The Chief Executive, Councillors or other properly authorised individual will represent the council on partnerships and external bodies, in accordance with the cabinet/committee approval or their authority under the council's scheme of delegation.

The Monitoring Officer is responsible for promoting and maintaining the same high standards of conduct and proper governance arrangements in partnerships.

The Section 151 Officer must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are satisfactory. In conjunction with the Monitoring Officer, they must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies and ensure that the risks have been fully appraised before agreements are entered into with external bodies.

Directors and Senior Managers are responsible for ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work with external bodies.

The s151 officer should be consulted for advice.

## 7. How to enter into a Partnership

Before entering any partnership, it is necessary to consider its ability to contribute effectively to the partnership as well as mindful of the resource implications of entering into any partnership, particularly for staff, finance and operational assets, and existing commitments. The objectives of the partnership must also be in line with the council's corporate priorities, so as to assist in the successful delivery of the Council's [corporate plan](#).

No partnership should be entered into that requires an unbudgeted financial commitment from the council, without seeking appropriate approval first.

### Putting arrangements in place

- Any partnership that the Council enters, must be clear on its purpose, outcomes and outputs it is to deliver.
- The partnership must have an officer accountable for monitoring its performance.
- There must be robust and proportionate performance management arrangements in place for the partnership to succeed.
- Performance reporting takes place in agreed time frames and to an agreed body and/or partners.
- The partnership has a sound evidence base to inform its objective, planning, and target setting.
- Objectives and outcomes to be delivered are formally reviewed and evaluated annually through an agreed process.

- All partners can be clear on the outcomes being delivered by the partnership and the links to their own business or corporate plan priorities.
- Each partner will ensure that their actions are embedded into organisational plans to ensure delivery and accountability.
- Agreed action plans are reviewed and refreshed annually by all partners.
- Action plans are supported by a risk register which is reviewed in agreed time frames and maintained by partners.
- Partners share information to enable effective performance monitoring and option appraisal.
- Data sharing is to comply with data protection regulations; data quality and transparency requirements to ensure accountability.
- Information is provided in formats that meet partner requirements.
- Findings are owned and acted upon.
- There are clear channels and processes in place to ensure accountability.
- Arrangements are in place to tackle issues of non and/or poor performance, and dispute.
- All partners can evaluate at any time the added value of being a member of the partnership and the performance and outcomes being achieved by it.

Points to consider when Setting-up a partnership, see [Appendix 1](#)

## 8. What needs to be done when a partnership is in place?

### Register

The Council will maintain a database of all partnerships it is involved in. This will be held by the Organisational Intelligence Team and refreshed annually.

Any new partnerships should complete the **Partnership Registration Form** see [Appendix 2](#).

### Performance Management

The Council will ensure that agreed partnership involvement, activity and outcomes are managed in accordance with the [Isle of Wight Council Performance Management Framework](#).

### Effective delivery planning

To deliver shared objectives and targets, effective delivery plans must be in place. For example, action plans may be developed for specific objectives or working groups. All action plans must be SMART (specific, measurable, achievable / agreed, realistic / results focused and timely) with resources (people and funding) clearly allocated.

Effective planning work will identify areas of duplication, waste, and areas for shared working.

### Risk Management

The risk exposure for each partnership will be assessed to help to determine the level of risk monitoring a partnership will need to undertake. Prior to entering into a partnership, the risks associated to the council should be assessed to ensure the level of exposure is acceptable and managed in accordance with the [Isle of Wight Council's Risk Management Framework](#).

In a partnership environment, risks should be assessed and managed both from the perspective of the partnership and of each partner.

In line with the partnership's governance approach, high risks or risks causing concern should be reported to the partnership board. Risk should be a standing agenda item at partnership board.

### **Equalities**

Any partnership arrangement entered into must meet any statutory requirements outlined in equalities legislation and as necessary equality impact assessments undertaken in relation to the functions and activities of the partnership.

### **Auditing and Scrutiny Arrangements**

The auditing and scrutiny arrangement for a partnership should be clear and set out as to where responsibility for these functions lies. This is particularly important if a partnership manages or allocates resources of its partners through any pooled or alignment arrangements. These arrangements should be clearly referenced in any partnership agreement or terms of reference agreed.

### **Resources**

Before entering into any partnership, it is necessary to consider the ability to contribute effectively to the partnership. No partnership should be entered into where it is considered the requirements cannot fully and effectively be met to contribute successfully. A full assessment of the resource implications should be undertaken, particularly for staff, finance and operational assets, existing commitments, and corporate priorities when taking decisions on new partnerships and extending existing partnerships.

### **Information Sharing**

Any partnership arrangement that involves the sharing of data between two separate organisations (ie separate data controllers) that may contain personal details will be required to have appropriate arrangements in place that govern how that information will be processed in accordance with data protection legislation requirements. This will normally require a data sharing agreement to be agreed which sets out the purpose of the data sharing, cover what happens to the data at each stage, set standards and help all the parties involved in sharing to be clear about their roles and responsibilities. Any such data sharing arrangements should be notified to the Corporate Information Unit.

## 9. Reviewing Partnerships

Checking the viability and validity of continuing with any partnership must be reviewed on a regular basis as part of the ongoing service planning process.

The review process will either approve the continuation of the council's involvement in the partnership or propose that the council withdraws.

## 10. Roles of Councillors and Staff

The council will be represented on any agreed partnership by specified Councillors or council staff. Each partnership that the council is represented on will be allocated a sponsor (eg: Head of Service, Strategic Manager), although they may personally not be the representative on the partnership, they will be responsible for ensuring the delivery of this protocol in respect of the relevant partnership.

Any specified staff member or Councillor attending approved partnerships will represent only the council and no other organisation, unless by specific agreement of the Chief Executive (for staff) or the Leader in consultation with the Chief Executive (for Councillors). All respective codes of conduct must be adhered to, always.

The terms of reference for any council representative will include requirements for them to:

- Act on behalf of the council within specific parameters.
- Ensure activities are coordinated across the council to meet the council's commitment to the partnership.
- Seek agreement from the corporate management team/head of service or, if the Constitution requires it, the Council, for any new resources not already agreed or budgeted for.
- Representation on any partnership does not permit any staff or Councillor to commit the council to use resources not contained within approved budgets nor to act as a public spokesperson for the council.

Legal Services can provide any necessary advice and guidance to its representatives on partnerships regarding potential liabilities for them and the council, and on their responsibilities and accountabilities.

## Appendix 1

# Points to consider when Setting-up a Partnership

### General

- Does the council have the legal power to enter the partnership arrangement?
- Is there any law or other provision that prevents the council from entering the partnership arrangement?

### Written Agreement / Governing Document

All partnerships that the council participates in must have a written agreement or governing document in place. It is necessary to have such a document to ensure that there is a shared understanding amongst partners about the purpose, aims and objectives of the partnership and accountability. It is important to appreciate that there is no single form of document that will be appropriate for all kinds of partnerships.

- Will the agreement take the form of a legally binding document or have the status of a statement of intent, memorandum of understanding or protocol?
- The main components of the agreement should:
  - Make the status of the partnership clear.
  - Include the terms of reference of the partnership
  - Define how the partners will work together; and
  - Set out the responsibilities of each of the partners.
- Other factors for consideration for inclusion in the agreement:
  - What powers will the partnership have?
  - Constitution of the partnership:
    - What Council representation in the partnership will be required / is appropriate?
    - Staff representation?
    - Councillor representation?
    - Identification of substitute representatives?
    - How will the other partners be represented?
    - How will the partnership make decisions?
    - Partnership board format and make up
    - How will it make decisions? E.g., by simple majority vote, casting vote by chair?
    - Identity of Chair, secretary etc?
    - Frequency of meetings?
    - Quorum?
    - Recording and distribution of minutes.
  - Financial arrangements?
  - Risk Management arrangements?
  - How / when will the work of the partnership be reviewed?



- What mechanism will be used for dispute resolution?
- What provision is there to enable the Council to exit the partnership (in relation to both a planned and unplanned exit)?
- Have the potential liabilities of the partnership and the Council (if any) been identified?
- Is a mechanism to deal with complaints necessary?
- Is there a need for an information sharing protocol?
- Has equalities legislation been considered?
- What provisions will be included to enable review/variation of the agreement itself over time?

This list is not exhaustive. The content of the agreement will depend upon the status of the agreement itself and the partnership in question. Further, not all of the considerations listed above will be relevant to all types of partnership.

### **Delegated Powers**

Will the persons representing the Council need delegated authority to take decisions on behalf of the Council? Do such people have the necessary delegated powers?

**Legal Services should be contacted for advice in relation to all legal issues.**

## Appendix 2

### ISLE OF WIGHT COUNCIL - PARTNERSHIP REGISTRATION FORM

This form needs to be completed for all partnerships that the Council is involved in.

Once completed the form should be sent to [organisational.intelligence@iow.gov.uk](mailto:organisational.intelligence@iow.gov.uk) where it will be logged on the council's partnerships register. A copy of this form should also be kept by your department.

#### SECTION 1 – DETAILS OF PERSON COMPLETING THE REGISTRATION FORM.

<b>Name:</b>	
<b>Title:</b>	
<b>Directorate:</b>	
<b>Extension :</b>	
<b>Role in the partnership: (E.g., representative, chair, sponsor or manager)</b>	

#### SECTION 2 – DETAILS OF THE PARTNERSHIP

<b>Name of Partnership:</b>	
<b>Role of the Council:</b>	
<b>Representatives- Councillors - how many and who: Council Staff - how many and who:</b>	
<b>Purpose of the Partnership – supporting which Corporate Plan Outcome?</b>	
<b>Is there a formal framework for entering the Partnership?</b>	
<b>Is the purpose and expected outcomes outlined and fully understood?</b>	
<b>How is performance, value for money, outcomes, outputs, and financial incentives measured?</b>	

<b>Is provision made for the scrutiny of the partnership?</b>	
<b>Are all partner organisations expected to provide information to the Council to enable Members to conduct a full review if required?</b>	
<b>Type of Partnership (Direct Service Delivery Partnership / Statutory Partnership / Informal Partnership)</b>	
<b>List other partners and Name of Organisation Leading the Partnership</b>	
<p><b>Resources committed to the partnership.</b></p> <p><b>Financial</b> (<i>how much and in what form e.g., grant, diversion of existing budgets etc</i>)</p> <p><b>Officer resource</b> (<i>Who and estimate time</i>)</p> <p><b>Other</b> (<i>including in kind such as administrative support, office accommodation, postage, photocopying, printing or equipment such as computers</i>)</p>	

**SECTION 3 – RISK ASSESSMENT**

<b>Does the Partnership have a risk register? If not, please state why</b>	
<b>Who is responsible for managing risk for the partnership?</b>	

**Signed**.....

**Date**.....

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IWC Partnerships Register 2023

Title	Council Lead	Directorate	Partnership Lead/ Contact	Who has membership?	Purpose	Is there a partnership agreement?	Is the purpose and expected outcomes outlined and fully understood and that the council's agreed priorities and objectives are met?	How is performance, value for money, outcomes, outputs and financial incentives measured	Is provision made for the scrutiny of partnership	Are expected outcomes being delivered?	Type of Partnership
Community Safety Partnership	Amanda Gregory	Neighbourhoods	Amanda Gregory	Statutory partners: Police, probation, fire and rescue, ICB, Isle of Wight Council	Reduce crime, disorder antisocial behaviour and re offending and produce the strategic assessment and strategies required under the Crime and disorder Act 1998. Partnership is a legal requirement under the Crime and Disorder Act 1998; to tackle, prevent and reduce crime and anti-social behaviour. Under the crime and disorder act 1998 Community Safety Partnerships are a legal need in every local authority area.	Yes	<a href="#">Community Safety Partnership</a>	Strategic needs assessment (SNA) and partnership plan published and reviewed by the scrutiny committee. Future strategies will go to full council.	Yes	Yes	Statutory Partnership
Violent Crime/serious violence Reduction Core Group (OPCC)	Amanda Gregory	Neighbourhoods	Amanda Gregory	Statutory partners: Police, probation, fire and rescue, ICB, Isle of Wight Council	Deliver the Violent Crime reduction and serious violence duty	No	Statutory objectives set by the home office. Local authority is a partner not the lead.	Included in the SNA and governance above. Review of funding spend is the home office (ringfenced grant money direct to OPCC). Cabinet member for community safety sits on the PCC scrutiny panel.	Yes	Yes	Informal Partnership
Channel	Amanda Gregory	Neighbourhoods	Amanda Gregory	Statutory partners: Police, probation, fire and rescue, ICB, Isle of Wight Council	Delivery the statutory obligation to provide and deliver channel panels. Channel is part of the Prevent strategy. It requires security clearance and data/information is restricted by the home office. Scrutiny is by the home office.	Yes	This is a referral process for individuals to be considered for multi agency intervention	Due to clearance restrictions the data is shared with partners who have specified clearance and the chief executive via the Counter Terrorism Local Profile. The home office funds interventions when required.	No	Yes	Statutory Partnership
Flooding and Coastal Protection Partnership Board	Colin Rowland	Neighbourhoods	Natasha Dix	Isle of Wight Council Environment Agency Southern Water	To oversee the delivery of major capital investment in the Isle of Wight Coastal Defence structures at key locations.	Yes	Yes, and longlist and shortlist criteria are being reviewed and weighted by both technical advisors and elected members to ensure the council's priorities are respresented	Through he delivery of projects on time and budget as set out in the project strategic outline cases and subsequent stage gateways.	Yes	Yes	Direct Service Delivery Partnership

Title	Council Lead	Directorate	Partnership Lead/ Contact	Who has membership?	Purpose	Is there a partnership agreement?	Is the purpose and expected outcomes outlined and fully understood and that the council's agreed priorities and objectives are met?	How is performance, value for money, outcomes, outputs and financial incentives measured	Is provision made for the scrutiny of partnership	Are expected outcomes being delivered?	Type of Partnership
Solent Transport	Stewart Chandler	Neighbourhoods	Conrad Haigh Conrad.Haigh2@han ts.gov.uk	Solent Transport, Isle of Wight Council, Southampton City Council, Portsmouth City Council, Hampshire County Council	Develop policy, liaise with government, seek funding, and deliver projects and systems to support the improvement of transport across the solent sub-region	Yes	<a href="#">Solent Transport</a>	Board reports	Yes	Yes	Direct Service Delivery Partnership
Isle of Wight Transport Infrastructure Board	Colin Rowland	Neighbourhoods	Christopher Garnett via jayne.tyler@iow.gov. uk	IWC, Red Funnel, Wightlink, Hover Travel, Southern Vectis, South Western Railway, Network Rail, Island Roads, Visit Isle of Wight	Optimising the Transport Systems on and to and from the Island. Aims to provide safe, secure, accessible and affordable services	No	In a period of review. Chairman is undertaking review of purpose, terms and effectiveness	No formal system	No	Yes	Informal Partnership
South East Hampshire Rapid Transit partnership	Dave Newton	Neighbourhoods	Dave Blythe <Dave.Blythe@ports mouthcc.gov.uk>	IWC, Portsmouth City Council, Hampshire County Council, Department for Transport (funder)	Implementation of a rapid transport infrastructure and service across Hampshire and through to the Island. Also strong focus on connecting and enabling housing development and explicit requirement to reduce carbon cost of travel. This is an informal arrangements and represents collaborative activity from mainly external members. The TI Board does not have any formal powers. The Leader and Portfolio holder are normally present at the meetings.	Yes	<a href="#">South East Hampshire Rapid Transit</a>	Specific programme have MSP compliant reporting processes	Yes	Yes	Informal Partnership
Environment Agency FRCPS	Natasha Dix	Neighbourhoods	Nick Grey	Environment Agency, IWC	Development Implement long term capital works on coastal defences	Yes	Yes- Memorandum of understanding	Through the development of Business Cases and associaed benefit realisation plans	Yes	Yes	Direct Service Delivery Partnership
Mission Zero Community Hub	Natasha Dix	Neighbourhoods	Rob Sauvan	Private individuals as executive members with voting rights.  IWC, non executive	Delivering 2040 zero emission targets across the island	Yes	Terms of reference agreed and following the climate and environment strategy	Through monthly updates and annual meetings	Yes	Yes	Informal Partnership
IW Biosphere Steering Committee	Natasha Dix	Neighbourhoods	Richard Grogan	Private individuals as executive members with voting rights.  IWC, non executive	Supporting the development of sustainable development across the biosphere area	Yes	Terms of reference agreed and following the climate and environment strategy	Through monthly updates and annual meetings	Yes	Yes	Informal Partnership

Title	Council Lead	Directorate	Partnership Lead/ Contact	Who has membership?	Purpose	Is there a partnership agreement?	Is the purpose and expected outcomes outlined and fully understood and that the council's agreed priorities and objectives are met?	How is performance, value for money, outcomes, outputs and financial incentives measured	Is provision made for the scrutiny of partnership	Are expected outcomes being delivered?	Type of Partnership
UK Man and the Biosphere Steering Committee	Natasha Dix	Neighbourhoods	Martin Price	Biosffer Dyfi Biosphere Brighton & Lewes Downs Biosphere Galloway and Southern Ayrshire North Devon Biosphere Reserve Wester Ross Biosphere Isle of Wight Biosphere The Isle of Man Biosphere	Supporting the IWC role of delivering the outcomes of the IW biosphere reserve	Yes	Terms of reference agreed and following the climate and environment strategy	Through monthly updates and annual meetings	Yes	Yes	Informal Partnership

Title	Council Lead	Directorate	Partnership Lead / Contact	Who has membership?	Purpose	Is there a partnership agreement?	Is the purpose and expected outcomes outlined and fully understood and that the Council's agreed priorities and objectives are met?	How is performance, value for money, outcomes, outputs and financial incentives measured?	Is provision made for the scrutiny of partnerships?	Are expected outcomes being delivered?	Type of Partnership?
Hampshire & Isle of Wight Local Resilience Forum	Darren Steed	Strategy	A Partnership Management Team is hosted by Hampshire and Isle of Wight Fire & Rescue Service	Hampshire & IoW Constabulary Hampshire & IoW Fire & Rescue Service Hampshire & IoW Integrated Care Board South Central Ambulance Service IoW Ambulance Service Environment Agency Maritime & Coastguard Agency Hampshire County Council Portsmouth & Southampton City Councils British Transport Police United Kingdom Health Security Agency Military Met Office Voluntary Sector organisations Utility, transport and communication providers Airport and harbour authorities	Local resilience forums are the vehicle through which responding agencies fulfil the statutory duties defined in the Civil Contingencies Act 2004	Yes	Yes, within service planning	Governance structure, self assessment, peer reviews, debriefs following training, exercising and responses to emergencies	Yes	Yes	Statutory Partnership
Civil Military Partnership	Jayne Tyler	Strategy	Jayne Tyler	MOD Army Royal Navy SSAFA RBL VOS UK IWC SERFCA, SOLENT Station Newport Reserves Portsmouth City Council Ryde Town Council	The delivery and strengthening of the Isle of Wight Armed Forces Covenant.  Recognition of the needs and role of the Island's veteran community.  A single civil forum for groups and organisations engaged in non-emergency civil-military issues on the Isle of Wight, providing a forum for discussion, effective communication and support for working together for mutual benefit.  Arrangements are in place for the promotion of recognition and remembrance, and the taking of opportunities for the partnership to promote the general well-being of Island communities.	Yes	Promotion of recognition and remembrance, and the taking of opportunities for the partnership to promote the general well-being of Island communities. Assurance that liaison is maintained with Defence and that, during emergencies, timely support can be provided through Military Aid to the Civil Authorities (MACA) protocols. In addition mutual support between Civil Authorities and Defence will be afforded, where possible, to enable civil-military exercises and events on the Isle of Wight.	Yearly workplan	No	Yes	Informal Partnership



Title	Council Lead	Directorate	Partnership Lead/ Contact	Who has membership?	Purpose	Is there a partnership agreement?	Is the purpose and expected outcomes outlined and fully understood and that the council's agreed priorities and objectives are met?	How is performance, value for money, outcomes, outputs and financial incentives measured	Is provision made for the scrutiny of partnership	Are expected outcomes being delivered?	Type of Partnership?
Children's Trust	Director (Stuart Ashley)	Childrens Services	Ashley Jefferies	Membership is being refereshed in conjunction with re-establishment of a Children's Trust.	To co-ordinate partner agency resources and review and deliver the priorities in the IoW children and young people's plan.	No	There is an existing Children's & Families Plan in place (2021-24)  The Children's Trust will be a partnership of organisations across Hampshire & IoW. The expected outcomes are marked as No at present due to the Trust being established.	There are objectives and measures contained in the plan. These require review.	Yes	No	Direct Service Delivery Partnership
Sector Led Improvement Programme with DfE / South East (regional) Sector Led Improvement Partnership/ Foreign Commonwealth Development Office Partnership	Stuart Ashley	Childrens Services	Alison Smailes/ Claire Woodcock	DfE, SESLIP, FCDO, Hampshire CC and IOW Council, other LAs and overseas territories.	The purpose of the Sector Led Improvement programme in partnership with the DfE, the FCDO and the South East Regional Programme is to identify action that will assist all the local authorities in the UK, the South East and in British Overseas Territories (BOT) to deliver effective services which improve outcomes for children and young people; and vulnerable adults in BOT.	Yes	Yes	Through robust programme management controls	Yes	Yes	Direct Service Delivery Partnership
Adopt South Regional Adoption Agency	Stuart Ashley	Childrens Services	Rachel Reynolds	Isle of Wight, Hampshire, Portsmouth and Southampton LAs	Adopt South is the Regional Adoption Agency bringing together four local authorities, providing improved outcomes for children who need secure and loving homes to flourish and be part of a family forever.	Yes	Yes - partnership Agreement in place	Governance board which is chaired by Director of Children's Services	Yes	Yes	Statutory Partnership
Integrated Care Board	Debbie Key	Childrens Sevices	Debbie Key	IOW Children's Service, Hampshire Constabulary, Integrated Care Board (ICB)	Working together to safeguard children 2018 states there is a shared responsibility between organisations to safeguard and promote the welfare of all children in a local area. The responsibility for the joined-up work rests with three safeguarding partners who have a shared and equal duty to make arrangements to work together. On the isle of Wight, this arrangement is the Isle of Wight Safeguarding Children Partnership. IOWSCP	Yes	Yes - partnership Agreement in place	Executive board and main partnership board	Yes	Yes	Statutory Partnership
Corporate Parenting Board	Stuart Ashley	Childrens Services	Kim Goode Area Director (Deborah Price)	All Elected Members, Housing, children's social care and adult social care, NHS	Ensuring services to LAC are high quality and respond to the voice of Young People.	Yes	Yes	Young people self evaluation and annual reports through the Children's Trust.	Yes	Yes	Formal Partnership
Schools Forum	Natalie Smith	Childrens Services	Natalie Smith	IoW Council, School Headteachers, Lead Member for Children's Services	Statutory forum. LA's are required to consult with the Forum on all matters relating to School Funding. The Forum also has some decision making powers.	Yes	Yes - partnership Agreement in place	Annual Review feeding into budget allocation.			Schools Forums (England) Regulations

Title	Council Lead	Directorate	Partnership Lead/ Contact	Who has membership?	Purpose	Is there a partnership agreement?	Is the purpose and expected outcomes outlined and fully understood and that the council's agreed priorities and objectives are met?	How is performance, value for money, outcomes, outputs and financial incentives measured	Is provision made for the scrutiny of partnership	Are expected outcomes being delivered?	Type of Partnership?
Parent Partnership	Andrew Briggs (SEND)	Childrens Services	Andrew Briggs	Island Parents, People Matter	Support parents with children who have disabilities.	No	Parents Voice IW is the Isle of Wight's Parent Carer Forum and are recognised by the DfE as the local strategic partner. They are a group of parent carers who have children, young people with Special Education Needs and/or Disabilities (SEND). Parents Voice IW was created by Parents for parents/family members who are carers of children or young people with SEND.	Annual Report	Yes	Yes	Informal Partnership

Title	Council Lead	Directorate	Partnership Lead/Contact	Who has membership?	Purpose	Is there a partnership agreement?	Is the purpose and expected outcomes outlined and fully understood and that the council's agreed priorities and objectives are met?	How is performance, value for money, outcomes, outputs and financial incentives measured	Is provision made for the scrutiny of partnership	Are expected outcomes being delivered?	Type of Partnership?
Integrated Care Partnership	Laura Gaudion	ASCHN	Laura Gaudion	IWC, IW NHS, ICB, Independent sector - Isle of Wight Care Partnership, Primary Care (PCN's), Mountbatten, Carers IW, Healthwatch, voluntary sector	<a href="#">Our Integrated Care Partnership :: Hampshire and Isle of Wight ICS (hantsiowhealthandcare.org.uk)</a>	Yes	<a href="#">Expected ways of working between integrated care partnerships and adult social care providers - GOV.UK (www.gov.uk)</a>	Joint meetings with NHS CX & Director of Adult Social Care	Yes	Yes	Statutory Partnership
Adult Safeguarding Board	Laura Gaudion	ASCHN	Laura Gaudion	IWC, IW NHS, Hampshire and IW Constabulary, ICB, Plus other non-statutory partners	Statutory oversight for Adult Safeguarding	Yes	<a href="https://www.iowsab.org.uk/">https://www.iowsab.org.uk/</a>	Annual report to Scrutiny Committee	Yes	Yes	Statutory Partnership
LD Partnership Board	Jessica Entwistle	ASCHN	Jess Entwistle	IWC, ICB, IW NHS Trust, People Matter IW (ULO), any adult or the carer of any adult with a learning disability	Moving forward with LD action plans	No	<a href="https://s3.eu-west-1.amazonaws.com/cdn.webfactore.co.uk/6772_terms+of+reference+for+ldp+g.pdf">https://s3.eu-west-1.amazonaws.com/cdn.webfactore.co.uk/6772_terms+of+reference+for+ldp+g.pdf</a>	Management scrutiny at Board	Yes	Yes	5 sub groups - who undertake the active partnership work
Section 75 Better Care Fund (BCF)	Peter Smith	ASCHN	Peter Smith	IWC, ICB	Formalisation of joint services with health	Yes	Section 75 National Health Service Act 2006	Joint meetings with NHS CX & Director of Adult Social Care	Yes	Yes	S75 Pooled Budget Agreement
Isle of Wight Systems Workforce Board	Laura Gaudion	ASCHN	Lois Southgate	IWC (Adult Social Care, Childrens Social care, Public Health, Learning and Development and HR), ICB, IW NHS Trust, Isle of Wight Care Partnership, Voluntary Sector, Primary Care, Pharmacies	<a href="#">Our Integrated Care Partnership :: Hampshire and Isle of Wight ICS (hantsiowhealthandcare.org.uk)</a>	No	Improved cross sector recruitment and retention	Isle of Wight Health and Care Partnership	Yes	Yes	Informal Partnership
System Learning Collaborative Group	Laura Gaudion	Cross	Sarah Teague	IWC, NHS, ICB, Hospice, Independent Care Home businesses	To co-ordinate marketing and recruitment to IOW public sector vacancies and develop a workforce development approach.	Yes	Yes	This group reports to the System Workforce Board through formal highlight reports. The Board is chaired by Laura Gaudion	No	Yes	Informal Partnership
Joint Strategic Partnership Board	Laura Gaudion	ASCHN	Laura Gaudion	IWC, ICB	<a href="#">Our Integrated Care Partnership :: Hampshire and Isle of Wight ICS (hantsiowhealthandcare.org.uk)</a>	No	supporting join commissioning activity and BCF	Joint meetings with NHS CX & Director of Adult Social Care	Yes	Yes	Informal Partnership

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HIOW Health Protection Board	Simon Bryant	Public Health	Simon Bryant	HCC Public Health HIOW ICB General Practice NHSE UKHSA HHFT IOW NHS Trust NHS Frimley ICB District CX SHFT Solent NHS Trust IOW Council HCC Children's Services	The Board will provide a setting for identifying key issues relevant to Health Protection, risk escalation, scrutiny of plans and analysis of data with all partners with a role in the delivery and oversight of health protection in Hampshire and the Isle of Wight. Board members will ensure they are acting jointly to protect the population's health, addressing inequalities, protecting the most vulnerable whilst optimising public health outcomes.	No	Terms of reference are agreed by the board to over see our health protection responsibilities.	The discussions in this Board are meant to strengthen collaboration on HP matters and system-wide understanding of ongoing and emerging issues and the response to these	No	Yes	Statutory Partnership
IOW Domestic Abuse Partnership Board (DAPB)	Simon Bryant	Public Health	Simon Bryant	Children and Young People Representative Domestic Abuse Lead and Board Manager Education Isle of Wight Council Representatives: Adult Social Care Children Social Care Community Safety Partner representative Housing representative Public Health Isle of Wight Safeguarding Adults' Board – IOWSAB Isle of Wight Safeguarding Children's Partnership – IOWSCP Hampshire Health Service - ICS Policing or Criminal Justice Representative Police and Crime Commissioners (PCC) Crown Prosecution Service Hampshire Constabulary Probation Service Survivor Voice Representative Voluntary Sector	To meet the Local Authority statutory duty in relation to domestic abuse by providing a strategic forum to ensure a consistent and coordinate response to domestic abuse. Multiagency Partnership including statutory, non-statutory and voluntary and community sector. All partners are responsible to provide updates and data as required. Final data metrics are still being finalised.	No	Yes, via terms of reference	Via the associated strategies and action logs	No	Yes	Direct Service Delivery Partnership
Isle of Wight Health Partnership Board (previously known as IOW Health & Care Partnership Board HCPB)	Simon Bryant	Public Health	Tracy.Richards	Integrated Care Board; NHS; Healthwatch; Voluntary Sector; Leader of the Council, Cabinet member for public health; chief executive; Director of Adult Social Care & Housing; Director of Public Health, Director of Children's Services	Oversight of the delivery of the Island's health and care plan.	No	Yes via terms of reference	Board reports	Yes	Yes	Direct Service Delivery Partnership
Island Strategic Drug and Alcohol Partnership (ISDAP)	Simon Bryant	Public Health	Sue Cochrane	Isle of Wight Council: Public Health; Adults Health & Care Children's Services Housing; Community Safety OPCC Community Pharmacy South Central Hampshire and Isle of Wight Constabulary Department of work and pensions Substance Misuse Treatment Providers – Inclusion HMP Isle of Wight National Probation Service HIOW Integrated Care Board People affected by drug-related harm	Requirement in the National Drug Strategy; to oversee the local implementation of the national drug strategy and reduce / prevent harm from substance misuse on the Island	Yes	Yes	Expected outcomes provided by National Joint Combatting Drugs Unit for self assessment and submission against Delivery Plan (part of the NDS)	Yes	Yes	Statutory Partnership

Title	Council Lead	Directorate	Partnership Lead/ Contact	Who has membership?	Purpose	Is there a partnership agreement?	Is the purpose and expected outcomes outlined and fully understood and that the council's agreed priorities and objectives are met?	How is performance, value for money, outcomes, outputs and financial incentives measured	Is provision made for the scrutiny of partnership	Are expected outcomes being delivered?	Type of Partnership?
IOW Mental Health and Suicide Prevention Partnership / Mental Health Alliance Subgroup	Sue Cochrane	Public Health	Sophie Wickham	IoW CCG IW NHS Trust Local Authority Police Fire Service Ambulance Service Prison Service Voluntary sector organisations	to provide oversight of mental health and suicide prevention across the Island	Yes	Formal partnership with ToR to fulfil function as lead for MH and SP on the Island	Mental Wellbeing Plan with measurable indicators	Yes	Yes	Direct Service Delivery Partnership
Health and Wellbeing Board	Simon Bryant	Public Health	Sarah Philipsborn	Leader of the Isle of Wight Council and the relevant Isle of Wight Council Cabinet members with responsibility for Children, Adult Services and Public Protection <ul style="list-style-type: none"> <li>• Chief executive of the Isle of Wight Council</li> <li>• Directors of Children's Services</li> <li>• Director of Adult Services</li> <li>• Director of Public Health</li> <li>• Director of Regeneration</li> <li>• Isle of Wight Council Director of Neighbourhoods</li> <li>• The Chairman of the Isle of Wight Clinical Commissioning Group.</li> <li>• Chief Officer Isle of Wight of Clinical Commissioning Group</li> <li>• Representative of the Area Director of the Wessex Area Team of NHS England</li> <li>• Chief executive of Isle of Wight NHS Trust</li> <li>• Representative of the Chief Constable of Hampshire of Police</li> <li>• Police and Crime Commissioner for Hampshire and the Isle of Wight or their representative</li> <li>• Representative of Healthwatch Isle of Wight.</li> <li>• Representative of Isle of Wight Association of Local Councils (IWALC)</li> <li>• Chairman of the Isle of Wight Voluntary Sector Forum</li> </ul>	Legal requirement.	Yes	Yes - Terms of reference a component of the council's constitution	Board reports	Yes	Yes	Statutory Partnership

Title	Council Lead	Directorate	Partnership Lead/ Contact	Who has membership?	Purpose	Is there a partnership agreement?	Is the purpose and expected outcomes outlined and fully understood and that the council's agreed priorities and objectives are met?	How is performance, value for money, outcomes, outputs and financial incentives measured	Is provision made for the scrutiny of partnership	Are expected outcomes being delivered?	Type of Partnership?
AONB	Oliver Boulter/Richard Grogan	Regeneration	Richard Grogan	A range of local stakeholders include: West Wight Landscape Partnership Down to the Coast Wild on Wight	<a href="https://landscapesforlife.org.uk/">Isle of Wight Area of Outstanding Natural Beauty (landscapesforlife.org.uk)</a>	Yes	<a href="https://landscapesforlife.org.uk/">Isle of Wight Area of Outstanding Natural Beauty (landscapesforlife.org.uk)</a>	Reports to the Board	Yes	Yes	Statutory Partnership
Solent Local Economic Partnership (SLEP)	Chris Ashman	Regeneration	Anne-Marie Mountfield	<a href="https://solentlep.org.uk/who-we-are/solent-lep-board/">https://solentlep.org.uk/who-we-are/solent-lep-board/</a> ie Southampton City Council Portsmouth City Council DLUHC BEIS	<a href="https://solentlep.org.uk/who-we-are/solent-lep-board/">Solent LEP - Local Enterprise Partnership - Solent LEP</a>	No	<a href="https://solentlep.org.uk/who-we-are/solent-lep-board/">solent-lep-assurance-framework-2023.pdf (solentlep.org.uk)</a>	Attendance by Cabinet member to SLEP Board	Yes	Yes	Informal Partnership
Isle of Wight Chamber of Commerce	Ash Curzon	Regeneration	Steven Holbrook	Isle of Wight Chamber of Commerce	MOU to progress economic prosperity and a voice for small business	Yes	<a href="https://www.iow.gov.uk/council/committees/cabinet/29-7-08/Paper%20G%20Appendix.pdf">https://www.iow.gov.uk/council/committees/cabinet/29-7-08/Paper%20G%20Appendix.pdf</a>	Economic Development Executive	Yes	Yes	Direct Service Delivery Partnership
Isle of Wight Economic Development Board	Ash Curzon	Regeneration	Norman Arnold	Isle of Wight Chamber of Commerce Isle of Wight College Visit Isle of Wight Federation of Small Businesses	To enable local partners to agree shared economic priorities for the Island and to ensure the most effective use of the increasingly limited resources and support services available.	Yes	<a href="https://www.iow.gov.uk/azservices/documents/1433-EDB-Executive-Partners-TOR-2021.pdf">https://www.iow.gov.uk/azservices/documents/1433-EDB-Executive-Partners-TOR-2021.pdf</a>	Economic Development Executive	Yes	Yes	Informal Partnership
One Public Estate	Chris Ashman	Regeneration	Chris Watts	Homes England Local Government Association Hampshire Fire Service Hampshire Police NHS Consultant	To facilitate partnership working between public sector organisations on the Island and to enable partners to identify opportunities to use assets and resources,	Yes	<a href="https://iowc-my.sharepoint.com/personal/elaine_hawkins_iow.gov.uk/Documents/Regen/OPE/MOU/2017-02_P5_MOU_Isle%20of%20Wight.pdf">https://iowc-my.sharepoint.com/personal/elaine_hawkins_iow.gov.uk/Documents/Regen/OPE/MOU/2017-02_P5_MOU_Isle%20of%20Wight.pdf</a>	Reports to the OPE Board	Yes	Yes	Direct Service Delivery Partnership
Anti Poverty Group	Chris Ashman	Regeneration	Chris Ashman	Hampshire County Council Adult Social Care Revenue and Benefits	Develop strategic plan to reduce poverty.	No	<a href="https://iowc-my.sharepoint.com/:x/q/personal/elaine_hawkins_iow.gov.uk/ESegGsCl-4ZlhJeTJa3dOUMBvS2bb_qj0cSpxt9lGBnKw?e=p50NmV">https://iowc-my.sharepoint.com/:x/q/personal/elaine_hawkins_iow.gov.uk/ESegGsCl-4ZlhJeTJa3dOUMBvS2bb_qj0cSpxt9lGBnKw?e=p50NmV</a>	Reports to CMT and UK Government.	Yes	Yes	Direct Service Delivery Partnership

## AUDIT AND GOVERNANCE COMMITTEE WORKPLAN 2023-2024

EXTERNAL AUDIT	Responsibility	31 July 2023	25 Sept 2023	11 Dec 2023	18 Mar 2024	July 2024	Sept 2024	Dec 2024	Mar 2025
External Auditors Annual Report	Ernst & Young		✓ Slipped from March 2023		✓				✓
External Audit Plan – Isle of Wight Council	Ernst & Young		✓ Slipped from July 2023			✓			
External Audit Plan – Isle of Wight Pension Fund	Ernst & Young		✓ Slipped from July 2023			✓			
External Audit Results Report (inc. Letter of Representation) - IWC	Ernst & Young		✓				✓		
External Audit Results Report (inc. Letter of Representation) - IWPF	Ernst & Young		✓				✓		
ACCOUNTS	Responsibility	31 July 2023	25 Sept 2023	11 Dec 2023	18 Mar 2024	July 2024	Sept 2024	Dec 2024	Mar 2025
Approval of the Final Statement of Accounts	Dawn Lang		✓				✓		
INTERNAL AUDIT	Responsibility	31 July 2023	25 Sept 2023	11 Dec 2023	18 Mar 2024	July 2024	Sept 2024	Dec 2024	Mar 2025
Internal Audit Progress Report (inc. any high-risk reports in full)	Lizzi Goodwin	✓	✓	✓	✓	✓	✓	✓	✓
Internal Audit Plan	Lizzi Goodwin				✓				✓
Internal Audit Annual Report (inc. Opinion)	Lizzi Goodwin	✓				✓			
Fraud & Irregularity Annual Report (inc. Whistleblowing)	Lizzi Goodwin			✓				✓	
Anti-Money Laundering Policy (3 yearly)	Lizzi Goodwin								
GOVERNANCE	Responsibility	31 July 2023	25 Sept 2023	11 Dec 2023	18 Mar 2024	July 2024	Sept 2024	Dec 2024	Mar 2025
Annual Governance Statement	Debbie Downer		✓			✓ DRAFT	✓ FINAL		
Property Investment Portfolio Annual Report	Graeme Haigh	✓				✓			
Procurement Half-Yearly Report	Alice Hadridge	✓		✓		✓		✓	
Chairman’s Annual Report	Cllr Garratt				✓				✓
Treasury Management Strategy Annual Report	Jo Cooke				✓				✓
Treasury Management Quarterly Report	Jo Cooke	✓ Q4	✓ Q1	✓ Q2	✓ Q3	✓ Q4	✓ Q1	✓ Q2	✓ Q3
The Council’s Risk Profile	Emma Bruce	✓	✓	✓	✓	✓	✓	✓	✓
Review of the Constitution	Chris Potter	✓	✓	✓	✓	✓	✓	✓	✓

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