



## Audit and Risk Management Committee

<b>Date:</b>	Tuesday, 31 March 2009
<b>Time:</b>	6.15 pm
<b>Venue:</b>	Committee Room 2 - Wallasey Town Hall

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### AGENDA

**1. DECLARATIONS OF INTEREST**

Members are asked to consider whether they have personal or prejudicial interests in connection with any item(s) on this agenda and, if so, to declare them and state what they are.

**2. MINUTES (Pages 1 - 8)**

To receive the minutes of the meeting held on 26 January 2009.

**3. ANNUAL GOVERNANCE STATEMENT (Pages 9 - 26)**

**4. AUDIT COMMISSION ANNUAL GOVERNANCE REPORT - ACTION PLAN UPDATE (Pages 27 - 34)**

**5. FINANCIAL AND PERFORMANCE MONITORING (Pages 35 - 66)**

**6. INTERNAL AUDIT PLAN 2009/2010 (Pages 67 - 72)**

**7. REVIEW OF THE SYSTEM OF INTERNAL AUDIT (Pages 73 - 98)**

**8. INTERNAL AUDIT WORK - JANUARY TO FEBRUARY 2009 (Pages 99 - 108)**

**9. COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA) - USE OF RESOURCES 2008 (Pages 109 - 124)**

- 10. CORPORATE RISK AND INSURANCE MANAGEMENT (Pages 125 - 128)**
- 11. RISK REGISTER ASSESSMENT CRITERIA (Pages 129 - 132)**
- 12. ACCESS TO SERVICES - ACTION PLAN UPDATE (Pages 133 - 138)**
- 13. PARTNERSHIPS FRAMEWORK AND TOOLKIT (Pages 139 - 238)**
- 14. USE OF POWERS UNDER THE REGULATIONS OF INVESTIGATORY POWERS ACT (RIPA) (Pages 239 - 306)**
- 15. REPORTS SUBMITTED AFTER DEADLINES (Pages 307 - 310)**
- 16. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR**

## AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 26 January 2009

Present: Councillor P Southwood (Chair)

Councillors RL Abbey C Povall  
S Mountney S Quinn  
J Crabtree

### 48 DECLARATIONS OF INTEREST

Members were asked to consider whether they had personal or prejudicial interests in connection with any item(s) on this agenda and, if so, to declare them and state what they were. No such declarations were made.

### 49 MINUTES

The Director of Law, HR and Asset Management presented the minutes of the meeting held on 1 December 2008. In response to a question from the Chair in relation to reports that she expected to be included on the present agenda (minute 39 (3) and (4) and minute 44 refer), the Director of Finance commented that internal audit reports in relation to the Adult Social Services Charging Policy and Data Security were near to completion and would be presented to the next meeting of the Committee.

The Director of Law, HR and Asset Management commented that the investigation into issues related to the Adult Social Services PIDA Disclosure by the independent investigator had not been completed. However, he hoped to be able to report upon the outcome to the next meeting of the Committee.

**Resolved – That the minutes of the meeting held on 1 December 2008 be approved.**

### 50 AUDIT COMMISSION ANNUAL GOVERNANCE REPORT - ACTION PLAN UPDATE

Further to minute 40 (1 December 2008), the Director of Finance reported upon progress in the implementation of the action plan to deliver the recommendations contained within the Audit Commission Annual Governance Report which had been presented to the Committee on 30 September 2008 (minute 22 refers).

**Resolved – That progress on the delivery of the Action Plan be noted.**

### 51 CORPORATE GOVERNANCE

The Director of Law, HR and Asset Management presented the Council's proposed new Code of Corporate Governance, which had been produced in line with guidance contained within the framework document published jointly by CIPFA/SOLACE in

July 2007 'Framework for Delivering Good Governance in Local Government'. He set out the core principles contained within the framework and commented that the key review element was the Annual Governance Report, which was subject to audit by the Audit Commission.

The Internal Audit Section undertook extensive work to provide sufficient evidence to support the production of the Annual Governance Statement and the process was overseen by the Corporate Governance Group, chaired by the Chief Executive. The Committee was also provided with regular updates via the Internal Audit Update report. He commented that the Code would be referred to the Standards Committee, the Cabinet and Council, and would become part of the Council's constitution. It would be communicated to staff either on induction or by way of the key issues process and measures would be put in place to ensure that all members of staff confirmed their understanding and compliance. It would also be reviewed on at least an annual basis.

**Resolved – That the Code of Corporate Governance be endorsed and referred to the Cabinet for further consideration.**

## 52 CORPORATE RISK REGISTER

The Director of Finance summarised the process used to develop the Corporate Risk Register and confirmed the outcome of the recent review undertaken by Chief Officers. He appended the draft of the revised Register which had been considered by the Cabinet on 10 December 2008 (minute 290 refers). The Cabinet requested the presentation of a full update to the Register by June 2009 and agreed that progress in managing the corporate risks should continue to be included in the quarterly Financial and Performance Monitoring Summary reports.

**Resolved –**

**(1) That the Cabinet be advised that this Committee considers the completion of the Risk Register to be urgent and that it should be completed before June 2009.**

**(2) That a further report be presented to the next meeting of the Committee with regard to the criteria used in scoring risks.**

**(3) That the Director be advised that the initial views of this Committee in relation to the Corporate Risk Register are that –**

- (i) the risks contained within the Register should be listed with the highest Net Risk Scores first and the lowest last; and**
- (ii) Risks 25 and 26 should be merged.**

## 53 CORPORATE RISK AND INSURANCE MANAGEMENT

The Director of Finance provided information on recent progress in relation to Insurance Management and Corporate Risk Management and set out anticipated developments in the coming months. He was pleased to report that after extensive negotiation, a payment for £1,453,612 in settlement of the Rock Ferry High School fire had been received from insurers, which was the final fire claim from the

2003/2004 account year for which settlements totalling £200,000 were included in his report to the last Committee. However, although negotiations in respect of the Liscard Hall fire continued, members expressed their disappointment that indications from an independent commercial property expert were that the pre-fire commercial value of the property would be limited, particularly with regard to the value of the building to the local community.

**Resolved – That the report be noted and a further update be presented to the next meeting of the Committee.**

## 54 **COMPREHENSIVE AREA ASSESSMENT**

The Deputy Chief Executive/Director of Corporate Services provided an update on the changes to the Audit Commission's approach to assessing the performance of partnerships and other public bodies, including local authorities. He provided details of the authority's historical performance under the CPA regime, which was in its final year and commented that performance for the first year of CAA would be judged on current 2008/2009 data. He set out the main changes proposed under CAA and indicated that judgements would be made on achievements of the entire local strategic partnership, being based on the following main questions –

- How well do local priorities express community needs and aspirations?
- How well are the outcomes and improvements needed being delivered?
- What are the prospects for future improvements?

Each had a number of sub-questions and answers to them would be probed in some depth by the Audit Commission. He reported that evidence for answers would come from a number of sources, including performance against LAA outcomes and national indicators, local performance management, inspection work, other regulatory regimes, partnership self-assessment, place survey and other consultation work and any other relevant sources of data. Whilst the area assessment would not be scored, it would contain a narrative judgement on the area and could include a series of red and green flags. The Audit Commission did not intend to attribute a large number of flags, as they were intended to highlight only important issues. Green flags would be awarded for any areas of exemplary good practice that should be shared with other partnerships and red flags would be attributed to areas where two conditions applied at the same time – where outcomes/improvements were not being achieved, a red flag may be raised, but only if the partnership did not have realistic and effective plans in place to tackle them, either because the partnership was not aware of the problem or did not accept it was an issue, or because plans were not robust or adequately resourced.

He reported also on organisational, scored assessments on which the Council would be judged and highlighted specific implications of the CAA regime for Wirral.

**Resolved – That the proposed changes following from the introduction of comprehensive area assessment and the pilot of the CAA self-evaluation toolkit be noted.**

## 55 **COMPREHENSIVE AREA ASSESSMENT (CAA) - USE OF RESOURCES**

The Director of Finance provided details of the Audit Commission project brief for the Comprehensive Area Assessment Use of Resources 2009 assessment for 2008/2009. The new UoR assessment had value for money at its centre and comprised the following key themes –

- Managing Finances
- Governing the Business
- Managing Resources

Each were divided into ten key lines of enquiry and the Director commented that the UoR score would again be based upon a standard four point scale and would again follow the harder test principle with authorities having to improve in order to retain the same level. The new standard scores were also likely to restrict the number of authorities achieving four stars.

He reported that the 2008 UoR assessment would be formally announced on 26 February 2009. However, although the notification was embargoed by the Audit Commission until 26 February, authorities received their 2008 notifications on 8 December 2008 and appeals could be submitted against the initial notification. The 2008 assessment was based on the 31 March 2008 position and he reported that since this date officers had continued to work on a number of areas to deliver further continuous improvement which would be reflected within future assessments. Improvements had ranged from reviewing and strengthening the Statement of Annual Accounts processes and the production of an Annual Report, to developing the Strategic Asset Review and further development of the procurement strategy and the change programme.

The project brief highlighted a number of developments within the new UoR and he indicated that Audit Commission fieldwork would be undertaken between January and April and would include the review of key documents, interviewing officers and members and reviews of agendas and minutes. He commented that the approach seemed to provide flexibility and for the assessment to be based on a rounded view of achievements. The UoR score would be reported within the Annual Governance Report and the final CAA organisational assessment would be reported in November 2009.

**Resolved –**

**(1) That the 2009 Use of Resources Project brief be noted.**

**(2) That regular reports be presented on progress on the Use of Resources.**

## 56 **AUDIT COMMISSION REPORT - DATA QUALITY**

The Deputy Chief Executive/Director of Corporate Services presented the Audit Commission Report on Data Quality for 2007/2008. The scope of the review followed a three stage approach, which focused upon Management Arrangements, an Analytical Review and Data Quality Spot Checks. Detailed findings of the review and an action plan which set out the recommendations were set out in the Audit

Commission report. He reported that a comprehensive action plan would now be developed and implemented, which would combine the findings and recommendations from both the Audit Commission and the Council's own internal audit recommendations during 2007/2008. The action plan would also incorporate any outstanding recommendations from the Audit Commission's review in 2006/2007.

The Chair referred to one of the findings set out in the report, which noted that performance reports to the Cabinet and to various overview and scrutiny committees were frequently some three months after the quarter end, which made it difficult for members to provide effective challenge. She requested a report to the next meeting with regard to the extent of the submission of late reports to the Cabinet, regulatory committees and overview and scrutiny committees. The Director of Law, HR and Asset Management commented that although the information would be made available in a report, it would essentially be a snapshot of the numbers of late reports, as the reasons for late submissions were wide-ranging and were not recorded.

The Chair referred also to Recommendation 9 in the detailed findings, which found that although the HIP HSSA repeat homelessness indicator was fairly stated, the corporate Data Quality policy had not yet been fully implemented and guidance/procedures for calculating the indicator were not yet documented in all service areas. The Deputy Chief Executive indicated that the policy had been circulated to all relevant staff and the provision of further training to ensure full implementation would be monitored by the key issues process.

#### **Resolved –**

**(1) That the report be noted.**

**(2) That a report be presented to the next meeting with regard to the extent of the submission of late reports to the Cabinet, regulatory committees and overview and scrutiny committees.**

**(3) That the officers be requested to liaise with the Chair with regard to the submission of late reports to the Audit and Risk Management Committee**

#### **57 AUDIT COMMISSION REPORT - DEMOCRATIC SERVICES**

Further to minute 42 (1 December 2008), the Director of Law, HR and Asset Management reported upon progress in relation to two outstanding recommendations contained within the action plan, which had resulted from the Audit Commission report on Democratic Arrangements. With regard to Recommendation 1, to assess and review the amount of senior officer time spent on serving the current democratic arrangements and whether that currently provided value for money, the Director set out information in relation to the amount of senior officer time spent on serving the democratic process during the cycle from 4 November, to Council on 15 December 2008.

Recommendation 3 was to review the current scrutiny committee structure and clearly identify the remit of each committee in order to reduce duplication of activity and review, including –

- ensure that performance information is reported to the most relevant committee; and
- that all committees have put in place a work programme for the coming municipal year.

He referred to the decision of the Cabinet on 9 July 2008 (minute 126 refers) which considered a system of five overview and scrutiny committees to mirror the five Corporate Objectives and commented that the Cabinet would shortly consider a report on the committee structure. Once the final future structure for overview and scrutiny committees was agreed, Officers would put in place arrangements to ensure that performance information was reported to the relevant committee. All scrutiny committees had agreed work programmes for 2008/2009.

**Resolved – That the report be noted.**

## 58 **ACCESS TO SERVICES**

The Director of Finance presented the Audit Commission report on Access to Services, following the inspection undertaken in September 2008. He commented that all departments and partners played key roles in the process and inspectors had interviewed a cross section of employees, partner representatives and user representatives from across a broad spectrum of Council services. He summarised the inspection findings, which assessed Wirral Council (on a scale of zero to three stars) as providing “good, two star access to services that has promising prospects for improvement ... because of its impact on improving and providing access to services to meet the needs of the borough’s diverse communities – one of the Council’s aims.” The Director was pleased to report that the assessment had not been exceeded by any top tier local authority and he referred to three recommendations contained within it, which were intended to help the Council improve further.

In response to a comment from the District Auditor, the Director indicated that the inspectors had not required the production of a formal action plan and he set out the action to be taken to address the issues identified by the Audit Commission. In response to further comments from members, the Director agreed to produce a formal action plan for submission to a future meeting of the Committee. He commented that the issue of access to services was an intrinsic part of the Council’s Change Programme approved by the Cabinet on 10 December 2008 (minute 294 refers) and officers were considering how best to manage the programme and ensure integration of individual projects through the Corporate Improvement Group.

**Resolved – That the report be noted.**

## 59 **INTERNAL AUDIT WORK: NOVEMBER - DECEMBER 2008**

The Director of Finance reported that in order to assist in effective corporate governance and fulfil statutory requirements, the Internal Audit Section of the Finance Department reviewed management and service delivery arrangements within the Council as well as financial control systems. Work areas were selected for review on the basis of risks identified on the Corporate Risk Register and as assessed by Internal Audit in consultation with Chief Officers and Managers. His report identified and evaluated the performance of the Internal Audit Section and



included details of the actual work undertaken over the period November to December 2008. During the period, 55 audit reports were produced and 56 high and 28 medium priority recommendations were identified in the reports issued. Items of note included a review of Data Security arrangements, which was near completion and would be presented to the next meeting of the Committee.

In response to comments from members in relation to the effects of staff vacancies, the Chief Internal Auditor indicated that performance was below target for the time of year and was directly related to ongoing staffing issues. Audit work had been prioritised during the period and he commented that a recent recruitment drive had achieved some success. He anticipated that the Job Evaluation process would resolve some vacancy issues, and that it was due to be completed within three months.

**Resolved –**

**(1) That the report be noted.**

**(2) That the concern of the Committee with regard to the effects of staff vacancies be noted.**

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## WIRRAL COUNCIL

### AUDIT AND RISK MANAGEMENT COMMITTEE

31 MARCH 2009

### REPORT OF THE DIRECTOR OF FINANCE

### ANNUAL GOVERNANCE STATEMENT

#### 1. EXECUTIVE SUMMARY

- 1.1. The preparation and publication of an Annual Governance Statement is necessary to meet the statutory requirement set out in the Accounts and Audit Regulations 2006.
- 1.2. This report explains the requirement for the Authority to produce the Annual Governance Statement declaring the degree to which it meets the Governance Framework.
- 1.3. The Annual Governance Statement for 2008/09 is attached at Appendix 1.

#### 2. BACKGROUND

- 2.1. Regulation 4 of the Accounts and Audit Regulations 2003 required Councils to review the “effectiveness of their system of internal control” and to publish a Statement on Internal Control (SIC) with the Financial Statements of the Local Authority each year. It also required the findings of the review to be considered by a Committee of the Council.
- 2.2. On 18 August 2006, the Department for Communities and Local Government (DCLG) issued circular 03/2006. Section 7 states that proper practice in relation to internal control relates to guidance contained in two documents:
  - Statement on Internal Control in Local Government; meeting the requirements of the Accounts and Audit Regulations 2003, published by CIPFA in 2004.
  - Corporate Governance in Local Government; A Keystone for Community Governance (Framework and Guidance Note), produced by CIPFA in 2001.
- 2.3. The Corporate Governance in Local Government publication was updated in 2007 and replaced with the CIPFA /SOLACE Delivering Good Governance in Local Government Framework. This required the production and publication of an Annual Governance Statement by the Council to replace and subsume the Statement on Internal Control from 2008. A report was presented to this Committee on the Framework and the requirements for this organisation on 27 September 2007.

### **3. GOVERNANCE**

- 3.1. Governance is about how the Authority ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 3.2. It comprises the systems, processes and controls, and cultures and values, by which the Authority is directed and controlled and through which it accounts to, engages with, and, where appropriate, leads the community (Source: CIPFA/SOLACE Delivering Good Governance in Local Government).
- 3.3 Effective governance arrangements are required to be in place to ensure that:
  - Authority policies are implemented in practice
  - Authority values and ethical standards are met
  - Laws and regulations are complied with;
  - Required processes are adhered to;
  - Financial statements and other published information are accurate and reliable;
  - Human, financial and other resources are managed efficiently and effectively; and
  - High-quality services are delivered efficiently and effectively.

### **4. THE ANNUAL GOVERNANCE STATEMENT**

- 4.1. The CIPFA/SOLACE Delivering Good Governance in Local Government Framework requires the production of an Annual Governance Statement and CIPFA has also confirmed that the annual governance statement should subsume the requirement to produce the SIC.
- 4.2. The CIPFA Finance Advisory Network (FAN) issued a 'Rough Guide' in support of the revised Regulations in January 2007 and this includes detailed guidance regarding the process to be followed to undertake the annual governance work and prepare the actual statement.
- 4.3. The CIPFA/SOLACE Delivering Good Governance Framework provides a structure to assist local authorities with their approach to governance and identifies six core principles of good governance focussing on the systems and processes for the direction and control of the organisation and its activities through which it accounts to, engages with, and leads the community. The Framework emphasises that good governance and therefore the process and statement should be corporately owned.
- 4.4. The six core principles referred to in the Framework that must be considered when defining good practice are:
  1. Focussing on the purpose of the Authority and on the outcomes for the community and creating and implementing a vision for the local area.

2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.
  3. Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
  4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
  5. Developing the capacity and capability of Members and officers to be effective.
  6. Engaging with local people and other stakeholders to ensure robust accountability.
- 4.5. Taking account of the above, local authorities are expected to undertake the following:
- Review their existing governance arrangements against the Framework
  - Maintain an up to date local Code of Governance, including arrangements for ensuring its ongoing application and effectiveness
  - Prepare an Annual Governance Statement to report publicly on the extent to which they comply with the principles.
- 4.6. Within the Council there is a well established process for the review of the control system, collation of information and compilation and monitoring of the Annual Governance Statement that is managed by the Internal Audit Section and reported through the Corporate Improvement Group.
- 4.7. Whilst Internal Audit is responsible for undertaking the assurance work and producing the Annual Governance Statement it is important to recognise that this is not a document owned by the audit function but an Authority statement on the effectiveness of its governance processes. Therefore commitment is required by all services and senior officers involved with the process.
- 4.8. Attached at Appendix 2 is a flowchart taken from the FAN Guidance identifying a framework for compiling the Annual Governance Statement that has been adopted by the Council and utilised by Internal Audit to prepare the statement.
- 4.9. As part of this process the following arrangements have been developed to enable the production of the Annual Governance Statement:
- a. Assurance from Directors/Heads of Service:  
  
Departmental Plans that include:
    - Risk Registers;
    - Self assessments of governance standards;
    - Self assessments of partnership governance standards;
    - Performance monitoring and analysis.

b. Assurance at a Corporate Level

- Assurance obtained from the corporate risk process, including progress in implementing improvement actions associated with individual risks;
- Corporate Governance review;
- Code of Corporate Governance review;
- Assurance from the Internal Audit Annual Report and Opinion;
- Assurance from various sources including the Audit Commission and other external inspection agencies.

4.10. An Annual Governance Statement for 2008/09 has been prepared that includes detailed comment regarding the effectiveness of the governance arrangements in operation. This is attached at Appendix 1 and should be signed by the Chief Executive and Leader of the Council and included with the Statement of Accounts.

**5. FINANCIAL IMPLICATIONS**

5.1. There are no financial implications arising directly from this report.

**6. STAFFING IMPLICATIONS**

6.1. There are no staffing implications in this report.

**7. EQUAL OPPORTUNITY IMPLICATIONS**

7.1. There are none arising directly from this report.

**8. HUMAN RIGHTS IMPLICATIONS**

8.1. There are none arising directly from this report.

**9. COMMUNITY SAFETY IMPLICATIONS**

9.1. There are no specific implications arising from this report.

**10. LOCAL MEMBER SUPPORT IMPLICATIONS**

10.1. There are no specific implications for any Member or Ward.

**11. LOCAL AGENDA 21 IMPLICATIONS**

11.1. There are no specific implications arising from this report.

**12. PLANNING IMPLICATIONS**

12.1. There are no specific implications arising from this report.

**13. BACKGROUND PAPERS**

- 13.1. Annual Internal Audit Report 2008/09
- 13.2. CIPFA Statement on Internal Control in Local Government, meeting the requirements of the Accounts and Audit Regulations 2003.
- 13.3. CIPFA/SOLACE Guidance Notes and Framework “Corporate Governance – A keystone for Community Governance” 2001.
- 13.4. CIPFA/SOLACE Delivering Good Governance in Local Government 2007.
- 13.5. Accounts and Audit Regulations (England) 2006.
- 13.6. CIPFA Code of Practice for Internal Audit in Local Government 2006.

**14. RECOMMENDATION**

- 14.1. That the Annual Governance Statement for 2008/09 be approved for inclusion with the Financial Statements and be signed by the Chief Executive and Leader of the Council.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/68/09

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**WIRRAL COUNCIL****ANNUAL GOVERNANCE STATEMENT 2008/2009****1. Scope of Responsibility**

- 1.1. Wirral Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively, Wirral Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2. In discharging this overall responsibility Wirral Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3. Wirral Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. A copy of the code is on our website at [www.wirral.gov.uk](http://www.wirral.gov.uk). This statement explains how Wirral Council has complied with the code and also meets the requirements of regulation 4 of the Accounts and Audit Regulations 2006 in relation to the publication of a statement on internal control.

**2. The Purpose of the Governance Framework**

- 2.1. The governance framework comprises the systems and processes, culture and values for the direction and control of the Authority and its activities through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of not fully achieving policies, aims and objectives and therefore provides a reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Wirral Council policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 2.3. The governance framework has been in place for a number of years at Wirral Council and, in particular, for the year ended 31 March 2009 and up to the date of approval of the Statement of Accounts.

### **3. The Governance Framework**

Key elements of the systems and processes that comprise the governance arrangements include:

- 3.1. Wirral Council has revised its Corporate Plan setting out its objectives and there is an accompanying Performance Plan in which achievement of the objectives is monitored.
- 3.2. Wirral Council facilitates policy and decision making via a Cabinet Structure with Cabinet Member portfolios. There are Overview and Scrutiny Committees covering all portfolios. An Audit and Risk Management Committee provides independent assurance to the Council on risk management and control, and the effectiveness of the arrangements the Council has for these matters. The Constitution is reviewed annually by the Monitoring Officer and is codified into one document which is available on the intranet and external web pages.
- 3.3. Wirral Council ensures compliance with established policies, procedures, laws and regulations - including risk management. There is a comprehensive corporate induction programme in place and information regarding policies and procedures is held on the intranet, which continues to be enhanced and developed. The Council has a strong Internal Audit function and well established protocols for working with External Audit. The Audit Commission through its Inspectorate functions also reviews compliance with policies, procedures, laws and regulations within their remit.
- 3.4. The Council has adopted a "Local Code of Corporate Governance" in accordance with the CIPFA/SOLACE Delivering Good Governance Framework 2007. The local code contains appropriate monitoring and reporting procedures, and can be found on the Council website.
- 3.5. Services are delivered by trained and experienced people. All posts have a detailed job description and person specification. Individual training needs are constantly identified through the Key Issues Exchange process and fed into the Departmental Training plan and addressed by the Corporate Training Group.
- 3.6. The Council has designated the Director of Law, HR and Asset Management as the Monitoring Officer. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations.
- 3.7. Wirral Council has continued to enhance and strengthen its internal control environment through the introduction of new policies and procedures.

- 3.8. The Council has robust systems for identifying and evaluating all significant risks, developed and maintained with the pro-active participation of all those associated with planning and delivering services. The Council adopted a revised Risk Management Policy and Strategy in 2008. This explains the methodology which provides a comprehensive framework for the management of risk throughout the Council. A Corporate Risk Register is in place and appropriate staff have been trained in the assessment, management and monitoring of risks. A designated Risk Management Officer has been appointed and has approached embedding risk management in accordance with best practice guidance as a “top down” process via presentations, training and the facilitation of workshops to promote this process.
- 3.9. Wirral Council ensures the economical, effective and efficient use of resources, and secures continuous improvement in the way in which its functions are exercised, by having regard to a combination of economy, efficiency, and effectiveness.
- 3.10. The Comprehensive Performance Assessment (CPA) Use of Resources framework assessed the Council as a ‘Good’ 3 star Authority that is improving well. The Audit Commission annual assessment of the Council identified that it is making good progress in a number of its priority areas.
- 3.11. The financial management of the Authority is conducted in accordance with the Financial Procedure Rules set out in the Constitution. The Council has designated the Director of Finance as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. The Council has in place a three year Financial Strategy, updated annually, to support the medium term aims of the Corporate Plan. A rigorous system of monthly financial monitoring ensures that any significant budget variances are identified in a timely way, and corrective action is initiated.
- 3.12. The Council has an objective performance management framework. The system is driven by the Corporate Plan which focuses attention on corporate priorities. This is cascaded through departmental service plans, individual employee key issue exchanges and actions plans. It is clearly laid out in the annual service and financial planning and performance management cycle. Committees monitor and scrutinise progress against targets and performance in priority areas affecting relevant service areas, and consider and approve corrective action where necessary.
- 3.13. The Council has an objective and professional relationship with external auditors and statutory inspectors, as evidenced by the Annual Audit and Inspection Letter.

#### **4. Review of Effectiveness**

- 4.1. Wirral Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of

internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit Annual Report, and also by comments made by the external auditors and other review agencies and inspectorates:

- 4.2. The Council has developed key policy documents, such as the Corporate Plan and Statement of Intent through which the Council expresses its objectives and puts in place the mechanisms by which it can monitor their achievement. Regular progress reports are presented to Cabinet and subject to scrutiny. Departmental Service Improvement Plans that contain a variety of performance indicators and targets, that are regularly reviewed, are maintained on the Performance Information Management System and support these plans.
- 4.3. Directorate, Divisional and Service unit business plans contain a variety of performance indicators and targets that are regularly reviewed.
- 4.4. The Council Constitution, which is annually reviewed by the Monitoring Officer, sets out the responsibilities of both Members and senior managers. In particular the Council has identified the three statutory posts as follows:-
  - Head of Paid Service - Chief Executive
  - Chief Financial Officer - Director of Finance
  - Monitoring Officer - Director of Law, HR & Asset Management
- 4.5. The Head of Legal and Member Services (Monitoring Officer) has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Constitution is reviewed annually.
- 4.6. The Council continues to assess how its overall corporate governance responsibilities are discharged. In particular the Council has adopted the CIPFA/Solace Delivering Good Governance Framework, has developed a local Code of Corporate Governance and is working towards the National Good Governance Standard.
- 4.7. The arrangements for the provision of internal audit are contained within the Financial Regulations which are included within the Constitution. The Director of Finance is responsible for ensuring that there is an adequate and effective system of internal audit of the accounting and other systems of internal control as required by the Accounts and Audit Regulations 2006. The internal audit provision is managed by the Chief Internal Auditor and operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government 2006.
- 4.8. The Wirral Internal Audit Plan is prioritised by a combination of the key internal controls, assessment and review on the basis of risk, and the corporate governance arrangements, including risk management. The work is further supplemented by reviews around the main financial systems, scheduled visits to Council establishments and assistance with fraud

investigations. The resulting work plan is discussed and agreed with the Chief Officers and the Audit and Risk Management Committee and shared with the external auditor. Regular meetings between the internal and external auditor ensure that duplication of effort is avoided. All Wirral Audit reports include an assessment of the adequacy of internal control and prioritised action plans to address any areas needing improvement. These are submitted to Members, Chief Officers, School Heads and Chairs of Governors as appropriate.

- 4.9. Wirral Internal Audit is subject to regular inspection by the external auditors who place reliance on the work carried out by the internal auditors and indicate in their most recent review that “internal audit provide an effective service that makes a good contribution to the control environment of the Council”.
- 4.10. The review of the effectiveness of the system of internal control reflects best practice guidance identified by the CIPFA Finance Advisory Network and is informed by:
- Directorate assurance based on management information, performance information, officer assurance statements and Scrutiny Committee reports;
  - the work undertaken by Wirral Internal Audit during the year;
  - the work undertaken by the external auditor reported in their Annual Audit and Inspection Letter;
  - Other work undertaken by independent inspection bodies.
- 4.11. From the work undertaken by Wirral Internal Audit in 2008/09 the Chief Internal Auditor was able to provide 'reasonable assurance' on the key areas of risk management, corporate governance and financial control. In this context 'reasonable assurance' means that the systems can be relied upon to prevent error, fraud or misappropriation occurring without detection, and that nothing was found that would materially affect the Council standing or Annual Accounts. Internal Audit did identify a number of concerns that required remedial action and these were reported to the appropriate Chief Officer or Senior Manager during the year. The Annual Internal Audit Report for 2008/09 will be presented to the Audit and Risk Management Committee in June 2009 for consideration and approval.

## **5. Significant Governance Issues**

- 5.1. The Council, working with strategic partners and local communities has agreed the following strategic objectives:-
- To create more jobs, achieve a prosperous economy and regenerate Wirral.
  - To create a clean, pleasant, safe & sustainable environment.
  - To improve health and well being for all, ensuring people who require support are full participants in mainstream society.

- To raise the aspirations of young people.
- To create an excellent council.

5.2. These form the basis for the Corporate Plan and Performance Improvement/Departmental Plans referred to above and provide the focus for the improvements which are being made in all areas of the Council.

5.3. Continued improvements in the way that the Council manages the delivery of Corporate Governance that include the implementation of the new CIPFA/SOLACE Delivering Good Governance Framework via the Corporate Governance and Corporate Improvement Groups, the preparation of a revised Code of Corporate Governance and the formulation of a Corporate Governance Communications Group to propagate the required cultural changes by raising awareness and understanding should ensure that arrangements in this area continue to remain effective.

5.4. The Comprehensive Performance Assessment (CPA) Use of Resources assessment for 2008 identified the Council as a 'Good' three star Authority that was improving well, with good progress being made across a wide range of services. The Commission stated that the Council has demonstrated significant improvement in levels of recycling and cleanliness, educational attainment and reductions in anti-social behaviour and crime. The assessment was based on the Council's position as at 31 March 2008, however since then significant work has been undertaken by the Council to deliver further continuous improvement in the following areas that will be reflected in future assessments:

- Financial Reporting
- Asset Management
- Probity and Propriety
- Value For Money

CPA will be replaced by Comprehensive Area Assessment from 2009 and involves changes being made to the Use of Resources assessment framework that includes a wider view of resources reflecting people, ICT Data and Environmental resources as well as Financial. This is in effect a harder test for the Council with scoring mechanisms and criteria changing to reflect this, and will clearly present the Council with increased challenges to retain the current scores.

5.5. The Council has completed significant work to implement the Risk Management Framework within all departments to ensure that risks are identified and appropriate actions taken by relevant individuals to mitigate risks. Consequently, the Council has been assessed against the CIPFA five point Risk Maturity Model as 'Risk Defined' and improving, a good mid point score that acknowledges the nature of the work that has been undertaken to date. Further developments are scheduled and must be completed in the following areas to ensure that the infrastructure remains in place to advance the risk maturity and further embed risk management into the culture of the organisation:

- 5.5.1. Reporting risks, threats and opportunities to Members via Committee reports.
- 5.5.2. The development of an appropriate format for Committee reports that reflects the consideration of risks in the decision making process
- 5.5.3. The development of a framework to formalise and encourage reporting of risk management control failures.
- 5.5.4. The development of appropriate indicators to track the movement of key risks.
- 5.5.5. Defining the role of Members in identifying corporate risks.
- 5.5.6. The development and utilisation of a risk management e-learning training package.
- 5.5.7. Defining the role of the Corporate Improvement Group in the delivery of corporate risk management systems.
- 5.5.8. Utilisation of the Performance Information Management System (PIMS) in the Risk Management process.
- 5.5.9. The development of a system that utilises performance information in all key risk areas as a 'trigger' for warning officers and Members of potential risks materialising.
- 5.5.10. The introduction of a risk management competency within the appraisal system and an update of Chief Officer's job descriptions to include risk management responsibilities.
- 5.5.11. The utilisation of the Corporate Risk Management Strategy to broadly define the various actions required to be taken by management for each different category of risk.
- 5.6. Equality and Diversity is a key element of the Council Plan and through equality impact assessments the Council has identified a number of priority actions to improve ways for people, particularly young people, hard to reach and disengaged groups to communicate with and influence the Council, tackling the causes of community unrest. It is important that these developments continue into the future.
- 5.7. The Council continues to be actively involved in developing the way it works with partners and organises itself to deliver services. Developments are continuing in this area to update the partnership register and clarify the legal status all of the partnerships identified and the applicability of Council Codes of Conduct to partners. Work is also being undertaken to develop a Partnership Toolkit and it is considered essential that this work is concluded in accordance with the revised timetable to reduce the risk presented in this area.

- 5.8. The Council is making effective progress towards delivering the Transformation of Adult Social Services, a major change programme and critical aspect of the Council's strategic objective in this area, aimed at delivering personalised services and independence of choice. This initiative involves radical changes in care services, fee levels for residential and nursing homes and supported living contracts and will require the Council to implement effective systems of control over the different aspects of this initiative to ensure that associated risks are minimised and effectively managed.
- 5.9. Implementation of recommended actions from the Council's review of its Strategic Assets portfolio following the Cabinet decision in February 2009 will present the Council with significant challenges and increased risks in the future that will require careful and effective management.
- 5.10. The Audit Commission in its review of Access to Services assessed the Council as providing a 'good two star service that had promising prospects for improvement ....because of its impact on improving and providing access to services to meet the needs of the borough's diverse communities – one of the Council's aims.' The review identified some areas for improvement that have been included within development plans that the Corporate Improvement Group is overseeing the implementation of, as part of the Council's Change Programme.
- 5.11. The Council has, in its role as the Local Area Agreement (LAA) Accountable Body, established amongst its partners a commitment to a clear and common vision for Wirral and it is recognised that each of the partners identifies with their role in achieving this vision. The terms of reference for the Local Area Agreement Programme Board (LAAPB) identify its role in ensuring that the partnership achieves its targets and takes remedial action where necessary. Through Wirral's Local Strategic Partnership (LSP) a sustainable community strategy is being developed to bring together shared objectives and will be approved through the governance arrangements of individual LSP partners.
- 5.12. The Council continues to develop and implement extensive efficiency programmes to improve services and respond to the challenges of the Gershon report and the need to identify significant savings in both the current and future years.
- 5.13. Internal Audit has concluded that, based on the work undertaken, overall throughout the Council there are sound systems of internal control in place. However, improvements in the internal control environment can always be made and reports have been produced and discussed with Chief Officers and Members during the year that recommend appropriate actions to be taken within an agreed timescale to address weaknesses and improve systems of control in key areas that include the following:
- 5.13.1. Following an internal governance review and subsequent comments by the Audit Commission a revised Confidential Reporting (Whistleblowing) Policy has been prepared for the Council that has been widely publicised on the



Internet site, the local Intranet and through the staff team briefing and Key Issue Exchange processes. However, following work conducted by Internal Audit it is apparent that more work is required to fully raise awareness, understanding and compliance with the policy amongst all levels of the workforce. This is particularly prevalent in the following areas:

- General awareness of processes to be followed and designated contacts.
- Understanding of systems and processes designed to distinguish between Whistleblowing and grievance reporting.
- Monitoring the effectiveness of the policy.
- Development of training and guidance provided to nominated Confidential Reporting Officers.

5.13.2. The Council has recently updated its ICT Security Policy to reflect changes in the structure of ICT delivery across the Council and significant developments in the use of the following:

- Broadband Communications
- Agile Working
- Increased Volume and Sensitivity of Data
- Corporate Change Programme
- Government Connect Initiative

It is important that the revised policy and guidance framework is fully embedded into the working culture of the Council and that all relevant Members and Officers are familiar with the requirements of this so that the Council's assets, information systems and legal obligations are adequately protected.

5.13.3. Security of data has improved but still remains a key issue within the Council. Work is currently taking place to develop policies and procedures regarding the transfer of data and the use of removable media within the Council and with external partners that include periodic risk assessments of these arrangements and more effective guidance and training for the workforce. These arrangements need to be fully implemented without delay to comply with Government standards and prevent and minimise risk of the occurrence of fraud.

5.13.4. The Council is currently updating its codes of practice for Overseas Travel and Travelling and Subsistence in line with current best practice and to ensure that the systems in operation across the Council are efficient, effective and adequately reduce any risks posed in these areas.

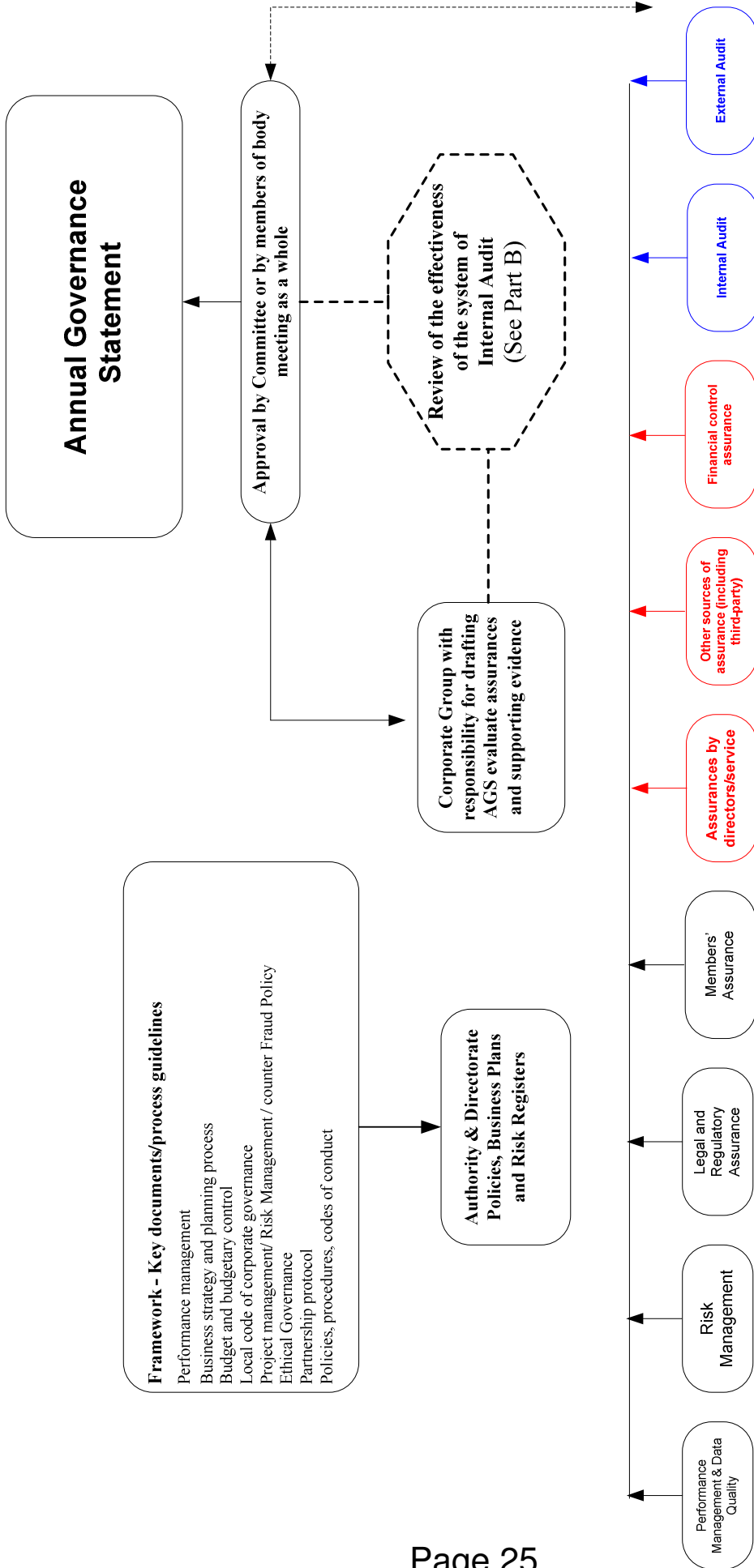
5.13.5. The Council Constitution has been reviewed for fitness for purpose and compliance with best professional practice as part of the annual governance review process. Work is currently being undertaken to develop a protocol detailing the specific nature of the relationship between the Leader of the Council and the Chief Executive for inclusion. It is recommended that this is concluded in line with the agreed timescale.

- 5.13.6. The Council is currently developing detailed Corporate Policy and Guidance for staff over the use of Credit Cards to ensure that adequate controls are in operation over these systems that comply with industry best practice. It is essential that this work is completed as soon as possible in order to ensure that the increased risks resulting from the current economic downturn are kept to a minimum.
- 5.13.7. The Performance Management Framework is still in the process of being reviewed and updated by officers. Upon completion of this work it is important that the framework is made available to all of the Council workforce via the Intranet site and briefings, particularly with regards to data quality and guidance on setting performance targets. This will ensure that data reporting is accurate and any corrective actions to address performance issues are taken as appropriate.
- 5.13.8. Corporate policy on the utilisation of Mobile Telecommunications is currently being developed by the Council to improve the overall control environment following technological developments in this field and the overall availability and demand for utilisation of these devices. It is important that policy and guidance is implemented effectively across all departments of the Council to ensure that the control environment in this developing area is secure and that any risks are minimised.
- 5.13.9. The Council has made significant progress to implement the Single Status agreement which was made nationally between the National Joint Council (NJC) for Local Government and Signatory Trades Unions on 1 April 1997. This sets out the review of Pay and Grading which is designed to equalise terms and conditions of service for Council employees. An integral part of this is the management of workforce change and the application of an equality proof pay structure and set of harmonised terms and conditions of employment that include a job evaluation exercise covering all affected posts to ensure consistency, fairness and a justification for differences of grade and salary between jobholders.
- 5.14. We propose over the coming year to take any necessary steps to ensure that all of the above matters are addressed as appropriate to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
 Chief Executive

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
 Leader of the Council

**ANNUAL GOVERNANCE STATEMENT FRAMEWORK**



Ongoing assurance on adequacy and effectiveness of controls over key risks

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## **WIRRAL COUNCIL**

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

**31 MARCH 2009**

### **REPORT OF THE DIRECTOR OF FINANCE**

#### **AUDIT COMMISSION ANNUAL GOVERNANCE REPORT - ACTION PLAN UPDATE**

##### **1. EXECUTIVE SUMMARY**

- 1.1. The Audit and Risk Management Committee considered the Audit Commission Annual Governance Report and action plan on 1 December 2008. This report updates the Committee on the progress in implementing the plan.

##### **2. AUDIT COMMISSION ANNUAL GOVERNANCE REPORT**

- 2.1 The District Auditor presented his report to this Committee on 30 September 2008. This covered the Council Statement of Accounts 2007/08, which received an unqualified audit opinion, and consideration of key issues facing the Council in the future. The report identified a number of recommendations and Committee on 1 December 2008 considered the action plan to deliver the recommendations.

##### **3. PROGRESS REPORT**

- 3.1 The plan is detailed in the appendix with progress made on:-
- 3.2 Recommendation R1 - Build on arrangements for the Annual Governance Statement by involving Members at an earlier stage and strengthening the corporate ownership.
  - 3.2.1 The necessary review work has been undertaken and the Corporate Improvement Group has considered a report on departmental responses. Elsewhere on the agenda of this Committee is the Annual Governance Statement for 2008/09.
- 3.3 Recommendation R2 - Ensure supporting records for community assets are complete and are accurately reflected in the financial statements.
  - 3.3.1 A document has been produced and supporting records for community assets have now been produced. During 2009/10 other work will be carried out to further computerise information on items held.

- 3.4 Recommendation R3 - Consider the issues raised in the Annual Governance Report that should be included in the letter of representation.
  - 3.4.1 The recommendation was completed with the consideration of the Audit Commission report at this Committee on 30 September 2008.
- 3.5 Recommendation R4 - Further improve the quality assurance processes that underpin the production of information for the statement of accounts.
  - 3.5.1 The timetable for closedown 2008/09 has incorporated a number of reviews of activity to enhance the quality assurance of the Statement of Accounts. This is aimed as reducing the number of errors and misstatements. The Audit Commission has notified the Council that the trivial threshold has been reduced to between £70,000 and £80,000 for 2008/09 from £500,000 for 2007/08. The anticipated consequence of this change is that there is likely to be an increase in the number of errors reported to the Committee in September. The Audit Commission as part of its work on the audit of the Statement of Accounts is required to report to this Committee, as the body charged with governance all unadjusted non-trivial errors. It is hoped that through improved quality assurance the number of such items reported will be kept to a minimum.
- 3.6 Recommendation R5 - Review the underlying records and the accounting treatment of infrastructure assets to ensure strict compliance with the Statement of Recommended Practice (SORP).
  - 3.6.1 Number of tasks commenced including examining the underlying records for infrastructure. Further detailed work is to be undertaken to analyse the expenditure and determine asset lives for a number of infrastructure assets.
- 3.7 Recommendation R6 – Review reserves and provisions to ensure they are at an appropriate level and remain prudent.
  - 3.7.1 A report on Balances, Reserves and Provisions was considered by Cabinet on 10 December 2008. Supporting papers on reserves and provisions continue to be enhanced and updated.
- 3.8 Recommendation R8 – Ensure classification and valuation of assets is robust and that valuation and finance staff take joint responsibility to ensure assets are correctly reflected in the statement of accounts.
  - 3.8.1 The terms of engagements for the valuation of assets have been redrafted. Regular meetings continue to take place between finance and valuation staff.
- 3.9 Recommendation R9 – Discuss with the Merseyside Pension Fund how a more accurate estimation of the value of Pension Fund assets can be made whilst still meeting deadlines for financial reporting.

- 3.9.1 Initial discussions on options have taken place with the Merseyside Pension Fund as this also impacts upon other local authorities and organisations which are members of the Merseyside Pension Fund.
- 3.10. Recommendation R10 – Improve internal controls in respect of payroll procedures and ensure consistent compliance across the Council.
  - 3.10.1 Payroll controls have recently been reviewed by both Internal Audit and the Audit Commission. The former took an overview of system controls and found that most of the controls were working effectively but have made some recommendations.
- 3.11 Recommendation R11 – Review schools bank accounts to ensure funds are held and applied for proper purposes.
  - 3.11.1 A letter has been sent to all schools requesting details of all bank accounts they are holding to be supplied to the Finance Team in Children and Young People’s Department.
- 3.12 Recommendation R12 – Ensure all related party transactions returns are received from Members and officers to be included in the accounts to be approved by 30 June and test disclosure.
  - 3.12.1 The request process for obtaining all related party transactions for 2008/09 from Members and officers has commenced. This has again stressed the importance of the request and the requirement to make a return. All the necessary information has been dispatched and the deadline for return is 31 March 2009
- 3.13 Recommendation R13 - Consider the financial and governance implications of the Public Interest Disclosure Act report.
  - 3.13.1 A report was considered by this Committee at its meeting on 4 November 2008.
- 3.14 A number of the recommendations in the Action Plan continue to be progressed.

#### **4. FINANCIAL AND STAFFING IMPLICATIONS**

- 4.1 There are no financial or staffing implications arising directly from this report.

#### **5. EQUAL OPPORTUNITIES IMPLICATIONS**

- 5.1. There are none arising directly from this report.

#### **6. HUMAN RIGHTS IMPLICATIONS**

- 6.1. There are none arising directly from this report.

**7. COMMUNITY SAFETY IMPLICATIONS**

7.1. There are no specific implications arising from this report.

**8. LOCAL MEMBERS SUPPORT IMPLICATIONS**

8.1. There are no specific implications for any Member or Ward.

**9. LOCAL AGENDA 21 IMPLICATIONS**

9.1. There are none arising directly from this report.

**10. PLANNING IMPLICATIONS**

10.1. There are none arising from this report.

**11. BACKGROUND PAPERS**

11.1. Annual Governance Report - Audit Commission September 2008.

**12. RECOMMENDATION**

12.1. That progress on delivering the action plan be noted.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/70/09



## Appendix 1 Annual Governance Report – Action Plan

Recommendation Reference	Recommendation Details	Priority 1=Low 2= Med 3=High	Responsibility	Agreed	Comments	Anticipated Implementation Date
R1	<p>Build on arrangements for the Annual Governance Statement (AGS) by involving Members at an earlier stage and strengthening the corporate ownership:</p> <ul style="list-style-type: none"> <li>• Present the AGS to the Audit and Risk Management Committee at a separate meeting to the approval of the accounts to provide Members with more opportunity to consider and challenge the issues raised in the statement.</li> <li>• Ensure the drafting of the AGS is done by a corporate group rather than being the responsibility of Internal Audit within the Finance Directorate.</li> </ul>	2	Director of Finance/ M Niblock	Yes	<p>The AGS will be considered at Audit &amp; Risk Management Committee on 31 March 2009.</p> <p>The Corporate Improvement Group considered departmental responses prior to consideration by the Corporate Governance Group and Committee.</p> <p>Internal Audit produced the AGS from Departmental responses.</p>	31 March 2009

R2	Ensure supporting records for community assets are complete and are accurately reflected in the financial statements.	2	Director of Regeneration/Jim Lester/ R Huyton	Yes	Information is currently being collated. This needs to be obtained and an assessment made to consolidate as required in the Statement of Accounts.	31 December 2008 but is to be ongoing
R3	Consider the issues raised in the Annual Governance Report that should be included in the letter of representation.	3	Director of Finance/ T Sault	Yes	Completed 30 September 2008	Completed 30 September 2008
R4	Further improve the quality assurance processes that underpin the production of information for the statement of accounts.	2	Director of Finance/ J Spick	Yes	Reviews being enhanced and built into the timetable for closedown 2008/09.	30 June 2009
R5	Review the underlying records and the accounting treatment of infrastructure assets to ensure strict compliance with the SoRP.	3	Director of Finance/Director of Technical Services	Yes	Work being undertaken to identify the infrastructure assets.	31 December 2008. Work greater than envisaged and ongoing.
R6	Review reserves and provisions to ensure they are at an appropriate level and remain prudent.	1	Director of Finance/ T Sault	Yes	Cabinet reports every 6 months detailing the reserves and	10 December 2008 and 30 June 2009

					provisions.	
R7	Ensure the Whole of Government Accounts consolidation pack is produced earlier in future years to ensure the Department for Communities and Local Government deadline is met.	1	Director of Finance/R Huyton	Yes	Work will be undertaken to develop the production of the Return for 2008/09.	1 October 2009
R8	Ensure classification and valuation of assets is robust and that valuation and finance staff take joint responsibility to ensure assets are correctly reflected in the statement of accounts.	2	Director of Law, HR and Asset Management/ R Huyton	Yes	A process for joint assessment of assets and their valuation will be undertaken.	28 February 2009 Work greater than envisaged and ongoing.
R9	Discuss with the Merseyside Pension Fund how a more accurate estimation of the value of Fund assets can be made whilst still meeting deadlines for financial reporting.	1	Director of Finance/ R Huyton/ G Moore/ J Spick	Yes	Discussions held with the Pension Fund.	31 December 2008. Work greater than envisaged and ongoing.
R10	Improve internal controls in respect of payroll procedures and ensure consistent compliance across the Council.	3	Director of Law, HR and Asset Management/P Bradshaw	Yes	A review of existing controls will be made. Changes will be made following this review.	31 March 2009
R11	Review schools bank accounts to ensure funds are held and applied for proper purposes.	2	Director of Children and Young People/ A Roberts	Yes	Work will be undertaken with the schools to determine bank accounts held are correctly assigned.	31 January 2009 Revised to 31 May 2009

R12	Ensure all related party transactions returns are received from Members and officers to be included in the accounts approved by 30 June and test disclosure.	1	Director of Finance/R Huyton	Yes	Procedures will be strengthened to ensure returns are 100% by 30 June 2009.	30 June 2009
R13	Consider the finance and governance implications of the Public Interest Disclosure Act report.	3	Director of Adult Social Services.	Yes	Further report to be considered.	30 June 2009

## WIRRAL COUNCIL

### CABINET

19 MARCH 2009

### REPORT OF THE CHIEF EXECUTIVE

#### FINANCIAL AND PERFORMANCE MONITORING SUMMARY

##### 1. EXECUTIVE SUMMARY

- 1.1. This is one of a series of reports submitted throughout the year presenting an overview of the performance of the Council in delivering the Vision for Wirral as set out in the Corporate Plan and is for the quarter-ended 31 December.

##### 2. OVERVIEW

- 2.1. The volatility of the world financial markets is the dominant factor as the financial pressures within the global economy have repercussions at national and local levels. The British Government has injected large sums of public money to support the financial and private sectors and has maintained funding for local authorities at the initially projected levels for 2009/10. However, the recovery is not expected to be short-term and the projections are for significant public sector efficiencies to be required from 2010/11 onwards.
  - 2.1.1 To date Wirral has benefitted through exercising prudent financial management around cash flow and investments that has realised additional income and a reduced need for temporary borrowing. The impact upon the banking sector placed at risk a £2 million investment with an Icelandic bank although there remains every possibility that this sum will be recovered.
  - 2.1.2 The world economic position places additional pressures upon those reliant upon the financial sector with implications for the delivery of the Wirral Investment Strategy, major investment schemes and the NewHeartlands initiative. To date the impact upon planned programmes has been effectively contained but the developing links with the China economy do present an opportunity for securing additional investment to Wirral.
  - 2.1.3 Against this background the Council continues to maintain progress in achieving the priorities set out in the Corporate Plan whilst recognising the impact on the private sector including the building industry. This has had a consequential impact upon demands for services such as care services and benefits as well as in delivering priority areas such as worklessness.
- 2.2. Towards the end of the financial year there were high profile cases regarding the provision of care services for children in other parts of the country. The safeguarding of children is one of the areas kept under review as part of the Corporate Risk Register. Further actions are being implemented in this area and are to be reported to Cabinet.
- 2.3. In reviewing the progress made at the end of December the table gives a brief summary for each of the key areas which are expanded upon in the subsequent sections of the report. As agreed by Cabinet on 27 November 2008 the

supporting appendices, together with this covering report, are now placed in the Virtual Committee.

Area	Progress Summary
Corporate Plan	The majority of performance indicators are achieving or exceeding targets at quarter 3. The underpinning projects are presently either on target or actions are in place to enable them to be achieved during the year.
Performance	Improvements in recycling during 2007/08 recognised Wirral as the most improved metropolitan and also reflected in score increasing for 2 to 3 under the Environment Assessment of the CPA. Considerable time spent reviewing processes to ensure that Wirral is dealing effectively with Looked After Children in light of recent cases.
Financial	The projected overspends in Adult Social Services, Regeneration and Technical Services are partially offset by the savings within Treasury Management. The release of 'one-off' resources to balances should ensure the projected year-end position is as originally projected. The 2009/10 budget is set to be agreed in March 2009.
Capital	The period saw the completion of the Children's Centres, the re-opening of the Oval Sports Centre and the opening of the new Floral Pavilion Theatre. The forecast spend remains in line with the programme as approved for 2008/09 with the future years programme agreed in December 2008.
Risk	The Corporate Risk Register was revised by Cabinet in December 2008 and any required actions are being addressed through the developing Departmental Plans for 2009/10. The actions in respect of existing risks are being progressed with the profile recently raised regarding the safeguarding of children. The delivery of the Change programme, including the Strategic Asset Review, now has an increased profile.

2.4. The key issues highlighted as requiring to be addressed in the forthcoming period are the:-

- Impact of the economic downturn
- continuing development of the Adult Social Services personalisation agenda;
- the impact of the recent child care services cases;
- progression and implementation of the strategic asset review;
- management of the potential overspends in 2008/09 within Adult Social Services, Regeneration and Technical Services;
- decisions to enable the setting of the Council budget for 2009/10.

### 3. CORPORATE PLAN AND PERFORMANCE

3.1 On 13 March 2008, Cabinet agreed the Council's Corporate Plan which detailed how the vision 'of a more prosperous and equal Wirral, enabling all communities and people to thrive and achieve their full potential' would be achieved. The vision set five clear objectives, and identified eleven immediate priorities for improvement in the year ahead.

3.2 This section includes narrative and performance indicators on the priorities for improvement areas for 2008/09. The narrative includes the progress made to date, challenges remaining and further improvements to be completed. It should be noted that the narrative refers to some matters that occurred after the end of the 3<sup>rd</sup> quarter (31<sup>st</sup> December) that have been included due to the particular relevance to the issues being considered.

### 3.3.1 Reduce worklessness

#### **Progress made:**

Wirral continues to make steady progress in reducing the number of residents claiming Incapacity Benefit (the latest available data, to May 2008, shows a rate of 10.4% of the working age population which is a reduction of 0.1% points or 160 fewer claimants on the previous quarter) and Lone Parent Benefit rates remaining stable (at 2.9% with a reduction of 20 claimants).

However, these reductions are negated by more recent figures for Job Seekers Allowance, which show a rise in the number of people claiming JSA (an increase of 0.8% points or 1,145 additional claimants since May 2008). This rise is in line with national trends but slightly better than the regional average.

The Wirral Economic Development and Skills (WEDS) partnership continues to progress in ensuring the Working Wirral programme contributes to the reduction in worklessness.

Working Wirral continues to commission activity against the Employment and Enterprise Investment Framework to support mainstream activity and its 'Reach Out' programme has achieved impressive outcomes which include supporting 635 workless residents from Wirral's most disadvantaged communities into employment in the first 3 quarters of the year.

#### **Challenges remaining:**

The global downturn has put the economy into recession, resulting in a continuing rise in unemployment nationally. The situation is expected to worsen over the next 12 months with JSA trends in Wirral rising above the national average.

Worklessness data is released quarterly (and up to six months later in some areas), so it is difficult to demonstrate the impact of the global economic downturn in real time. However, we continue to measure JSA data sets which is made available monthly to identify trends within that claimant group.

Residents who are in employment but have low skill levels or no qualifications may struggle to return to the labour market if they lose their jobs.

#### **How we're making further improvements:**

We continue to work with partners to ensure Wirral has the provision to support residents and to identify and design interventions to continue to tackle worklessness. Partners are committed to addressing the longer term structural problems that cause worklessness.

### 3.3.2 Increase enterprise

#### **Progress made:**

Wirral continues to support enterprise growth through the Wirralbiz programme. The last LAA stretch targets have been achieved in terms of the number of new business starts and their survival rates after one year of trading.

Invest Wirral continue to signpost and encourage local firms to take up the support offered by regional business support programmes.

We are working closely with the NWDA to ensure that future business support programmes are in line with the National Business Support Simplification Programme (BSSP) and complements other NWDA funded activities.

**Challenges remaining:**

Given the current economic conditions it is vital that we continue to support new and existing businesses. The current transitional funding for new business starts finishes in March 2009. Negotiations are taking place with NWDA to ensure that contingency arrangements are in place if the post-March contract has not been agreed by the end of March.

Wirral has a high proportion of small businesses that are not VAT-registered and support for to grow these businesses will be tailored around the BSSP model to encourage future growth.

**How we're making further improvements:**

We continue to work with the NWDA to ensure that future programmes meet business needs and local firms take up the support available.

The Wirral Investment Board gave their support (In November 2008) for Wirral Officers to develop a programme to provide consultancy and grant assistance to micro businesses (those with fewer than 10 employees) in the borough.

### **3.3.3. Increase levels of recycling**

**Progress made:**

DEFRA has recognised Wirral as the most improved metropolitan Council for recycling and composting performance in England for 2007/08. The Council has improved from a 2 to a 3 Star rating under the Environment Block of the Comprehensive Performance Assessment.

Recycling rates for October-December 2008 are 34.67 %, 35.67% and 29.04% and we are predicting a 35-36% recycling/composting rate for the end of the 2008/09 financial year, meaning we will meet 2009/10 LAA target 35.5% one year ahead of schedule.

A new garden waste contractor has been appointed and will start on 1 April 2009, resulting in financial efficiencies and environmental improvements.

A survey into the composition of domestic waste has been undertaken. It shows problems with materials going into the wrong bins and the opportunities for recycling being lost. Officers are currently looking at the survey results in order to target communications more effectively.

Merseyside Waste Partnership has secured £195,000 funding for the Merseyside-wide 'Love Food Hate Waste' campaign.

Multi-occupancy premises have been assessed for recycling services and we are currently consulting with landlords to improve the position.

**Challenges remaining:**

The 'Love Food Hate Waste' campaign is being developed that will encourage further waste reduction.

More effort is required to improve waste segregation and further increase the levels of recycling.

**How we're making further improvements:**

A targeted enforcement campaign (backed up with a borough-wide information campaign) will begin in March / April targeting areas of high contamination & side waste. Target areas will be agreed between by the Council and Biffa.



Multi-occupancy recycling will be rolled out in March 2009, which will help to increase levels of recycling.

On street recycling receptacles are being placed in 4 main shopping areas in February to raise the profile of recycling and encourage the public to recycle.

#### **3.3.4. Reduce the Council's carbon footprint**

##### **Progress made:**

The Investment in Energy Efficiency Programme (IEEP) continues to reduce the Council's CO2 emissions. Progress was reported to Cabinet in September 2008, a further update report in April 2008. The Water Efficiency Scheme and BEMs phases 2 & 3 are now complete and operational.

28 January 2009 Employment & Appointments Committee approved the establishment of the Climate Change Officer and Sustainability (Cred) Liaison Officer posts and it is hoped to have them filled by July 2009. These officers will drive improved working with businesses and the community to raise awareness of the urgent need to reduce Wirral's carbon footprint and to sign up to the CRed community carbon reduction programme.

The two recently appointed Energy Awareness officers have been implementing an awareness programme over the last 3 months. Progress on this campaign was reported to Environment Committee on 28 January 2009.

As part of the work of the Nottingham Declaration working group, we launched a co-funded poster campaign with our partners (Wirral PCT and Cheshire & Wirral Partnership NHS Trust) in November 2008 to coincide with Energy Saving week. A formal media launch with the Chief Executive officers of each organisation is planned for Spring 2009.

##### **Challenges remaining:**

Energy costs have risen significantly over the last 12-18 months and are likely to add around £3.5 million to the Council's annual expenditure.

Much of the authority's energy consumption is building-related. Energy conservation is a key consideration in the current Strategic Asset Review (SAR) of all Council buildings.

A number of IEEP phase 2 projects await the outcome of the SAR. Officers will begin to detail the SAR programme of works required and this will enable energy investment work to proceed on the buildings that are being retained.

##### **How we're making further improvements:**

Preparations are underway to take part in the Government's Carbon Reduction Commitment scheme (CRC), which is expected to help to further reduce carbon emissions. An update will be reported to Cabinet on 19 March 2009.

IEEP phase 3 is being progressed with the roll-out of further Street Lighting efficiency measures and then the introduction of Automatic Meter Reading Systems, which provide financial benefits when the CRC is introduced in 2010.

Display Energy Certificates are being produced for 158 sites. A greater number of sites than expected are producing above average results.

#### **3.3.5. Reduce number of people killed or seriously injured in road accidents.**

##### **Progress made:**

Initiatives under the Roadsafe partnership with Merseyside Police and Merseyside Fire & Rescue Service continue to be rolled out and regular coordination meetings ensure progress made / corrective action taken.

The numbers of people killed or seriously injured continued to fall towards the LAA and DfT targets.

A successful pilot campaign - Bring accidents down 2 zero - is still underway, although its results so far show that 74% of drivers preferred the new scheme with the voluntary 20mph speed limit to physical speed reduction measures. 89% of drivers also thought that the scheme should be provided in other areas of Wirral. Area forums are being asked to nominate other areas for consideration in the next tranche of this popular scheme.

Working in partnership with the Police a Christmas Drink Driving campaign was implemented over the last quarter with marked success.

#### **Challenges remaining:**

While those of school age are relatively easy to engage and educate with road safety messages, other groups are harder to-reach; These include senior citizen drivers and 'born again' adult motorcyclist and cyclists. Roadsafe partners are making progress communicating with such groups.

#### **How we're making further improvements:**

A 'theatre in education' programme was rolled out in February to those secondary schools that wished to take up the offer. It encourages young people to have a responsible attitude and behaviour around roads and 4,268 young people are expected to benefit from the initiative.

Road Safety will support the annual motorcyclist Egg Run which will allow us to communicate Bike Safe messages and promote Bike Safe training courses.

The '4 Wheel Ed' campaign, which is run in partnership with the Police, Response (Drug & Alcohol) and MFRS and 'Drive to Arrive' (in partnership with MFRS) will continue to be delivered in schools to Y6, Y7, Y10.

An anti-speeding and anti-use of mobile phones in cars campaign is being run in partnership with the Police in the current quarter.

The Council and Police will be supporting the DfT's Think campaign with media messages and a detailed communications strategy is being developed.

The Streetscene and Transport Services Committee will received the annual programme of proposed engineering measures designed to improve the safety record on the roads on 24 February.

We are currently installing a sign posting scheme on 6 main corridors giving road users the message on just how many collisions have occurred to encourage drivers to take more care.

Cabinet will receive a report on vehicle-activated signs outlining a policy and strategy for their further deployment across the borough and to be used at collision sites where the conventional signing fails to curb motorists' speeds.

### **3.3.6. Promote greater independence and choice**

#### **Progress made:**

The Department of Adult Social Services (DASS) was rated as a 2 star authority by the Commission for Social Care Inspection, continuing to provide good outcomes for adults with promising capacity to improve.

The Department has continued to progress its major restructure to transform social care. The majority of senior appointments have been made and the formation of new locality structures, co-terminus with NHS Wirral, is underway.

A major Personalisation conference was held in December. The event featured keynote national and local speakers who set out the latest developments in policy, as well as presentations from stakeholders. The objectives of the Conference were to develop awareness and for attendees, including elected

members to further understand the changes that Personalisation is bringing to social care and health services in Wirral.

Wirral PCT (now NHS Wirral) was assessed against the World Class Commissioning standards in November 2008. The assessment included a detailed examination of how the PCT works with its partners. Although the PCT is awaiting final confirmation they were awarded a score of 3 for Partnership with praise for the partnership with Local Authority.

The Department continues to develop of the system dynamic modelling tool based on Wirral's Dementia Pathways working with CSED. NHS Wirral has produced a draft Commissioning Strategy for Dementia and has announced planned investment of £500,000 in 2009/10 in dementia services.

Progression has been made on a Pilot for Personal Budgets that will enable increased choice and control and greater independence for people who use services, and improved outcomes for individuals and their carers.

The need to develop different models of care and support for older people is a key objective with NHS Wirral. The plans are being made in response to demographic, health, well being and lifestyles changes in the older population. One initiative is extra care housing which affords the opportunity for older people to live in independent accommodation (be it privately owned, shared equity or rented) while benefiting from a wide range of facilities on site.

Wirral has secured capital grants of £4m for 70 units, and a further £2.6m for 49 units with these schemes also providing a range of facilities for primary care and the local community and significantly advance the development of new and improved models of care and support in Wirral for older citizens.

An extended Carers Development Committee was held with a number of speakers in attendance and enabling the newly appointed 'Carers Champion' Cllr Sheila Clarke to meet key stakeholders.

#### **Challenges remaining:**

The Department continues to face significant financial pressures. The three year strategy has been adopted to address financial pressures, with the Efficiency Plan (Budget Stabilisation Strategy) monitored at Strategic Leadership Team, linked to the Transformational Change Programme Board.

#### **How we're making further improvements:**

The development of integrated posts, services, and work to reduce duplication contributes to sustaining improvement as part of the Wirral Integrated Services Programme (WISP): working across the health & social care economy. This includes working at locality level and engaging in a new community model

### **3.3.7. Raise overall educational attainment, particularly lower achieving young people**

#### **Progress made:**

Results at Key Stage 3 show that standards have risen (against the national trend) in English, remained static in mathematics (against a national rise) and declined by less than the national trend in science. The proportion of pupils attaining Level 5 and above in English and mathematics combined has risen slightly compared with a national fall. However, the proportion of pupils gaining five or more good GCSE passes including English and mathematics at the end of Key Stage 4 has improved by 1.5ppts with a strong upward rise of 4.4ppts for 5 good GCSEs.

The LA is the second most improved nationally for reducing the number of Persistent Absence schools.

There is a clear vision for school improvement that has been shared with stakeholders across the LA and with the SIPs. Progress against the milestones in the CYP plan is reviewed at monthly intervals. There are a range of focus groups at all phases which are charged with identifying ways to improve the attainment of all pupils, but especially vulnerable groups including looked after children. The performance of SIPs is monitored closely with careful scrutiny of all SIP reports by the LA's SIP Manager and the Strategy Manager. Attention is paid to the level of challenge represented in the reports in terms of the targets being set by schools and the reviews of the schools' performance. The agenda for SIP conversations with schools includes the LA priorities for raising attainment for all pupils and in particular in mathematics, and the 14-19 agenda.

**Challenges remaining:**

Improving the outcomes for Maths at all Key Stages.

National Strategies through the Target Setting Guidance expect all schools to set targets at FFT-D, and SIPs in Wirral have engaged with schools so they set targets that are appropriately aspirational to FFT-D.

The Government has produced combined statistics for English and Maths, with the aim of ensuring standards in both subjects are improved simultaneously.

There is the challenge of increasing the proportion of pupils who make two levels progress across the Key Stages.

Improving the performance of National Challenge schools.

Improving tracking and monitoring of progress of Looked After Children, using FFT data to ensure LAC achieve their potential, taking into account prior attainment.

**How we're making further improvements:**

Continue to implement the programme around Children's Centres.

Raise outcomes for Foundation Stage in line with targets and especially with regard to language and literacy.

Continue to implement, embed and further develop the Extended Schools programme.

Implement and evaluate a number of projects focusing on Narrowing the Gap involving multi-agency support and Results Based Accountability methodology.

**3.3.8. Safely reduce the number of looked after children**

**Progress made:**

Plans continue to be implemented to support more children in the community and consequently, safely reduce the children in care population; however, performance at 31 December was 91.9 per 10,000, which is an increase upon the previous quarters report. This figure continues to increase.

A Senior Manager chairs all pre-proceedings meetings (PLO), which ensures consistency of practice, and working with CAF/CASS nationally to evidence the impact upon outcomes for children through the new Court processes.

An outcome based accountability action plan has been developed to support the safe discharge of Care Orders of children placed with parents, which remain high, although there has been a small decrease during the last quarter. Local practice seminars are supporting this activity.

Repeat referrals - the changes made to Wirral's Central Advice and Duty Team (CADT), have been in place for a full 12 months; as projected the re-referral rate has decreased month on month since 1 April to 24.7% (31/12/08) from 27.6%, which is more in line with our statistical neighbours / national average. We are projecting a comparable outturn this year to referral rates for 2007/8.

Weekly meetings, chaired by the Strategic Service Manager, Children and Families, involving all District and Assessment Team Managers continue, overseeing and scrutinising all incoming work; focusing on consistency of threshold application.

**Challenges remaining:**

Events in Haringey and consequent media attention have impacted upon the type of referrals being received by Social Care. There has been an increase in children being considered by the legal gate keeping panel and more children have become looked after during this quarter. There is an inevitable greater degree of cautiousness in decision making regarding children's welfare and safety. It is firmly predicted that there will be more children in care at the end of this financial year than 31 March 2008, and that the targeted reduction to 590 children will not be achieved.

Steps described in a separate report to this Cabinet explain how further investment by the Council will be used to address the issues raised above and help to bring the reduction of numbers looked after back on track during 2009/10 financial year.

**How we're making further improvements:**

Social Care is identifying where there are delays in children being discharged from local authority care, where there are plans to do so, some of which are attributable to delays in appointing CAFCASS guardians.

One meeting with senior CAFCASS officers took place to raise these issues in December 2008, with a further meeting planned. The authority is also focusing on children who have recently become looked after voluntarily, to determine what packages of care can be implemented to support children, where possible, to safely return to their family.

External review of the strategy to support more children in the community is being sought from the CWDC (Remodelling Social Work Delivery Pilot), to determine whether there are additional measures which can be implemented, to reinforce preventative intervention to safely reduce the need for children to become looked after. Work is underway to develop a Multi Systemic Treatment (MST) programme in Wirral, in partnership with the PCT, to provide intensive intervention to young people on the edge of care / at serious risk of offending.

There has been an increased level of auditing and scrutiny of social work practice following Baby P, to ensure that children are being adequately assessed, monitored and supported – for example, there has been an audit of all children subject to a child protection plan to ensure that visits comply with procedural timescales and that they have clear plans which are meeting children's needs. Caseloads are being monitored, and the impact upon case work, of any social worker absence, is being continuously reviewed. Senior fieldwork managers are now reporting to the Director on staffing and caseloads on a monthly basis. Additional temporary social workers have been located in 6 social work teams where there are the greatest pressures.

Staff are being supported through the continued roll out of the well being programme.

**3.3.9. Improve the use of the Council's land and assets**

**Progress made:**

The Council's Strategic Asset Review has been approved following extensive public consultation. The Review considered the whole of the borough using

seven agreed geographical areas and focussed on public facing assets. A strategic consolidation of the asset base has now been agreed, with a package of borough-wide proposals based on a vision of fewer but better assets and optimum value for money for local people.

This has:

- Created a framework that will be used to maximise opportunities for partnership working
- Endorsed the principle of asset transfer to take place over an anticipated period of two years as an alternative to closure
- Proposed a programme for the development of multi-purpose complexes strategically located across the borough, and
- Proposed substantial rationalisation of the council's administrative accommodation underpinned by a drive to transform ways of working.

A revenue saving of £3,101,000 has been agreed as a result and a provision of £1,863,000 created to cover amendments to the review and any necessary transitional funding.

### **Challenges remaining:**

Approval of the Strategic Asset Review starts the process of substantially modernising the Council's estate. A programme of investment in enhanced facilities will be coupled with changes to service delivery designed to meet customers' needs more effectively. Several current development projects will be examined to see how they fit with the new framework of the Strategic Asset Review and whether they should continue as previously proposed, particularly where there are compelling reasons to avoid delay.

There was a concentration in the review on Leisure and Cultural Services' assets, but it was recognised that the other main operational asset groups need to be more effectively joined into corporate asset review processes. In particular the schools' estate and children's' centres have major roles in delivering a broad range of services and activities within local communities. In addition the modernisation of adult social care will lead to different forms of service provision which are likely to reshape future property requirements. The continuous process of property review across the remainder of the corporate estate will create further opportunities for modernisation and efficiency.

Rationalisation of the Council's administrative accommodation will require the modernisation of current working arrangements and substantial investment in Information Technology.

### **How we're making further improvements:**

Investment will now be made in the development of five major multi-purpose complexes at Bebington, Birkenhead, Liscard, Moreton and West Kirby. In addition, smaller community-focused, multi-purpose complexes will be developed at Greasby, Heswall, Leasowe, Rock Ferry, St. James and Bromborough. Delivery of services in the Upton / Woodchurch area will be concentrated on Woodchurch Leisure Centre, Upton Library and Upton One Stop Shop in the Department for Work and Pensions site.

Where the community expresses an interest, the transfer of assets to community management will be explored within a two-year period and finances will be available to help communities with the transition.

In addition the review of Office accommodation will be prioritised that will deliver savings of £1 million by 2001.

### **3.3.10 Create a sustainable and stable budget, providing value for money**

#### **Progress made:**

Council Budget 2008/09 was agreed in March and was supported by the s151 officer statement as being sustainable.

Regular financial monitoring updates to Cabinet Members and Scrutiny Chairs highlight potential overspends, primarily within Adult Social Services, and increased 'one-off' resources.

Annual Efficiency Statement 2007/08 reported to Cabinet in June was submitted to, and subsequently, agreed by Government in July.

Review of the high spending areas as identified by the Audit Commission 'spend profiles' was reported to Cabinet on September 25.

Clarification received around reporting of NI 179 (the net value of ongoing cash releasing gains) and projection for 2008/09 sent to Government in October.

Director of Finance regularly updates Cabinet on the Projected Budget position. Supported by regular liaison between Cabinet and Chief Officers to assess the implications and address the gap between likely spend and resources.

#### **Challenges remaining:**

Address the identified areas of overspending in 2008/09 to ensure overall spending remains within the resources available.

Report to Government, after the financial year-end, the achievements in respect of NI 179.

Agree a sustainable and stable budget for 2009/10 by March 10 2009.

#### **How we're making further improvements:**

Director of Adult Social Services provides regular progress reports to Cabinet on Transforming Social Care including stabilising the departmental budget.

Projected Budget position is regularly reported to Cabinet with investment / saving decisions being taken at the appropriate times.

Cabinet receiving and considering reports around longer-term issues eg Strategic Asset Review.

### **3.3.11 Improve the Council's budgeting process to fully reflect its priorities**

#### **Progress made:**

2008/09 Council Budget resolution included references to, and linkages to, the Council priorities.

Efficiency Investment Fund of £5.3 million created as part of the 2008/09 budget with further amounts set aside for future years.

Council strategies including Customer Access, Medium Term Financial, IT and Risk were revised per Corporate Plan and approved by Cabinet on 23 July.

Cabinet in September re-affirmed that the Corporate Plan priorities for 2008/09 remain as the priorities for 2009/10.

Budget process further refined in terms of the information flow to Members and Officers. The regular updates give greater clarity and focus upon the key changes.

#### **Challenges remaining:**

The current financial climate is bringing additional pressures on available resources and the delivery of the aims and objectives of the Corporate Plan.

Responding to demand lead pressures for care services – adults and children.

Links to the setting of a sustainable and stable budget for 2009/10.

### How we're making further improvements:

The Efficiency Investment Fund is available for initiatives that require resources to deliver future benefits and invest in priority areas of the Council. This continues as part of the budget setting process.

Any submissions for increased resources, including from the capital and IT programmes require a Business Case which is weighted towards meeting the agreed priorities.

Capital programme 2009/12 agreed by Council in December 2009.

## 3.4 PERFORMANCE INFORMATION

This following section shows the performance indicators and key projects for the priority for improvement areas 2008/09.

### 3.4.1 Reduce worklessness

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
NI 152	Working age people on out of work benefits	17.74% (Lower is Better)	17.28%	17.79%	17.28%	Green	n/a	
NI 153	Working age people claiming out of work benefits in the worst performing neighbourhoods (WNF)	35.22 (Lower is Better)	34.98	35.22	34.98	Green	n/a	

Key Project	Lead Department	Quarter 3 Status (green, amber or red - see below)	Corrective Action (Amber & Red only)
Implementation of the Full Employment and Skills plan	Corporate Services	GREEN	
Implementation of the City Region Employment Strategy	Corporate Services	GREEN	
Strategically plan and align activity and resources of all partners to support the delivery of sub regional and local employment and skills strategies	Corporate Services	GREEN	

### 3.4.2 Increase enterprise

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
LOCAL 4128	Number of new business start-ups supported through Wirral Biz or Business Link in Wirral as measured	262	262	200	248	Over Performing	↑	This is a demand led initiative. The performance over the last quarter recognises the increased demand for the



by data from both organisations							service. However we expect the numbers of new business starts to slow considerably in the final quarter due to the prevailing economic conditions, therefore the year end forecast remains unchanged.
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Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Implementation of the Enterprise Strategy	Corporate Services	GREEN	
Co-ordinate the implementation of local, sub regional and regional enterprise development and business support strategies	Corporate Services	GREEN	

### 3.4.3 Increase levels of recycling

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
NI 191	Residual household waste per household	636 (Lower is Better)	585	480	446.21	Amber	n/a	The Q3 performance figure is unverified and subject to change due to data not yet verified.
NI 192	Percentage of household waste sent for reuse, recycling and composting	34%	35.4%	35%	33.34%	Green	n/a	The Q3 figure is unverified and subject to change due to data not yet received. The year end forecast figure is subject to all recovered recyclates being sent to reprocessors.

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Increase participation in alternate weekly collection scheme	Technical Services	GREEN	

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Promote waste minimisation initiatives to householders	Technical Services	GREEN	
Encourage recycling and minimisation of municipal waste	Technical Services	GREEN	

### 3.4.4 Reduce the Council's carbon footprint

There are no performance indicators to report for this priority area at Q3.

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Continue the Energy Efficiency Investment Programme	Technical Services	AMBER	Have commenced IEEP Ph 2 projects, however some held up by SAR, awaiting outcome of the public consultation
Develop and implement Wirral CRed initiative	Law, HR & Asset Management	Awaiting Status	
Produce a Developer's Guide for Sustainable Development	Technical Services	RED	Timescales for the Guide have extended from the initial target for various reasons which include recent legislative changes and the reliance on other sections for their input, both internal and external to Technical Services Dept. It is now anticipated that a Developers Guide will be produced by the end of 2009 calendar year.
Development of Sustainability Unit within Wirral Council	Law, HR & Asset Management	AMBER	Posts for the sustainability unit have now been approved but have not yet been recruited for.

### 3.4.5 Reduce number of people killed or seriously injured in road accidents.

There are no performance indicators to report for this priority area at Q3.

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Develop initiatives to deliver road safety education, training and publicity	Technical Services	GREEN	

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Implement engineering measures to improve road	Technical Services	GREEN	
Work with Merseyside Police via the Accident Reduction Partnership to improve road safety	Technical Services	GREEN	

### 3.4.6 Promote greater independence and choice

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
NI 130	Social care clients receiving Self Directed Support (Direct Payments and Individual Budgets)	322.3	175	291.5	152.10	Red	n/a	Performance continues to be monitored with the Personal Budgets Steering Group focused on improving performance and the take up of Direct Payments. In Jan 2009 a Personal Budgets Pilot will commence. A new definition for this indicator from April 2009 will mean performance will be reported as a percentage.
NI 135	Carers receiving needs assessment or review and a specific carer's service, or advice and information	18.0%	22%	15.0%	23.13%	Over Performing	n/a	Performance for this new national indicator has exceeded targets at present. Monthly monitoring of performance will continue, and consideration will be made to refresh targets as part of the LAA review.
NI 136	People supported to live independently through social services (all adults)	2185.80	2185.80	2173	2160.29	Green	n/a	
NI 146	Adults with learning disabilities in	8.3%	5%	7.9%	4.16%	Red	n/a	The JOBS (Jointly Overcoming Barriers equals

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
	employment							Success) programme is currently working with its first 20 people (just starting to go to work) but there is a concern that the current economic crisis will limit the availability of employment and reduce opportunities for those on the programme.

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Enablement and re-ablement	Adult Social Services	GREEN	
Carers Strategy	Adult Social Services	GREEN	
Access and assessment arrangements	Adult Social Services	AMBER	Full implementation strategy in place, with majority of appointments made to posts. Implementation due from Feb 2009, with some delay to full locality moves post April 2009.
Promoting independence	Adult Social Services	GREEN	
Develop Self Directed Support services	Adult Social Services	GREEN	
Implement the Strategic Framework for Health and Wellbeing	Adult Social Services	AMBER	Appointments have been made at a senior level, and restructuring of the Integrated Communities and Wellbeing Branch is underway to deliver on the strategic framework.
Joint Strategic Needs Assessment	Adult Social Services	GREEN	

### 3.4.7 Raise overall educational attainment, particularly lower achieving young people

There are no performance indicators to report for this priority area at Q3.

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Project plan to close the attainment gap where poverty affects achievement	Children & Young People	GREEN	
Strategies Intervention Project	Children & Young People	GREEN	
Ensure there are no schools in Ofsted categories	Children & Young People	AMBER	Intervention and support provided to the one school in a category, now expected to come out of category on next inspection in the Spring.
Develop a range of intervention strategies to support underachieving and underattaining pupils	Children & Young People	GREEN	
develop literacy and numeracy via family learning programmes	Children & Young People	GREEN	

### 3.4.8 Safely reduce the number of looked after children

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
NI 61	Timeliness of placements of looked after children for adoption following an agency decision that the child should be placed for adoption	68.0	68.0	50.0	50.0	Green	n/a	This indicator is sensitive to small numbers. 50% represents 4 out of the 8 adoptions being completed within 12 month of the adoption decision. Children have taken longer than expected to settle within their adoptive placements and this has led to delays in adoption proceedings. It is expected that 7 more adoptions should take place in the last quarter.
NI 62	Stability of placements of looked after children: number of placements	11% (Lower is Better)	11.0%	11%	11.9%	Amber	↓	Work continues to build capacity of foster care, to increase placement choice and family matching. The latest inspection of foster care graded the service as good. This figure of 11.9% falls

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
								within the OFSTED "Very Good" category.
NI 63	Stability of placements of looked after children: length of placement	63.0	65.5	63.0	65.5	Green	↑	
LOCAL 1401	Percentage of referrals progressed to CIN assessment (NI 68 proxy)	71	71.0	71	68.3	Green	n/a	

Key Project	Lead Department	Quarter3 status (green, amber or red - see below)	Corrective action (amber or red only)
Project plan to safely reduce the number of looked after children	Children & Young People	GREEN	

### 3.4.9 Improve the council's use of land assets

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
LOCAL 6275	The number of working days/shifts lost due to sickness absence	8.5 (Lower is Better)	10.20		10.25		↔	Targets for next year are currently under review.

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Undertake a Strategic Asset Review	Law, HR & Asset Management	GREEN	
Deliver and implement the people strategy	Law, HR & Asset Management	GREEN	

### 3.4.10 Create a sustainable budget, providing value for money

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
NI 180	The number of changes of circumstances which affect customers' HB/CTB entitlement within the year.	620	620	400	595.44	Over Performing	n/a	Reflects a higher percentage of changes identified by Wirral than originally anticipated in this new PI. Will continue to review during year but no service delivery issue.
NI 181	Time taken to process Housing Benefit/Council Tax Benefit new claims and change.	16.4 (Lower is Better)	16.4	16.4	16.99	Green	n/a	
LOCAL 2067	Efficiencies gained through procurement.	£2200000	£2200000	£1400000	£1495690	Amber	n/a	Performance more than 5% above target for the 3rd quarter. No service issues.
LOCAL 2073	Percentage of Council Tax collected	96.8%	97.2%	84.5%	85.1%	Green	↔	

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Agree a budget which is sustainable, and which identifies resources for further developing Council Services.	Finance	GREEN	
Contain expenditure within agreed budgets and provide services to agreed standards.	Finance	GREEN	
Review comparative data to ensure we provide our services most cost effectively taking into the	Finance	GREEN	

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
needs of our community			
Implement our procurement strategy to ensure that services and goods are acquired economically and efficiently, and if advantageous, in partnership with others.	Finance	GREEN	
Implement agreed change programme.	Finance	AMBER	Agile working has been introduced into a number of areas including CYPD (use of push email by school inspectors) and Technical Services (use of remote scheduling). All 15 highways inspectors have been 'home based' since October. Areas within the Environmental Health service (Regeneration department) have been selected for initial trials of flexible working with a view to the approach subsequently being applied more widely. Cabinet resolved in July 2008 to procure an Oracle implementation system. This has not taken place. A report for Cabinet is being prepared by the Director of Law, HR and Asset Management. The Change Programme, as agreed by Cabinet in December 2008, now focuses on 4 areas for improvement: the Customer Access Strategy, Common Administrative Processes, Strategic Asset Review and ICT Technological Developments.
Exceed government standards for Housing and Council Tax benefits and Council Tax collection.	Finance	GREEN	
Delivering the pay review	Law, HR & Asset Management	GREEN	

### 3.4.11 Improving the council's budgeting process to fully reflect its priorities

There are no performance indicators to report for this priority area at Q3.

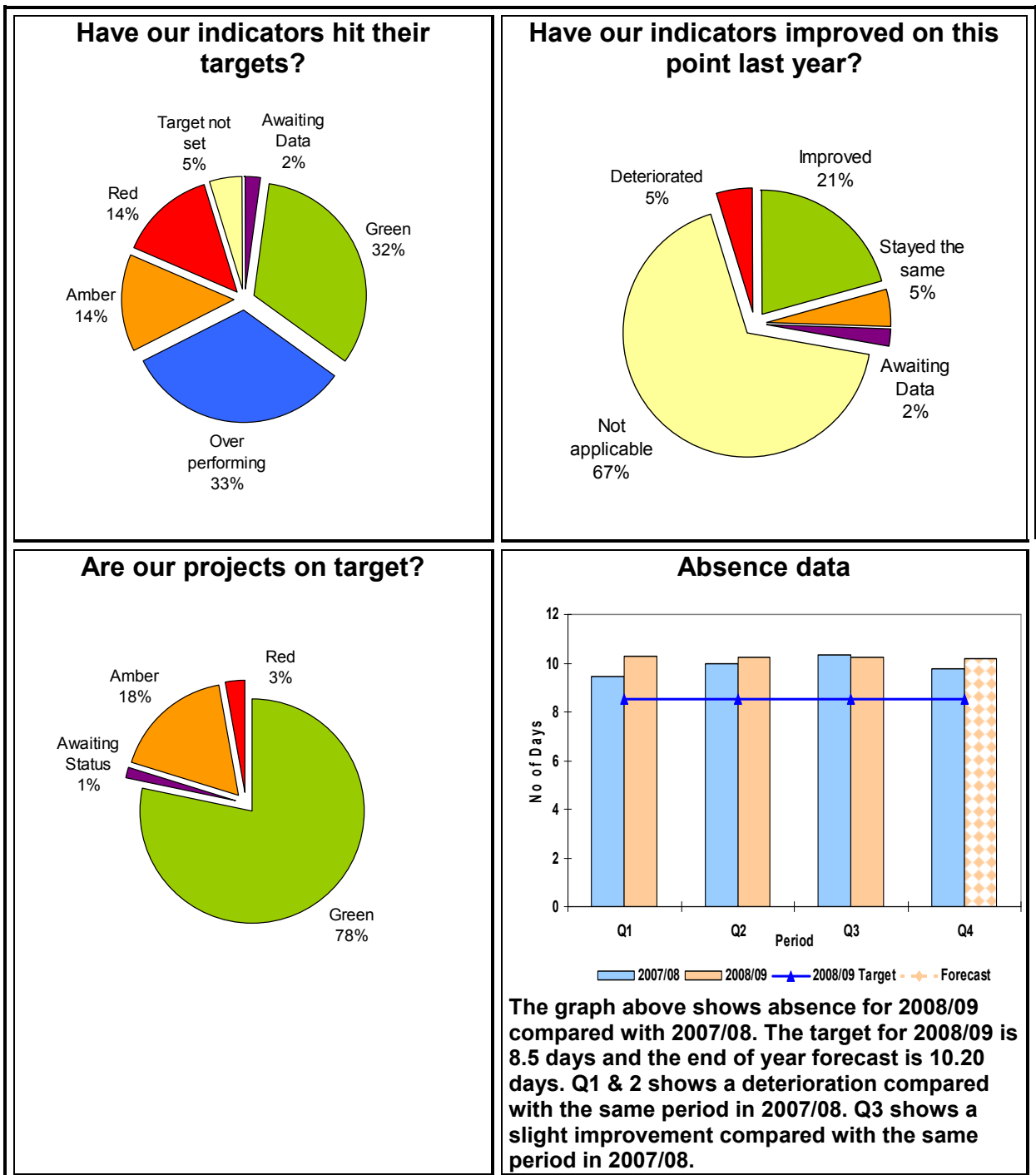
Key Project	Lead Department	Quarter 2 status (green, amber or red - see below)	Corrective action (amber or red only)
Further integrate the risk management, planning and financial processes to enable	Finance	GREEN	



better-informed decision making and enhanced service delivery.			
Reflect the implications of the priorities in the Corporate Plan in our Medium Term Financial Plan and corporate planning processes.	Finance	GREEN	

### 3.5 Corporate Plan Performance Summary

3.5.1 The charts below show the overall council position for all key performance indicators and projects within the council's 2008/09 corporate plan at the third quarter.



### 3.6 Performance Exceptions

This section includes all corporate plan indicators which are red at Quarter 3 not including priority for improvement indicators.

PI No.	Title	Yr End Target	Yr End Forecast	Quarter 3 Target	Quarter 3 Actual	On Target	Direction of Travel	Corrective Action
NI 117	16 to 18 year olds who are not in education, employment or training (NEET)	7.4% (Lower is Better)	9.0%	7.4%	8.5%	Red	↑	The performance for December is showing a year on year improvement, whilst also continuing a month on month improvement commencing with a peak in August 2008 of 12.11%. The return for December is therefore a significant achievement, against a difficult economic back drop. Work continues apace in January towards meeting the target.
NI 195a	Improved street and environmental cleanliness (levels of litter)	8% (Lower is Better)	8%	7%	8%	Red	n/a	There is the possibility of further changes to the second survey performance figures until Waste Data Flow achieves full validation of data. Two of three surveys have been completed for the annual return. Litter and detritus are on track to hit target.
LOCAL 2069	Number of visits to the Council's website	61725	61725	60851	54507	Red	n/a	Seasonal fluctuations generally reflect a downturn in web performance. No service delivery issues.
LOCAL 4049	Total number of homes acquired, demolished, refurbished or built as a result of HMRI investment	950	920	466	383	Red	↓	Energy efficiency improvements as a result of targeted marketing will report in Q4. Take up of Equity Renewal loans very low because of current "credit crunch". The latter is the reason for adjustment of end of year forecast.

### 3.7 Corporate Plan Project Exceptions

This section includes all corporate plan projects which are red, amber or awaiting status at Quarter 3 excluding priority for improvement projects.

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Develop and implement the 2008/9 NEET strategy for the Borough.	Children & Young People	RED	The Borough EET Action plan is in place which outlines partner responsibilities and contributions to achieving the NEET target. Confirmation was received in December that the Activity Agreement Pilot would continue until at least 2010. The Activity Agreement pilot is a programme that focuses on structured activities and incentive payments for NEET young people and is delivered through Greater Merseyside Connexions. It continues to bear fruit with clear evaluation demonstrating improved progression rates, increased employability and reduced time spent NEET (on average 60% progressing into EET which is a significant achievement with some of the most marginalised young people).
Progressing the production of the Local Development Framework	Corporate Services	AMBER	New staff are in the process of being appointed which will accelerate delivery for this activity. Consultation on an Issues Report is currently being undertaken with stakeholders including Area Forums.
Improve environmental quality across the Borough through improved operational performance of the strategic contract	Technical Services	AMBER	Additional pump priming grant secured for final quarter to address primary and secondary retail areas due to increased smoking related litter and other similar detritus. Final Survey to be conducted Feb/ March. Due to other 2 surveys this year, over performance is now necessary to achieve BV199 target. Currently on Target (GREEN) for NI 195 LAA Target)

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
Develop neighbourhood management approach in deprived communities including education & enforcement	Technical Services	AMBER	Reduction in HMRI funding and uncertainty of future of Warden Services has affected planning of integrated/ mainstreamed neighbourhood management approaches. However, pathfinder areas have made significant progress and more recently, Technical Services have increased community engagement in deprived areas. A targeted education and enforcement campaign for the prevention of fly tipping and section 46 offences is now scheduled for March 2009.
Homelessness Strategy	Regeneration	AMBER	Some non-critical milestones have slipped but many actions are achieved
Develop comprehensive engagement strategy and compact agreement with the voluntary and community sector	Corporate Services	AMBER	Draft framework for consultation will be circulated to the local strategic partnership.
Customer Access Strategy	Finance	AMBER	<p>Customer Care standards have been launched to the public and to all staff. Web usage and e-citizen registrations continue to increase. Web software is being reviewed in order to enhance the current product.</p> <p>Partnership working with diverse groups and local organisations continues to flourish. Building access is being addressed within the Strategic Asset Review.</p> <p>A revised Customer Access Strategy programme was agreed by Cabinet in December 2008. The four year programme is already underway and is initially focusing on Streetscene - looking at whole processes rather than individual systems.</p> <p>Amendments to the CRM software were made in November. These will resolve the key job scheduler problems with the ERIC Service and address all but two of the outstanding</p>

Key Project	Lead Department	Quarter 3 status (green, amber or red - see below)	Corrective action (amber or red only)
			technical issues. Work continues on allowing Pest Control and other potential users to make full use of the mobile solution.
Review partnership and governance arrangements for LSP	Corporate Services	AMBER	A revised governance structure has been presented to the LAA Programme Board for endorsement and comments. This structure will be presented to the LSP board in March. Further work is required regarding the roles and responsibilities of both of these boards as well as a review of the member representation.

3.8. Customer feedback is now recorded on the Customer Relationship Management (CRM) system and includes both complaints and compliments. Of the Stage 1 complaints in the last quarter these primarily related to the Strategic Asset Review. A total of 9 enquiries were received from the Ombudsman across all services of which 3 (2 for planning and 1 for sports and leisure services) are being investigated. Of the compliments recorded the number received continues to increase particularly in respect of waste services.

#### 4. FINANCIAL MONITORING

4.1. The net Council spend for 2008/09 is £299 million. The monitoring compares spend against the approved budget which includes growth and policy options as well as the agreed savings targets. When setting the 2008/09 budget the projected balances at 31 March 2009 were £5 million.

4.2. The latest position is as follows:-

Details	£million	£million
<b>Projected General Fund balances at 31 March 2009 when setting the budget for 2008/09</b>		5.0
<b>Cabinet decisions</b>		
26 June - Financial out-turn for 2007/08 showed an underspending and contribution to balances (see 4.3)		+2.5
9 July - Release of Insurance Fund reserve to general balance (see 4.4)		+3.0
23 July - Receipt of Local Authority Business Growth Incentive (LABGI) grant to general balance (see 4.5)		+1.3
23 July - Funding for street lighting energy and Children & Young People transport costs (see 4.5)		-0.9
16 October - Net impact of reduced capitalisation of highways maintenance spend (see 4.6)		-2.0
6 November - Use of Efficiency Investment Fund to fund change / reform teams (see 4.7)		+2.2
10 December - Release of reserves and provisions to		+0.3

the general balance (see 4.8)		
<b>Projected variances</b>		
Overspend		
Adult Social Services (see 4.9)	+3.5	
Children & Young People (see 4.10)	-	
Regeneration (see 4.11)	+0.8	
Technical Services (see 4.12)	+0.5	
Underspend		
Treasury Management (see 4.13)	-2.6	-2.2
Potential liability		
Reported to Cabinet 23 July in respect of fuel and energy costs in 2008/09 (see 4.5)		-2.6
<b>General Fund balances at 31 March 2009 based upon the latest projections</b>		6.6

- 4.3. The completion of the year-end accounts resulted in an increase in the projected balances at 31 March 2008 by £2.5 million. The main spending pressures within Adult Social Services more than offset by the increase in Housing Benefit grant and the benefits from Treasury Management activities.
- 4.4. The release of £3 million from the Insurance Fund reserve to the general balance is a result of the continuing improved performance in respect of insurance and risk management. This improved performance evidenced by the annual Actuarial assessment and the potential liability for claims.
- 4.5. The receipt of the final payment of the Local Authority Business Growth Incentive (LABGI) grant of £1.3 million, which related to the 2007/08 financial year, was added to balances. In terms of fuel and energy costs it was agreed that £780,000 be provided from balances this year to meet the increased energy costs for street lighting in Technical Services and £125,000 for fuel costs relating to Children & Young People transport costs. Financial pressures were identified based upon the likely outcome of the energy contracts due to be tendered later in 2008 and which were to be finalised and reported to Cabinet in February 2009.
- 4.6. Following the Audit of the Statement of Accounts for 2007/08 the amount included within the 2008/09 budget for the capitalisation of highways improvements was reduced by £2 million.
- 4.7. Cabinet agreed to fund a number of improvement teams from the Efficiency Investment Budget in 2008/09 totalling £2.2 million. These included the Adult Social Services Reform Team and the Finance department areas covering Procurement and Creditors, Change and Customer Services Development.
- 4.8. The review of Reserves and Provisions identified the release of sums totalling £360,000 into the General Fund balances. It was also agreed that the £230,000 which related to Regeneration be used to offset the projected departmental overspend.
- 4.9. Within Adult Social Services the pressures of increasing demand for care services that resulted in an overspend in 2007/08 remain. In terms of savings there are issues around the achievement of the total required this year. The present projections continue to indicate a £3.5 million overspend. The Director presented a detailed report to Cabinet on 4 September including the actions

being taken to mitigate the projected overspend. Cabinet noted this and regular updates on progress are being presented to Cabinet.

- 4.10.. The Director of Children and Young People has taken action to offset the pressures within the areas of Special Education Needs (SEN), care services and the delivery of employee related savings targets. The maximisation of grant opportunities has seen the projection from £3 million be eliminated.
- 4.11. Within Regeneration income and energy costs are projected to be at variance with the budget and efforts are being made to contain spend within the budget allocated. However, the options proposed to deliver the Service Re-engineering savings targets brought forward from 2007/08 are now incorporated within the Strategic Asset Review meaning an overspend of £0.8 million is likely. This has partially been offset by the release of reserves and provisions identified in 4.8.
- 4.12. The technical services budget is reliant upon income from car parking and planning and, as in previous years, the Director is highlighting shortfalls in these areas which will be difficult to accommodate from within the departmental budget. Whilst actions to address these by a series of budget virements were agreed by Cabinet pressures remain and with winter maintenance costs there is a projected £0.5 million overspend.
- 4.13. Treasury Management includes the management of cash flow and the need to borrow to fund investment has been re-engineered reducing the requirement for temporary borrowing. The savings achieved in 2007/08 continue and will deliver £0.5 million in 2008/09. With further benefits being a reduced need to borrow to fund the capital programme delivering £0.6 million savings and the opportunity to access the increased rates offered by the banking sector taken earlier this year the additional income realised is in the order of £1.1 million. Given the unpredictability in the financial sector any surplus resources are now being invested in lower risk / lower return investments.

## 5. CAPITAL MONITORING

- 5.1. The capital programme 2008/11 was approved by Council on 17 December 2007 and confirmed as part of the budget by Council on 3 March 2008. The 2009/12 programme was approved by Council on 15 December 2008. Monitoring compares the original programme with the latest forecast and incorporates changes, including slippage, agreed by Cabinet.

Spend	Original	Forecast	Forecast
	Approval	September	December
	£000	£000	£000
Adult Social Services	2,952	3,815	3,128
Children & Young People	32,221	26,426	25,455
Corporate Services	410	1,160	1,160
Law, HR and Asset Mgt	1,860	2,111	2,111
Regeneration	29,079	36,876	37,276
Technical Services	11,318	12,589	10,433
<b>Total programme</b>	<b>77,840</b>	<b>82,977</b>	<b>79,563</b>

- 5.2. The resources table similarly compares the developing programme and reflects the agreed changes. The generation of capital receipts through the sale of assets is used to fund the programme and at this stage £4 million is included for

use in 2008/09. Income from sales, whilst uncertain in the exact timing of receipt, offers flexibility in the timing of its use and can be used to either balance the current programme or to address future budgetary issues.

<b>Spend</b>	<b>Original Approval</b>	<b>Forecast September</b>	<b>Forecast December</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Borrowing	31,092	31,073	27,816
Grant – HMRI	9,800	8,900	8,900
Grant – Education	20,899	17,100	16,359
Grant – Other	11,636	21,487	22,025
Revenue	413	417	463
Capital Receipts	4,000	4,000	4,000
<b>Total resources</b>	<b>77,840</b>	<b>82,977</b>	<b>79,563</b>

- 5.3. The main reasons for the changes between the forecasts for September and December relate to the cancelling of the Poulton House project and the reduced capitalisation of highways maintenance which were agreed at Cabinet on 16 October 2008.
- 5.4. The Director of Adult Social Services has commenced the consultation on a review of intermediate care that will also impact upon the decisions regarding adult accommodation provision. This resulted in the Cabinet agreeing to the scheme for Poulton House being deleted from the programme. Other schemes are therefore subject to review pending the outcome of the consultation.
- 5.5. Within Children and Young People the Building Schools for the Future (BSF) - One Pathfinder project continues to progress in accordance with the timescales agreed with the Department for Children, Schools and Families. A start on site is expected early in 2009. Under the national scheme to develop Children's Centres Phase 1 and Phase 2 has now seen all 19 centres opened.
- 5.6. Under Regeneration the Oval Sports Centre successfully re-opened after a substantial programme of works and the redevelopment of New Brighton is progressing well. This includes the creation of the new Floral Pavilion which was officially opened in December.
- 5.7. The Special Initiatives element of the programme includes schemes and related funding in respect of Objective One (£5.5 million) and the Single Regeneration Budget (£4.5 million). The schemes contribute towards the conclusion of the Merseyside-wide programme which will be further refined as it is not due to complete until 2010.
- 5.8. The Housing Market Renewal Initiative (NewHeartlands) continues to progress although the impact of the worldwide and national financial situation is affecting developers. The size and nature of the programme requires both the programme and the funding to be more flexible with the re-phasing of expenditure and resources kept under review to maintain progress.
- 5.9. The Technical Services programme and financing reflect the decision of Cabinet agreeing to the reduction in the amount of works that could be capitalised in 2008/09.



## 6. RISK MONITORING

- 6.1. The revised Corporate Risk Register was agreed by Cabinet on 13 March 2008 and is the baseline document which is reviewed quarterly. The register was further reviewed by Cabinet on 10 December 2008 and is to be refined as Departmental Service plans for 2009/10 are produced.
- 6.2. For most of the risks the planned improvements in control actions have been implemented along with further identified actions to ensure that the risks are being controlled. Examples of positive developments include:-

<b>Risk No.</b>	<b>Description</b>	<b>Positive Developments in Control Actions</b>
1.	Death or serious injury to a service user, staff member, or anyone to whom the Council owes a duty of care.	3 IOSH Managing Safely Courses covering 35 managers now delivered. In October the Corporate Health & Safety Committee ratified 6 revised health & safety arrangements.
2.	Failure to prepare adequately for/manage the impact of a pandemic.	Critical employees from Adult Social Services, Children & Young People and Cemeteries & Crematoria identified as priorities for anti-viral drugs.
4.	Changing need and demand for services (driven by legislative, social and demographic change) is not managed effectively	In connection with the Equalities Policy & Standard a Single Equality Scheme produced and is subject to consultation.
9.	Partnerships are not well planned and we do not work effectively with others	As part of its preparation for CAA the Partnership took part in a self-evaluation toolkit pilot and lessons learnt are now being fed into CAA planning.
11.	Failure to effect a workforce development plan to ensure that we have a workforce in place which meets the planned changing needs of the Council, including effective succession planning	An external provider has been selected to develop an online application tool attached to a number of national electronic recruitment portals. Workforce planning has been incorporated into departmental services plans for 2009/10.
12.	We do not fully exploit all available resources, including technology.	Cabinet was provided with an update report on delivery of the Change Programme on 10 December 2008.
14.	Failure to plan and manage performance (CAA) and finances in accordance with plans and budgets	A report detailing the Audit Commission's project brief for the CAA Use of Resources Assessment 2009 to Audit & Risk Management Committee on 26 January.
17.	Failure in safeguarding arrangements (adult or child)	With the exception of the development of formal links and training to the Wirral Multicultural Centre staff actions planned by Adult Social Services implemented.
22.	Adverse effect on Council budgets of rising energy prices.	Developments in the Strategic Asset Review have been reported to Cabinet in December and January.
24.	Impact of volatility and downturn in the economy	Treasury management policies have continued to be reviewed as have

<b>Risk No.</b>	<b>Description</b>	<b>Positive Developments in Control Actions</b>
		enhancements to the monitoring of key budget areas.
29.	Serious failure in information governance.	Revised ICT Security Policy reported to Cabinet on 10 December 2008 and communicated to staff in January 2009.

6.3. Those areas where progress in implementing controls has not proceeded to timetable or where information is not available are:

<b>Risk No.</b>	<b>Description</b>	<b>Areas where Control Actions have yet to be progressed</b>
3.	Key Council services are not resilient to disruption and business continuity arrangements are inadequate.	The date for finalising all business continuity plans has been revised to January 2009 as some departments have yet to supply their plans to the Health, Safety & Resilience Operations team.
6.	Community expectations are not properly understood or managed well.	The programme for the sustainability appraisal of the LAA remains slightly behind schedule.
15.	Failure to execute the Council's Investment Strategy (or failure of the Strategy to deliver).	After a slight delay the Corporate Investment Group is being established.
19.	Failure to progress the regeneration of economically disadvantaged areas	After a slight delay the Corporate Investment Group is being established.

6.4. A further issue proposed was considered to be of corporate significance and will be added to the Register.

- Failure to deliver the Change Programme.

6.5. All risks previously on the register were still considered to present a sufficiently large corporate threat and none have been removed. The recent high profile cases in respect of child care services have enhanced the existing corporate risk relating to safeguarding arrangements. The management of this area continues with increasing monitoring and, if appropriate, a report on any further planned actions will be taken to Cabinet.

## **7. REPORTING OF 2008/09 FULL YEAR PERFORMANCE AND FINANCIAL INFORMATION**

7.1 It has not been possible to present this quarter three report earlier given that the Cabinet meeting of 23<sup>rd</sup> February was reserved by members for budget discussions.

7.2 The timeliness of future reports continues to be problematic due to the timing of Cabinet meetings. The full year report will be the next performance and financial report that Cabinet will receive and will include performance and financial information for 2008/09. The table below sets out the future Cabinet meeting dates and explanations for potential timelag in reporting the full year position:

<b>Year end date</b>	<b>Cabinet Meeting</b>	<b>Explanation</b>
Tuesday 31 <sup>st</sup> March 2009	9 <sup>th</sup> April 2009	The server deadline for this report is the 23 <sup>rd</sup> March which is earlier than the year end date.
	23 <sup>rd</sup> April 2009	The server deadline for this report is the 30 <sup>th</sup> March which is earlier than the year end date.
	12 <sup>th</sup> May 2009  (provisional subject to approval by Cabinet 19.03.09)	This Cabinet meeting has been identified for the selection meeting. Should Cabinet agree that the performance and financial information can be reported to this meeting, it should be noted that departments have indicated that some performance information will not be available for this report due to the validation process. For example social care data within the Children and Young People's Department will still be subject to validation.

7.3 Given the issues set out above the earliest opportunity to present full performance and financial information for 2008/09 would be the Cabinet meeting which is provisionally scheduled for 3<sup>rd</sup> June 2009.

7.4 Should members agree to receive the report at the 3<sup>rd</sup> June Cabinet meeting then officers will make the information within this report available on the virtual committee and Chief Officers will brief Executive Members at the earliest opportunity after the year end. This issue has been discussed with the Audit Commission who consider it to be a reasonable approach.

## **8. OTHER IMPLICATIONS**

8.1. There are no equal opportunities, human rights, community safety, local member support, local agenda 21 or planning implications arising directly from this report.

## **9. BACKGROUND PAPERS**

9.1 Wirral Corporate Plan 2008/11.

9.2 This report and the following supporting appendices have been placed in the Virtual Committee:-

Appendix A – Performance Monitoring Summary.

Appendix B – Financial Monitoring Summary.

Appendix C – Capital Monitoring Summary.

Appendix D – Corporate Risk Monitoring Summary.

## **10. RECOMMENDATIONS**

- 10.1. That Cabinet review the performance to date as detailed in this report and identify any areas for further action.
- 10.2. That full year performance and financial information is presented to Cabinet in June. The Cabinet meeting prior to the 3<sup>rd</sup> June is the Cabinet selection meeting (13<sup>th</sup> May). Should Cabinet request to receive the performance and financial information at the selection meeting it is important to note that the performance and financial information in some cases will be provisional and unvalidated.
- 10.3. Should Cabinet approve that the report is taken to the 3<sup>rd</sup> June Cabinet as recommended in 10.2; then the full performance and financial information will be made available on the virtual committee and Chief Officers will brief the relevant Executive Members at the earliest opportunity after the year end.

STEPHEN MADDOX  
CHIEF EXECUTIVE

## **WIRRAL COUNCIL**

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

**31 MARCH 2009**

### **REPORT OF THE DIRECTOR OF FINANCE**

#### **INTERNAL AUDIT ANNUAL PLAN 2009-2010**

##### **1. EXECUTIVE SUMMARY**

- 1.1. The Internal Audit Section of the Finance Department plans and completes audits to review all relevant areas of risk.
- 1.2. An Internal Audit Plan is produced annually by the Chief Internal Auditor following consultation with the Chief Executive and Chief Officers of the Council
- 1.3. This report presents the Internal Audit Plan for 2009-2010 for approval.

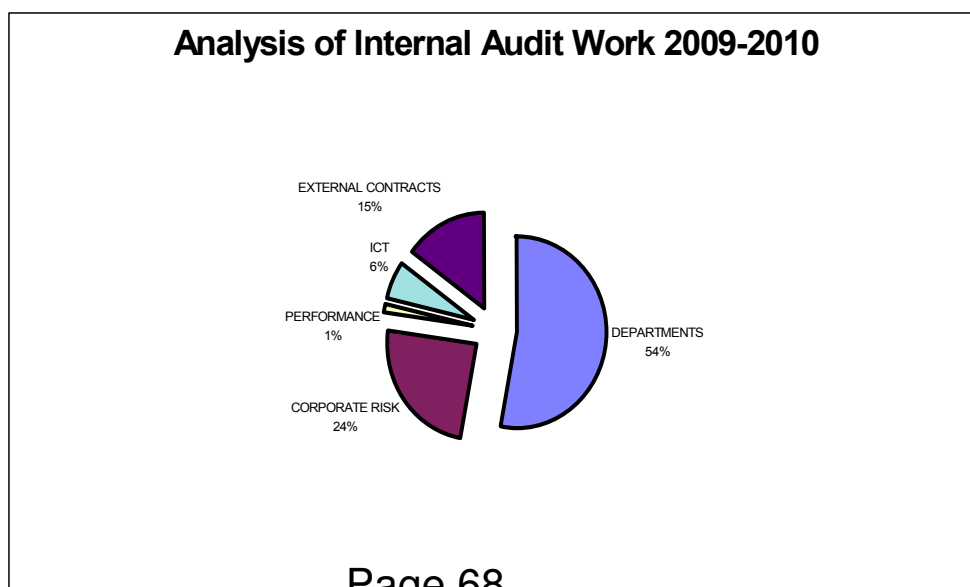
##### **2. BACKGROUND**

- 2.1. The Accounts and Audit Regulations 2003 require that a local authority "shall maintain an adequate and effective system of internal audit."
- 2.2. To fulfil the statutory requirements, the Internal Audit Section reviews management, governance and service delivery arrangements within the Council as well as financial control systems. Work is selected for review on the basis of risks as assessed by Chief Officers, Managers and Internal Audit.
- 2.3. The Audit Commission as part of the managed audit approach periodically reviews the operation of Internal Audit and agrees the content and coverage of the Annual Internal Audit Plan.

##### **3. INTERNAL AUDIT ANNUAL PLAN 2009-2010**

- 3.1. The Internal Audit Annual Plan has been prepared using a "risk based" method, which is recognised best practice within the profession and recommended by the Audit Commission. To ensure that all risks have been considered the plan has been compiled after taking the following into consideration:
  - Risks of known systems
  - The Corporate/Departmental Risk Registers
  - Departmental Plans
  - Views of the Chief Executive, Chief Officers and Members
  - Independent review of Committee reports,
  - Views of the internal and external auditors

- 3.2. The International Standards on Auditing (UK and Ireland) indicate that an annual audit should be undertaken on the main financial systems. Following discussion with the Audit Commission the main financial systems have been subjected to a separate risk assessment.
- 3.3. The actual resource allocated to each individual area of the Audit Plan is calculated according to the actual risk of objectives not being achieved in those areas and follows a very complex risk scoring exercise that takes account of a variety of different factors during the process including the value, volume, complexity and sensitivity of different systems identified. Resource, in terms of the number of hours assigned to each plan heading, is allocated in direct proportion to the risk score calculated for each one. This process is based upon a CIPFA model and is regarded as current best professional practice and approved by the Audit Commission.
- 3.4. Audit work is conducted in accordance with professional standards set by the Audit Practices Board, CIPFA and the Institute of Internal Auditors.
- 3.5. The Audit Plan is a 'working' document and given the nature of the audit service and the constantly changing environment within which it operates is required to be both flexible and dynamic. This ensures that service delivery is constantly being reviewed to ensure that best professional practice is complied with at all times.
- 3.6. To ensure internal audit work remains focused on the risks facing the Council the areas will be re-assessed mid-year to determine their continued appropriateness in the light of any emerging risks and any significant additions to the corporate risk register that have not previously been considered.
- 3.7. Completion of the Audit Plan is subject to adequate and appropriate resources being available throughout the year and the ability to fill vacancies with appropriately qualified and experienced staff.
- 3.8. The plan coverage for 2009-2010 is illustrated below:



3.9. The areas identified as high-risk for 2009-2010 are:

3.9.1 Main Financial Systems.

The International Standards on Auditing (UK and Ireland) indicate that the main financial systems should be audited in depth each year. If the Audit Commission cannot rely on work undertaken they will have to programme work into their schedule and charge Wirral for any extra cost.

3.9.2 Corporate Risk.

Management systems, processes and initiatives identified by Chief Officers for an independent review have been included in the Audit Plan this year. Examples of areas identified as high risk are as follows:

- Corporate Governance
- Financial Management Standard In Schools – Primary Schools
- Risk Management
- Anti-Fraud
- Local Area Agreement
- Change Programme

3.9.3 Performance Management.

Chief Officers are keen to have an audit input as the arrangements to comply with the requirements of the Comprehensive Area Assessment regime are very challenging and high profile. The focus of the audit work this year will be to allow more value to be added to management systems through an ongoing process of review and active dialogue with clients regarding the efficiency and effectiveness of systems.

3.9.4 Housing Benefits.

The Benefit Fraud Inspectorate and the Audit Commission specifically recommend certain levels of audit resource that should be devoted to Housing Benefit. The nature of the service is such that it constitutes a high risk to the Authority.

3.9.5 Schools.

Increased resource has been allocated to these audits as the requirement under the Education Act 2002 for schools to achieve a Financial Management Standard (FMSIS) has been extended to Primary and Special Schools. The Local Authority through audit inspections is required to seek assurance that all schools comply with this standard by March 2010.

3.9.6 ICT Control and Management

The key areas for audit during 2009-2010 are:

- Corporate ICT systems – Backup/Recovery
- Corporate Network Access
- Corporate Data
- SWIFT

#### **4. FINANCIAL AND STAFFING IMPLICATIONS**

- 4.1. There are no immediate additional financial and staffing implications arising directly from this report.

#### **5. LOCAL MEMBER SUPPORT IMPLICATIONS**

- 5.1. There are no local Member support implications arising directly from this report.

#### **6. LOCAL AGENDA 21 STATEMENT**

- 6.1. There are no Local Agenda 21 implications arising directly from this report.

#### **7. PLANNING IMPLICATIONS**

- 7.1. There are no planning implications arising directly from this report.

#### **8. EQUAL OPPORTUNITY IMPLICATIONS**

- 8.1. There are no equal opportunity implications arising directly from this report.

#### **9. COMMUNITY SAFETY IMPLICATIONS**

- 9.1. There are no community safety implications arising directly from this report.

#### **10. HUMAN RIGHTS IMPLICATIONS**

- 10.1. There are no human rights implications arising directly from this report.

#### **11. BACKGROUND PAPERS**

- 11.1. Code of Practice for Internal Audit in Local Government: CIPFA.

#### **12. RECOMMENDATION**

- 12.1. That the Internal Audit Plan for 2009-2010 be approved.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/64/09



## Internal Audit Plan Summary 2009-2010

		Audits	Estimate Hours	
<b>1.</b>	<b>CORPORATE RISK</b>			6,767
1.a.	Corporate Governance/AGS	9	1,534	
1.b.	Risk Management	2	229	
1.c.	Anti Fraud	58	2,819	
1.d.	Works Contracts	68	2,185	
<b>2.</b>	<b>PERFORMANCE</b>			808
2.a.	Performance Management	4	419	
2.b.	Local Area Agreement	4	389	
<b>3.</b>	<b>DEPARTMENT SYSTEMS</b>			18,224
3.a.	Adult Social Services	22	1,781	
3.b.	Children and Young Peoples Services	71	3,311	
3.c.	Corporate Services	6	649	
3.d.	Finance	79	5,883	
3.e.	Law, HR & Asset Management	43	2,680	
3.f.	Regeneration	55	2,845	
3.g.	Technical Services	20	1,075	
<b>4.</b>	<b>I.C.T.</b>	36		3,658
<b>5.</b>	<b>EXTERNAL CONTRACTS</b>	84		2,461
<b>6.</b>	<b>DEVELOPMENT/TRAINING</b>			2,737
	<b><u>TOTAL AUDITS PLANNED</u></b>	561		
	<b><u>TOTAL CHARGEABLE HOURS</u></b>			34,655

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## WIRRAL COUNCIL

### AUDIT AND RISK MANAGEMENT COMMITTEE

31 MARCH 2009

### REPORT OF THE DIRECTOR OF FINANCE

### REVIEW OF THE SYSTEM OF INTERNAL AUDIT

#### 1. EXECUTIVE SUMMARY

- 1.1. The Accounts and Audit Regulations 2006 specify that there should be a review of “the System of Internal Audit” conducted annually, and its results reviewed by a committee, as part of the Statement on Internal Control (SIC).
- 1.2. The review of the system is more than a review of the Internal Audit Service.
- 1.3. A review of the system of internal audit has been conducted on the basis of a self-assessment of compliance with the CIPFA Code of Practice for Internal Audit in Local Government, a Customer Satisfaction Survey, in accordance with the current advice available, the results of work undertaken to prepare the Annual Governance Statement and the findings of Audit Commission reviews, including the triennial review of the Internal Audit Service.
- 1.4. The conclusion is that the ‘system of internal audit’ is performing effectively and that the Internal Audit Service is making a good contribution to the control environment of the Council.

#### 2. BACKGROUND

- 2.1. The Department for Communities and Local Government (DCLG) issued amended regulations in 2006, to the 2003 Accounts and Audit Regulations – ‘The Accounts and Audit (Amendment) (England) Regulations 2006.
- 2.2. Two of the amended regulations impact on the process for preparing the Statement of Internal Control (SIC) which is now subsumed within the Annual Governance Statement (AGS). These are:-
  - a. Regulation 4 requires that the findings of the review of the system of internal control be considered by a committee of the relevant body (i.e. the Council), or by members of the body meeting as a whole.
  - b. Regulation 6 requires bodies to review their “System of Internal Audit” once a year, and for the findings of the review to be considered by a committee of the body, or by the body as a whole, as part of the consideration of the system of internal control referred to in Regulation 4.

These amendments came into force on 1 April 2006.

- 2.3. Guidance issued by the Department for Communities and Local Government, to assist organisations in implementing the 2006 amendments, provides little explanation of a procedure to review the effectiveness of the “System of Internal Audit” other than “...an Audit Committee would provide an appropriate means through which to carry out the review of internal audit as it has a role in monitoring internal audit but is independent from it.”
- 2.4. The absence of prescription in both the Regulations and the Guidance Circular, means that organisations have to find their own solutions to meet the requirements of the Regulations. Consequently, guidance and advice has been obtained from CIPFA and the issue discussed with internal auditors from other authorities.
- 2.5. Advice from CIPFA includes the assertion that the major consideration is to understand what comprises the “System of Internal Audit”. It can be considered to include:
- a. Internal Audit – the annual plan and work of the Internal Audit Service.
- but also
- b. management processes of checking, reconciliation, supervision and controls.
  - c. corporate control functions – legal, financial, health & safety and human resources.
  - d. the role and effectiveness of the Audit Committee.
- 2.6. CIPFA suggests that the Audit Committee reviews information on the effectiveness of the areas shown above, as performed by self-assessment, “customer” feedback and from any existing external performance or assurance reviews, internal or external peer reviews and external third party reviews and inspections.
- 2.7. The CIPFA advice states that:
- a. the review of the ‘System of Internal Audit’ is related to more than just the Internal Audit Service. Good internal audit is an integral part of the organisation, and will interact throughout the risk management, governance and supervision structure. A measure of the effectiveness of the ‘system’ would encompass a consideration of both the effectiveness of these relationships and the wider effectiveness of the organisation.
  - b. self-assessment alone, is probably not enough. It is considered a “good starting point” and a valuable source of evidence, but reviews based solely upon self-assessment, are unlikely to be adequate in the long-term. Similarly, simply placing reliance solely upon external audit reviews is likely to be limited in its perspective.

### 3. CONCLUSIONS

3.1. As this is still a relatively new requirement and there is still no established good practice, prescribed action or even recommendations, the following option which follows the CIPFA Audit Panel guidance and was accepted by the Audit Commission for 2007/08 has been adopted. This has involved:

- a. Self-assessment based on reviewing adherence to the CIPFA Code of Practice for Internal Audit in Local Government.
  - i. The Code specifies standards on:
    - the scope of the internal audit service
    - independence
    - ethics for internal auditors
    - audit committees
    - relationships
    - staffing, training and continuing professional development
    - audit strategy and planning
    - undertaking audit work
    - due professional care
    - reporting
    - performance, quality and effectiveness
  - ii. Compliance with the CIPFA Code of Practice for Internal Audit in Local Government was re-assessed in 2008/09 and full compliance confirmed (Appendix 1).
- b. “Customer” feedback has been addressed by submitting questionnaires to Clients, Chief Officers and Heads of Service to seek their views on the Internal Audit Service, under several topic headings. This will be further developed in the future in line with developing best practice.
- c. The triennial review of Internal Audit by the Audit Commission completed in 2007 has been considered. The opinion on the Section is that it is “effective” and “provides a good contribution” to the Council. The Audit Commission is currently undertaking a triennial review of the Internal Audit Service and the findings and opinion are expected later this year.

An action plan developed to address the twelve recommendations identified in the report has been fully implemented and a report relating to this was presented to this Committee on 7 April 2008.
- d. The findings of extensive work undertaken annually by the Internal Audit Service to compile the Annual Governance Statement, evaluating the effectiveness of governance arrangements in operation throughout all areas of the Council including the management processes and corporate control functions identified in 2.5.b and c.

- 3.2. CIPFA in its publication 'A Toolkit for Local Authority Audit Committees' recommends the use of a self assessment checklist to evaluate the role and effectiveness of the Audit Committee as identified in 2.5.d (see Appendix 2).

**4. FINANCIAL AND STAFFING IMPLICATIONS**

- 4.1. There are none arising from this report.

**5. EQUAL OPPORTUNITY IMPLICATIONS**

- 5.1. There are none arising from this report.

**6. LOCAL AGENDA 21 IMPLICATIONS**

- 6.1. There are none arising from this report.

**7. PLANNING IMPLICATIONS**

- 7.1. There are none arising from this report.

**8. COMMUNITY SAFETY IMPLICATIONS**

- 8.1. There are none arising from this report.

**9. HUMAN RIGHTS IMPLICATIONS**

- 9.1. There are none arising from this report.

**10. LOCAL MEMBER SUPPORT IMPLICATIONS**

- 10.1. There are none arising from this report.

**11. BACKGROUND PAPERS**

- 11.1. Accounts and Audit Regulations 2006 – DCLG.  
11.2. CIPFA Code of Practice for Internal Audit in Local Government 2007.  
11.3. CIPFA Toolkit for Local Authority Audit Committees 2006.  
11.4. Review of Internal Audit Service – Audit Commission – May 2007.

**12. RECOMMENDATION**

- 12.1. That the report be noted.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/66/09

## INTERNAL AUDIT REVIEW - CODE OF PRACTICE ASSESSMENT

SCORING KEY: Y = YES, P = PARTIAL, N = NO.

Ref	Adherence to the Standard	Y	P	N	N/A	Evidence/Comments	Action Required
1	<b>Scope of Internal Audit</b>						
1.1	Terms of Reference	1				IA Terms of Reference updated 2009	
1.1.1	Do terms of reference:						
	(a) establish the responsibilities and objectives of Internal Audit?	1					
	(b) establish the organisational independence of Internal Audit?	1					
	(c) establish the accountability, reporting lines and relationships between the Head of Internal Audit and:	1					
	[i] those charged with governance?	1					
	[ij] those parties to whom the Head of Internal Audit may report?	1					
	(d) recognise that Internal Audit's remit extends to the entire control environment of the organisation?	1					
	(e) identify Internal Audit's contribution to the review of the effectiveness of the control environment?	1					
	(f) require and enable the Head of Internal Audit to deliver an annual audit opinion?	1					
	(g) define the role of Internal Audit in any fraud-related or consultancy work [see also 1.3.2]?	1					
	(h) explain how Internal Audit's resource requirements will be assessed?	1					
	(i) establish Internal Audit's right of access to all records, assets, personnel and premises, including those of partner organisations, and its authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities?	1					

1.1.2	Does the Head of Internal Audit advise the organisation on the content and the need for subsequent review of the terms of reference?	1				
1.1.3	Have the terms of reference been formally approved by the organisations?	1			ARM Committee	
1.1.4	Are terms of reference regularly reviewed?	1			Annual Update	
<b>1.2</b>	<b>Scope of Work</b>					
1.2.1	Are the organisation's assurance, risk management arrangements and monitoring mechanisms taken into account when determining Internal Audit's work and where effort should be concentrated?	1			Managers SIC / AGS assurance statements / Risk Register / RM reviews / Systems / CO's / CEO / Members	
1.2.3	Where services are provided in partnership has the Head of Internal Audit identified:			1	Services not provided in partnership	
	(a) how assurance will be sought?					
	(b) agreed access rights where appropriate?					
<b>1.3</b>	<b>Other Work</b>					
	Where Internal Audit undertakes consultancy and/or fraud and corruption work, does it have the:					
1.3.1	[a] skills, and	1				
	[b] resources to do this?	1				
	Do the terms of reference define Internal Audit's role in:				TOR / IA Manual / Constitution	
1.3.2	[a] fraud and corruption?	1				
	[b] consultancy work?	1				





2.4.1	Does the planning process recognise and tackle potential conflicts of interest where contractors also provide non-internal audit services?				1	No employment of external contractors in this field	
<b>2.5</b>	<b>Declaration of Interest</b>						
2.5.1	Do audit staff make formal declarations of interest?	1				Annual Conflict of Interest declarations	
2.5.2	Does the planning process take account of the declarations of interest registered by staff?	1				Audit annual planning process (LTR)	
<b>3</b>	<b>Ethics for Internal Auditors</b>						
<b>3.1</b>	<b>Purpose</b>						
3.1.1	Does the Head of Internal Audit regularly remind staff of their ethical responsibilities?	1				Team Briefs/ IA Manual / KIE	
<b>3.2</b>	<b>Integrity</b>						
3.2.1	Has the internal audit team established an environment of trust and confidence?	1				Constitution / IA Manual / Structure	
3.2.2	Do internal auditors demonstrate integrity in all aspects of their work?	1				CIPFA/IIA Standards and incl in IA Manual	
<b>3.3</b>	<b>Objectivity</b>						
3.3.2	Are internal auditors perceived as being objective and free from conflicts of interest?	1				Structure/Constitution/Aud Commission	
3.3.3	Is a time period set by the Head of Internal Audit for staff where they do not undertake an audit in an area where they have had previous operational roles?	1				Internal Audit Manual (12 mths)	
3.3.4	Are staff rotated on regular/annually audited areas?	1				Annually	
<b>3.4</b>	<b>Competence</b>						
	Does the Head of Internal Audit ensure that staff have sufficient knowledge of:					Regular training sessions, seminars etc and KIE	
	[a] the organisation's aims, objectives, risks and governance arrangements?	1				Induction /Professional Publications Internet & Intranet	
3.4.1	[b] the purpose, risks and issues of the service area?	1				As above	
	[c] the scope of each audit assignment?	1				Assignment sheets	
	[d] relevant legislation and other regulatory arrangements that relate to the audit?	1				Seminars, conferences, training, publications etc	
<b>3.5</b>	<b>Confidentiality</b>						
3.5.1	Do internal audit staff understand their obligations in respect to confidentiality?	1				Audit Manual, training, KIE, Team Briefings etc	
<b>4</b>	<b>Audit Committees</b>						
<b>4.1</b>	<b>Purpose of the Audit Committee</b>						

4.1.1	Does the organisation have an independent audit committee?	1				Audit and RM Comm	
<b>4.2</b>	<b>Internal Audit's Relationship with the Audit Committee</b>						
4.2.1	Is there an effective working relationship between the audit committee and Internal Audit?	1				Regular meetings, reports, corresp with Chair	
4.2.2	Does the committee approve the internal audit strategy and monitor progress?	1				Regular reports	
4.2.3	Does the committee approve the annual internal audit plan and monitor progress?	1				Annual Plan / Qtly reports	
	Does the Head of Internal Audit:						
	[a] attend the committee and contribute to it's agenda?	1					
	[b] participate in the committee's review of its own remit and effectiveness?	1				Annual Report to ARM 'Review of System of IA'	
	[c] ensure that the committee receives and understands documents that describe how Internal Audit will fulfil its objectives?	1				Regular reports on all relevant topics, Aud Plan, Annual Report, TOR etc	
4.2.4	[d] report on the outcomes of internal audit work to the committee?	1				Detailed list of all audits, more detail on corp/key audits	
	[e] establish if anything arising from the work of the committee requires consideration of changes to the audit plan, or vice versa?	1				Memb ers request audits, discussions at Comm lead to changes to dynamic Aud Plan	
	[f] present the annual internal audit report to the committee?	1					
4.2.5	Is there the opportunity for the Head of Internal Audit to meet privately with the audit committee?	1					
<b>5</b>	<b>Relationships</b>						
<b>5.1</b>	<b>Principles of Good Relationships</b>						
	Is there a protocol that defines the working relationship for Internal Audit with:					Ongoing	
	[a] management?	1					
5.1.2	[b] other internal auditors?	1				Merseyside CIA's Group - regular meetings	
	[c] external auditors?	1				Qtly Audit Commission meetings	
	[d] other regulators and inspectors?	1				Awaiting response from external reg/insp	Y - ongoing
	[e] elected members?	1					Y - ongoing
<b>5.2</b>	<b>Relationships with Management</b>						
5.2.1	Does the Head of Internal Audit seek to maintain effective relationships between internal auditors and managers?	1				Regular annual meetings with Co's, Qtly reports and attendance at DMT's, Cust Feedback forms.	

5.2.2	Is the timing of audit work planned in conjunction with management?	1				Peaks and troughs of clients workload, school hols etc	
<b>5.3</b>	<b>Relationships with Other Internal Auditors</b>						
5.3.1	Do arrangements exist with other internal auditors that include joint working, access to working papers, respective roles and confidentiality?	1				Merseyside Audit Group	
<b>5.4</b>	<b>Relationships with External Auditors</b>						
5.4.1	Is it possible for Internal Audit and External Audit to rely on each other's work?	1				Yes shared files, agreed w papers and jobs, also annual inspection and review of IA	
5.4.2	Are there regular meetings between the Head of Internal Audit and the External Audit Manager?	1				Qtly meetings	
5.4.3	Are the internal and external audit plans co-ordinated?	1				At above	
<b>5.5</b>	<b>Relationships with Other Regulators and Inspectors</b>						
5.5.1	Has the Head of Internal Audit sought to establish a dialogue with the regulatory and inspection agencies that interact with the organisation?	1				Ongoing	
<b>5.6</b>	<b>Relationships with Elected Members</b>						
5.6.1	Do terms of reference for Internal Audit define the channels of communication with members and describe how such relationships should operate?	1				TOR/IA Manual	
<b>6</b>	<b>Staffing, Training and Continuing Professional Development</b>						
<b>6.1</b>	<b>Staffing Internal Audit</b>						
6.1.1	Is Internal Audit appropriately staffed [numbers, grades, qualifications, personal attributes and experience] to achieve its objectives and comply with these standards?	1				Under constant review, reported to S151 Officer / ARM	Y - ongoing
6.1.2	Does the Head of Internal Audit have access to appropriate resources where the necessary skills and expertise are not available within the internal audit team?	1					
6.1.3	Is the Head of Internal Audit professionally qualified and experienced?	1				CIA - CIPFA, Dep CIA - IIA	
6.1.4	Does the Head of Internal Audit have wide experience of internal audit and management?	1					
	[a] Do all internal audit staff have up-to-date job descriptions?	1				Updated 2008	

6.1.5	[b] Are there person specifications that define the required qualifications, competencies, skills, experience and personal attributes for internal audit staff?	1					Employee Specs and Competencies	
<b>6.2</b>	<b>Training and Continuing Professional Development</b>							
	[a] Has the Head of Internal Audit defined the skills and competencies for each level of auditor?	1						
	[b] Are individual auditors periodically assessed against these predetermined skills and competencies?	1					KIE	
6.2.1	[c] Are training or development needs identified and included in an appropriate ongoing development programme?	1					KIE Action Plan	
	[d] Is the development programme recorded, regularly reviewed and monitored?	1					To a large degree, will strengthen	
6.2.2	Do individual auditors maintain a record of their professional Training and development activities?	1					Personal Training records maintained	
<b>7</b>	<b>Audit Strategy and Planning</b>							
<b>7.1</b>	<b>Audit Strategy</b>							
	[a] Is there an <i>internal audit</i> strategy for delivering the service?	1					Updated 2009 (Annually)	
7.1.1	[b] Is it kept up to date with the organisation and its changing priorities?	1						
	Does the strategy include:							
	[a] Internal Audit objectives and outcomes?	1						
	[b] how the Head of Internal Audit will form and evidence of his or her opinion on the control environment?	1						
7.1.2	[c] how Internal Audit's work will identify and address local and national issues and risks?	1						
	[d] how the service will be provided, ie internally, externally, or a mix of the two?	1						
	[e] the resources and skills required to deliver the strategy?	1						
7.1.3	Has the strategy been approved by the audit committee?	1						
<b>7.2</b>	<b>Audit Planning</b>							
7.2.1	Is there a risk-based plan that is informed by the organisation's risk management, performance management and other assurance processes?	1					LTR - risk based plan (CIPFA model), includes all identified and agreed with AC	

7.2.2	Where the risk management process is not fully developed or reliable, does the Head of Internal Audit undertake his or her own risk assessment process?	1					RM Strategy well developed	
7.2.3	Are stakeholders consulted on the audit plan?	1					CIA meets CO's and CEO regularly (Qtly), DMT Qtly visits regarding A Plan composition and delivery. Also Members feedback and requests from CEO and Dep	
7.2.4	Does the plan demonstrate a clear understanding of the organisation's functions?	1					All Council activities/functions covered, Audit Plan prepared on risk basis including all risks to organisation	
	Does the plan:							
	[a] cover a fixed period of no longer than one year?	1						
	[b] outline the assignments to be carried out?	1						
7.2.5	[c] prioritise assignments?	1						
	[d] estimate the resources required?	1						
	[e] differentiate between assurance and other work?	1						
	[f] allow a degree of flexibility?	1						
7.2.6	If there is an imbalance between the resources available and resources needed to deliver the plan, is the audit committee informed of proposed solutions?	1					No imbalance	
7.2.7	Has the plan been approved by the audit committee?	1					Annual (March)	
7.2.8	If significant matters arise that jeopardise the delivery of the plan, are these addressed and reported to the audit committee?	1					Qtly reports to ARM Comm include this data	
<b>8</b>	<b>Undertaking Audit Work</b>							
<b>8.1</b>	<b>Planning</b>							
	[a] Is a brief prepared for each audit?	1						
8.1.1	[b] Is the brief discussed and agreed with the relevant managers?	1					Audit Assignment Sheet	
	Does the brief set out:							
	[a] objectives?	1						
	[b] scope?	1						
	[c] timing?	1						
	[d] resources?	1						
	[e] reporting requirements?	1						
<b>8.2</b>	<b>Approach</b>							
8.2.1	Is a risk-based audit approach used?	1					Risk based A Plan dictates audits (Sys / CRSA)	

8.2.1	Does the audit approach shown when management should be informed of interim findings where key [serious] issues have arisen?	1				IA Manual	
8.2.2	Does the audit approach include a quality review process for each audit?	1				T/L's review process included in Audit Manual and CIA/Dep review all major and corp audits.	
<b>8.3</b>	<b>Recording Audit Assignments</b>						
8.3.1	Has the Head of Internal Audit defined a standard for audit documentation and working papers?	1				IA Manual - all staff have access via on-line link	
8.3.2	Do quality reviews ensure that the defined standard is followed consistently for all audit work? Are working papers such that an experienced auditor can easily:	1				See evaluation/quality sheets for each audit. Based on GIAM/CIPFA/IIA best practice.	
8.3.3	[a] identify the work that has been performed? [b] re-perform it if necessary? [c] see how the work supports the conclusions reached?	1 1 1					
8.3.4	Is there a defined policy for the retention of all audit documentation, both paper and electronic?	1				Included in Corporate Retention Policy and IA Manual	
8.3.5	Do all retention and access policies conform to appropriate legislation, ie Data Protection Act, Freedom of Information Act, etc and any organisational requirements?	1					
8.3.6	Is there an access policy for audit files and records?	1				IA Manual	
<b>9</b>	<b>Due Professional Care</b>						
<b>9.1</b>	<b>Responsibilities of the Individual Auditor</b>						
	Are there documents that set out the requirements on all audit staff in terms of:						
	[a] being fair and not allowing prejudice or bias to override objectivity? [b] declaring interests that could be perceived to be conflicting or could potentially lead to conflict? [c] receiving and giving gifts and hospitality from employees, clients, suppliers or third parties? [d] using all reasonable care in obtaining sufficient, relevant, and reliable evidence on which to base conclusions?	1 1 1 1				IA Manual Officers Code of Conduct Gifts and Hosp Policy	
9.1.2	[e] being alert to the possibility of intentional wrongdoing, errors or omissions, poor value for money, failure to comply with management policy or conflict of interest?	1				IA Manual	

	[f] having sufficient knowledge to identify indicators that fraud or corruption may have been committed?	1				IA Manual	
	[g] disclosing all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice?	1				As above	
	[h] disclosing any non-compliance with these standards?	1				As above	
	[i] not using information they gain in the course of their duties for personal use?	1				As above	
<b>9.3</b>	<b>Responsibilities of the Head of Internal Audit</b>						
9.3.1	Has the Head of Internal Audit established a monitoring and review programme to ensure that due professional care is achieved and maintained?	1				T/L's review process - see evaluation record for each audit.	
9.3.2	Are there systems in place for individual auditors to disclose any suspicions of fraud, corruption or improper conduct?	1				IA Manual and Whistleblowing Policy	
<b>10</b>	<b>Reporting</b>						
<b>10.1</b>	<b>Principles of Reporting</b>						
10.1.1	Is an opinion on the control environment and risk exposure given in each audit report?	1				Standard Section 'Opinion' (4 categories) / IA Manual	
10.1.2	Has the Head of Internal Audit determined the way in which internal audit will report?	1				Through discussion with client, pre-formatted	
10.1.3	Has the Head of Internal Audit set out the standards for internal audit reporting?	1				As above	
10.1.4	Are there laid-down timescales for reports to be issued?	1				Performance target (14 days)	
<b>10.2</b>	<b>Reporting on Audit Work</b>						
	Do the reporting standards include:					IA manual	
	[a] format of the reports?	1				Ditto	
	[b] quality assurance of reports?	1				Ditto	
	[c] the need to state the scope and purpose of the audit?	1				Ditto	
10.2.1	[d] the requirement to give an opinion?	1				Ditto	
	[e] process for agreeing reports with the recipient?	1				Ditto	
	[f] an action plan or record of points arising from the audit and, where appropriate, of agreements reached with management together with appropriate timescales?	1				Ditto	
10.2.2	Does the audit reporting process include discussion and agreement of reports?	1				Ditto	



10.2.3	Has the Head of Internal Audit determined a process for prioritising recommendations according to risk?	1				H, M, L - see IA Manual	
10.2.5	Are areas of disagreement recorded appropriately?	1				Action Plan and standard working papers form for recording comments (Aud A) procedures in IA Manual	
10.2.5	Are those weaknesses giving rise to significant risks that are not agreed drawn to the attention to senior management?	1				Report to CO's and Members.	
10.2.7	Is the circulation of each audit report determined when preparing the audit brief?	1				Agreed with client.	
10.2.8	[a] Does the reporting process include details of circulation of that particular audit report? [b] Is this included in the brief for each individual audit?	1					
	Does the Head of Internal Audit have mechanisms in place to ensure that:						
10.2.9	[a] recommendations that have a wider impact are reported to the appropriate forums? [b] risk registers are updated?	1				Corporate Gov Monitoring Group / Corporate Improvement Group / Chief Officers Corporate Improvement Group	
<b>10.3</b>	<b>Follow-up Audits and Reporting</b>						
10.3.1	Has the Head of Internal Audit defined the need for and the form of any follow-up action?	1				All follow-up audits within 6mths, standard format report, now a performance indicator	
10.3.2	Has the Head of Internal Audit established appropriate escalation procedures of internal audit recommendations not implemented by the agreed date?	1				We have procedures in place including reporting to CO's and Members.	
10.3.3	Where appropriate, is a revised opinion given following a follow-up audit and reported to management?	1				IA Manual documents process	
10.3.4	Are the findings of audits and follow-ups used to inform the planning of future audit work?	1				Audit Planning Process (LTR)	
<b>10.4</b>	<b>Annual Reporting and Presentation of Audit Opinion</b>						
10.4.1	Does the Head of Internal Audit provide an annual report to support the Statement on Internal Control?	1				Yes to Audit and RM Committee	
	Does the Head of Internal Audit's annual report:						
	[a] include an opinion on the overall adequacy and effectiveness of the organisation's control environment?	1				Overall and by Plan Heading and Dept	
	[b] disclose any qualifications to that opinion, together with the reasons for the qualification?	1					





	[e] adding value and assisting the organisation in achieving its objectives?	1							
11.3.5	Does the Head of Internal Audit report on the results of the performance management and quality assurance programme in the annual audit report?	1							<i>Annual Report and Committee Report (A&amp;RM)</i>
11.3.6	Does the Head of Internal Audit provide evidence from his or her review of the performance and quality of the internal audit service to the organisation for consideration as part of the annual review of the effectiveness of the system of internal audit?	1							<i>Annual IA Report and Comm report</i>
	total	186	3	0	3	97%	2%	0%	2%
	% compliance								
									192

## Section 2 – Audit Committee

### self-assessment checklist

<b>ESTABLISHMENT OPERATION AND DUTIES</b>					
<b>Role and Remit</b>					
<b>Priority</b>	<b>Issue</b>	<b>Yes</b>	<b>No</b>	<b>N/a</b>	<b>Comments/action</b>
1	Does the audit committee have written terms of reference?				
1	Do the terms of reference cover the core functions of the audit committee as identified in the CIPFA guidance?				
1	Are the terms of reference approved by the council and reviewed periodically?				
1	Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?				
1	Can the audit committee access other committees and full council as necessary?				
1	Does the authority's statement on internal control include a description of the audit committee's establishment and activities?				
2	Does the audit committee periodically assess its own effectiveness?				

A toolkit for local authority and audit committees

Priority	Issue	Yes	No	N/a	Comments/action
2	Does the audit committee make a formal annual report on its work and performance during the year to full council?				
<b>Membership, induction and training</b>					
1	Has the membership of the audit committee been formally agreed and a quorum set?				
1	Is the chair independent of the executive function?				
1	Has the audit committee chair either previous knowledge of, or received appropriate training on, financial and risks management, accounting concepts and standards, and the regulatory regime?				
1	Are new audit committee members provided with an appropriate induction?				
1	Have all members' skills and experiences been assessed and training given for identified gaps?				
1	Has each member declared his or her business interests?				
2	Are members sufficiently independent of the other key committees of the council?				
<b>Meetings</b>					
1	Does the audit committee meet regularly?				
1	Do the terms of reference set out the frequency of meetings?				
1	Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?				

*A toolkit for local authority and audit committees*

Priority	Issue	Yes	No	N/a	Comments/action
<b>Meetings (continued)</b>					
1	Does the audit committee calendar meet the authority's business needs, governance needs and the financial calendar?				
1	Are members attending meetings on a regular basis and if not, is appropriate action taken?				
1	Are meetings free and open without political influences being displayed?				
1	Does the authority's S151 officer or deputy attend all meetings?				
1	Does the audit committee have the benefit of attendance of appropriate officers at its meetings?				
<b>INTERNAL CONTROL</b>					
1	Does the audit committee consider the findings of the annual review of the effectiveness of the system of internal control (as required by the Accounts & Audit Regulations) including the review of the effectiveness of the system of internal audit?				
1	Does the audit committee have responsibility for review and approval of the SIC and does it consider it separately from the accounts?				
1	Does the audit committee consider how meaningful the SIC is?				
1	Does the audit committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?				

*A toolkit for local authority and audit committees*

Priority	Issue	Yes	No	N/a	Comments/action
<b>Internal Control (Continued)</b>					
1	Has the audit committee considered how it integrates with other committees that may have responsibility for risk management?				
1	Has the audit committee (with delegated responsibility) or the full council adopted "Managing the Risk of Fraud – Actions to Counter Fraud and Corruption?"				
1	Is the audit committee made aware of the role of risk management in the preparation of the internal audit plan?				
2	Does the audit committee review the authority's strategic risk register at least annually?				
2	Does the audit committee monitor how the authority assesses its risk?				
2	Do the audit committee's terms of reference include oversight of the risk management process?				
<b>FINANCIAL REPORTING AND REGULATORY MATTERS</b>					
1	Is the audit committee's role in the consideration and/or approval of the annual accounts clearly defined?				
1	Does the audit committee consider specifically: <ul style="list-style-type: none"> <li>• the suitability of accounting policies and treatments</li> <li>• major judgements made</li> <li>• large write-offs</li> <li>• changes in accounting treatment</li> <li>• the reasonableness of accounting estimates</li> </ul> the narrative aspects of reporting?				



Priority	Issue	Yes	No	N/a	Comments/action
<b>Financial Reporting and Regulatory Matters (continued)</b>					
1	Is an audit committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?				
1	Does the audit committee review management's letter of representation?				
2	Does the audit committee annually review the accounting policies of the authority?				
2	Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?				
2	Does the audit committee have a mechanism to keep it aware of topical legal and regulatory issues, for example by receiving circulars and through training?				
<b>INTERNAL AUDIT</b>					
1	Does the audit committee approve, annually and in details, the internal audit strategic and annual plans including consideration of whether the scope of internal audit work addresses the authority's significant risks?				
1	Does internal audit have an appropriate reporting line to the audit committee?				

Priority	Issue	Yes	No	N/a	Comments/action
<b>Internal Audit (continued)</b>					
1	Does the audit committee receive periodic reports from the internal audit service including an annual report from the Head of Internal Audit?				
1	Are follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?				
1	Does the audit committee hold periodic private discussions with the Head of Internal Audit?				
1	Is there appropriate cooperation between the internal and external auditors?				
1	Does the audit committee review the adequacy of internal audit staffing and other resources?				
1	Has the audit committee evaluated whether its internal audit service complies with CIPFA's Code of Practice for Internal audit in Local Government in the United Kingdom?				
2	Are internal audit performance measures monitored by the audit committee?				
2	Has the audit committee considered the information it wishes to receive from internal audit?				

Priority	Issue	Yes	No	N/a	Comments/action
<b>EXTERNAL AUDIT</b>					
1	Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognising the statutory duties of external audit)?				
1	Does the audit committee hold periodic private discussions with the external auditor?				
1	Does the audit committee review the external auditor's annual report to those charged with governance?				
1	Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?				
1	Are reports on the work of external audit and other inspection agencies presented to the committee, including the Audit Commission's annual audit and inspection letter?				
1	Does the audit committee assess the performance of external audit?				
1	Does the audit committee consider and approve the external audit fee?				
<b>ADMINISTRATION</b>					
<b>Agenda Management</b>					
1	Does the audit committee have a designated secretary from Committee/Member Services?				
1	Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?				

*A toolkit for local authority and audit committees*

<b>Priority</b>	<b>Issue</b>	<b>Yes</b>	<b>No</b>	<b>N/a</b>	<b>Comments/action</b>
<b>Agenda Management (continued)</b>					
2	Are outline agendas planned one year ahead to cover issues on cyclical basis?				
2	Are inputs for Any Other Business formally requested in advance from committee members, relevant officers, internal and external audit?				
<b>Papers</b>					
1	Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?				
2	Does the audit committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?				
<b>Actions arising</b>					
1	Are minutes prepared and circulated promptly to the appropriate people?				
1	Is a report on matters arising made and minuted at the audit committee's next meeting?				
1	Do action points indicate who is to perform what any by when?				

## **WIRRAL COUNCIL**

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

**31 MARCH 2009**

#### **REPORT OF THE DIRECTOR OF FINANCE**

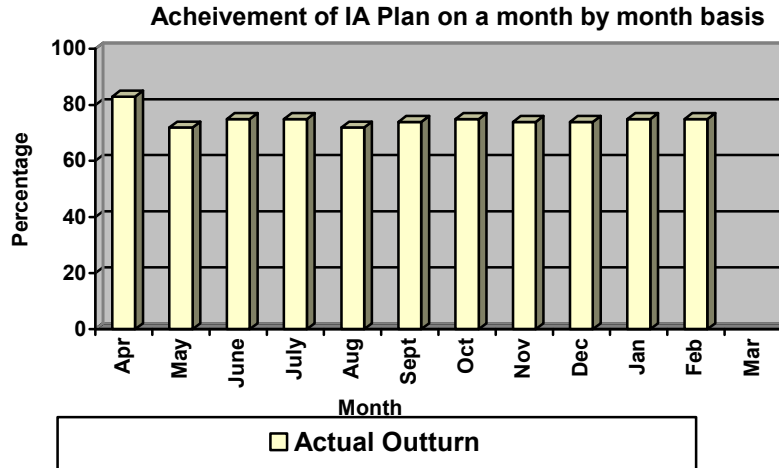
##### **INTERNAL AUDIT WORK: JANUARY TO FEBRUARY 2009**

### **1. EXECUTIVE SUMMARY**

- 1.1. In order to assist in effective corporate governance and fulfil statutory requirements, the Internal Audit Section of the Finance Department reviews management and service delivery arrangements within the Council as well as financial control systems. Work areas are selected for review on the basis of risks identified on the Corporate Risk Register and as assessed by Internal Audit in consultation with Chief Officers and managers.
- 1.2. This report identifies and evaluates the performance of the Internal Audit Section, and includes details of the actual work undertaken over the period and the number of 'High' risk recommendations identified in reports. There are no items of significance identified during the audit process that require the attention of Members for this period.

### **2. INTERNAL AUDIT – PERFORMANCE**

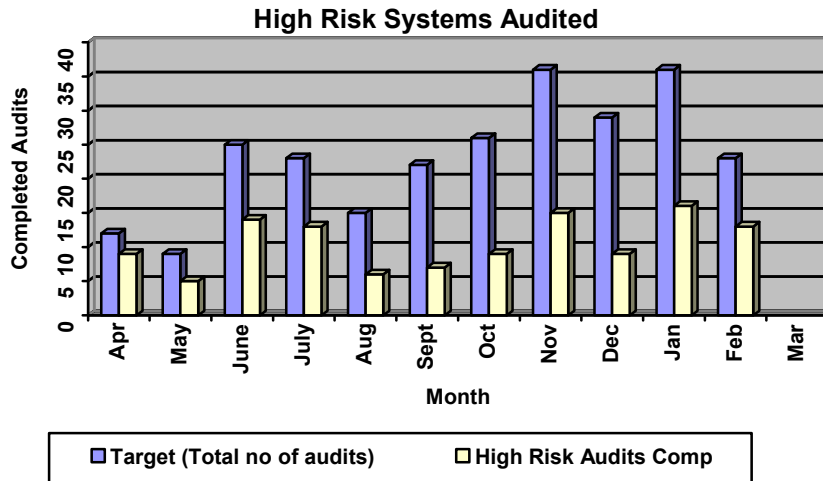
- 2.1. This report summarises the audit work completed between 1 January 2009 and 28 February 2009. The specific nature of the work that has been undertaken or is currently ongoing is identified in Appendix I. 59 audit reports were produced during this period. 50 high and 101 medium priority recommendations were identified in the reports issued. Management has agreed to implement all of the recommendations made within a satisfactory timescale. Those reports identifying high priority recommendations are analysed in more detail in section 3 of this report.
- 2.2. The Internal Audit Section constantly evaluates the effectiveness of its performance including a number of performance indicators in key areas as identified for the period 1 April 2008 to 28 February 2009:
  - 2.2.1. To ensure that 90% of the Internal Audit plan is completed by the 31 March 2009.



- a. This is an input based measure i.e. the estimated number of days required each month to deliver the whole of the audit plan. For the year to date achievement has averaged 75% against a target of 90% and it is anticipated that this figure will be the outturn for the year. This is primarily as a result of long term staffing resource problems being experienced over the period. However, whilst this is an important measure, it is of more relevance for the Council to ensure that the major risks to the Authority are reviewed.
- b. The Internal Audit Plan comprises a substantial number of audits designed to review the risks to Council systems, these audits are weighted according to the significance of the risk posed and ranked as either high, medium or low priority. It is essential that all of the high risk audits are completed during the audit plan year.

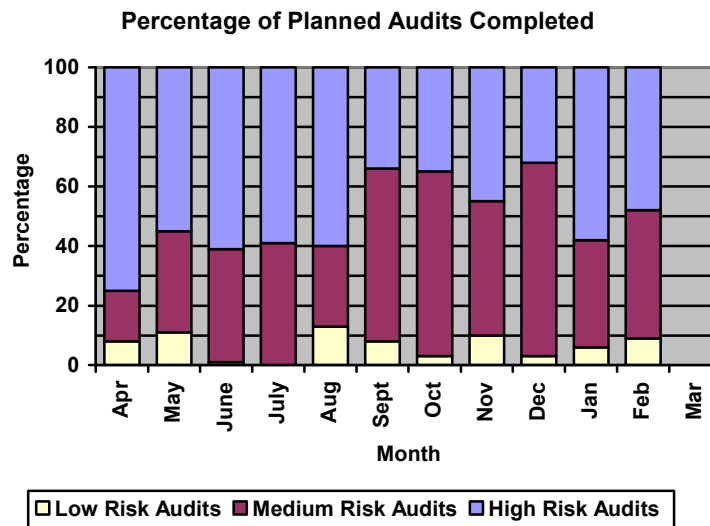
2.2.2. High Risk systems audited as a percentage of total audits completed.

- a. To ensure that all of the key risks identified in the Internal Audit Plan are reviewed, I monitor the number of high risk audits undertaken as a percentage of all audits and have prioritised the delivery of these audits and focused on these during the year. This is analysed in more detail in the following chart.



- b. The chart clearly identifies that the number of high risk audits undertaken is a significant proportion of the total number of audits completed each month, and reflects the deliberate policy of the Internal Audit Section to complete as many of these audits as early as possible. All of the 89 high risk audits identified in the audit plan have now been completed plus a further 42 added to the Plan during the year following requests from Chief Officers and Members.

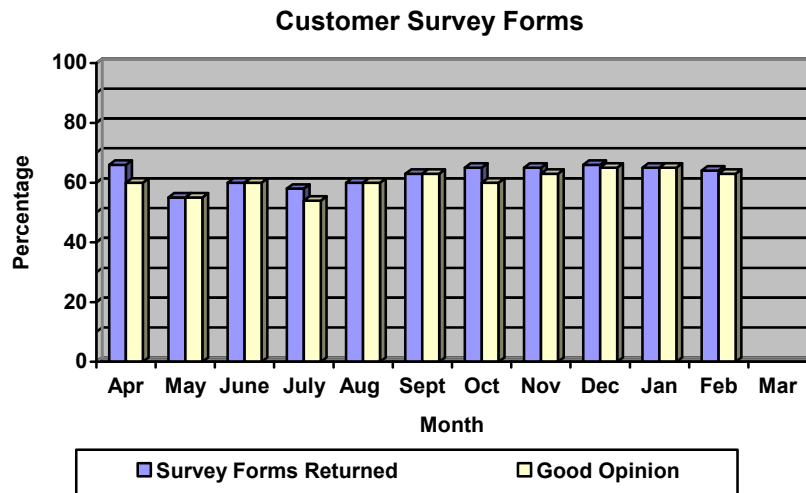
### 2.2.3. Planned audits completed.



- a. I measure the estimated number of planned audit reports which will be completed each month. It is expected that 327 audit reports will be issued this year. To date 202 reports have actually been produced, representing a proportionate figure of 62% of the total number of reports, and including 100% of the proportionate high risk audit reports.

- b. The performance is below target for this time of the year and is directly related to the staffing issues which the Section has been experiencing during the year to date. Various measures have been introduced during the year to increase output which have included streamlining some audits, reducing some of the working papers maintained and automating a number of labour intensive processes, and whilst this has undoubtedly increased productivity repeated attempts to recruit experienced staff have met with limited success.

2.2.4. Percentage of Customer Satisfaction Forms returned indicating a 'good' opinion of the service.

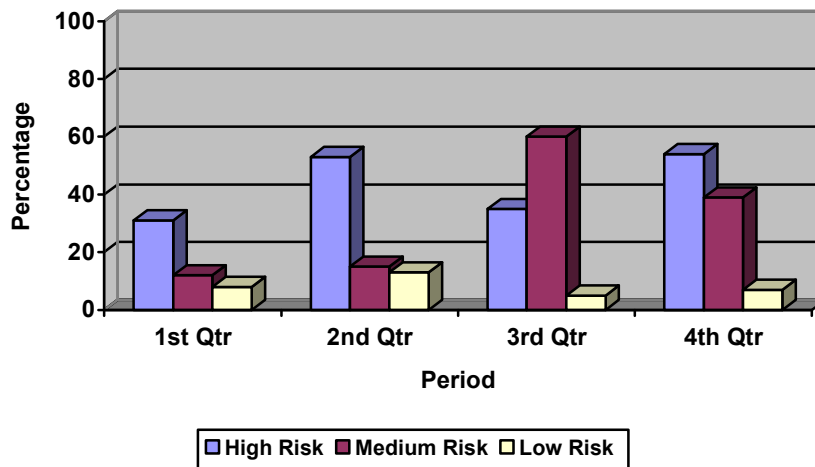


- a. Customer survey forms are completed by the clients following the completion of an audit and pose a number of questions relating to the audit, its findings and the conduct of the auditor. The chart identifies the percentage of those forms returned that indicate a positive opinion of the service. This clearly indicates that the Internal Audit Section is viewed very positively by its clients and is regarded as adding value to the systems that it audits. Where feedback from clients identifies issues appropriate measures have been taken by management to address these and prevent any reoccurrence.

2.2.5. The percentage of audits completed by risk category.



**Audits Completed by Risk Category**



- a. This chart also clearly reflects the deliberate policy of the Internal Audit Section to ensure that all high risk audits are completed during the year as it is essential to the well being of the Council that any risks in these areas are addressed. All of the high risk audits have now been completed and it is anticipated that a significant proportion of the medium risks will be completed by the year-end. Any audits that are unable to be undertaken during the year will be carried forward to the Audit Plan for 2009/10 and the risk to the effectiveness of Council systems in these areas re-assessed as part of this process.

**2.2.6. Follow up Audits**

- a. To comply with current best practice and Audit Commission recommendations, follow-up audits are undertaken for all completed audits up to six months after the completion date, to confirm the implementation of agreed recommendations. The majority of the required follow up audits relating to work undertaken this year have now been completed and the remainder are currently ongoing. No significant delays have occurred in this area despite the resource problems experienced to date. No outstanding issues were identified that require the attention of the Audit and Risk Management Committee at this time.

**3. INTERNAL AUDIT PLAN - PROGRESS OF WORK**

- 3.1 The following table identifies audits undertaken over the period which include recommendations of a high priority nature. All the audits were of systems categorised as 'High Risk' except those identified with an asterisk.

Audit	Total Recs Agreed	Recs Not Agreed
* Mobile Phones - Regeneration	7	-
* Mobile Phones - CYPD	11	-
* Mobile Phones - Finance	21	-
* Mobile Phones – Technical Services	8	-
* Mobile Phones - DASS	7	-
* Pre-Employment Screening	4	-
* Mobile Phones – Corporate Services	7	-
ICT Removable Media	6	-
Data Transfer	6	-
Travel and Subsistence - DASS	1	-
FMSIS Review - Christchurch (Moreton)	4	-
FMSIS Review – St Michaels & All Angels	10	-
FMSIS Review – Town Lane Infants	5	-
Travel and Subsistence – MPF	1	-
Travel and Subsistence - Finance	3	-
FMSIS Review – Christ The King	6	-
* Winstanley Road and Salisbury Drive	2	-
FMSIS Review – Our Lady of Lourdes	7	-
Schedule of Rates	3	-
Creditors Central System - Review	1	-
* Car Allowances	1	-
Payroll Central System – Review	4	-
* Cultural Services Procurement	3	-

3.2 All of the action plans in respect of the audits identified have been returned fully completed and identify appropriate timescales for the implementation of agreed recommendations.

#### 4. FINANCIAL AND STAFFING IMPLICATIONS

4.1. There are none arising from this report.

- 5. **LOCAL MEMBER SUPPORT IMPLICATIONS**
  - 5.1. There are no local Member support implications.
- 6. **LOCAL AGENDA 21 STATEMENT**
  - 6.1. There are no local agenda 21 implications.
- 7. **PLANNING IMPLICATIONS**
  - 7.1. There are no planning implications.
- 8. **EQUAL OPPORTUNITIES IMPLICATIONS**
  - 8.1. There are no equal opportunities implications.
- 9. **COMMUNITY SAFETY IMPLICATIONS**
  - 9.1. There are no community safety implications.
- 10. **HUMAN RIGHTS IMPLICATIONS**
  - 10.1. There are no human rights implications.
- 11. **BACKGROUND PAPERS**
  - 11.1. Internal Audit Annual Plan 2008/09.
  - 11.2. Audit Reports.
- 12. **RECOMMENDATION**
  - 12.1. That the report be noted.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/65/09

**INTERNAL AUDIT PLAN 2008/09**

**WORK CONDUCTED/ONGOING – 1 JANUARY to 28 FEBRUARY 2009**

**1. SYSTEMS**

- (a) Finance
  - Output Controls
  - Direct Payment Transfers
  - Batch Control
  - Credit Cards
  - Travel and Subsistence
  - Creditors
  - Risk Management
  - Call Centre Operations
  - Housing Benefits
  - Council Tax Recovery
  - Customer Services Management
  - Debtors Central System
  - Debtors On Line Sites
  - Income Control
  - NNDR Recovery
  - Establishment Control
  - Car Allowances
  
- (b) Law, HR and Asset Management
  - Contracts
  - Corporate Governance
  - Members Gifts and Hospitality
  - Members ICT
  - Money Laundering
  - Pre Employment Screening
  - Payroll
  
- (c) Children & Young People
  - Schools
  - Financial Management Standard in Schools
  - Creditors
  - Schools – Statement on Internal Control
  
- (d) Technical Services
  - Final Accounts
  - Capital Contracts
  - Schedule of Rates
  
- (e) Regeneration
  - Cultural Services Procurement
  - Museums Income
  - Pacific Road Bar Operation

- (f) Adult Social Services
  - Creditor Payments
  - SWIFT
  - Funding Contract – Voluntary Sector
  - Dignity in Care Grant
  - Respite Care – Placements
  - Travel and Subsistence
- (g) Corporate Services
  - Performance
  - Local Area Agreement – Reward Targets
- (h) Corporate Systems
  - Corporate Governance
  - Annual Governance Statement
  - Risk Management
  - Performance Management
  - National Fraud Initiative
  - Money Laundering
  - Health and Safety
  - Credit Cards
  - Travel and Subsistence
  - Mobile Phones

## 2. **SCHOOLS**

- (a) 11 FMSIS Schools

## 3. **ICT**

- (a) Removable Media
- (b) Data Transfer Security
- (c) Members ICT Governance
- (d) Security Incidents
- (e) CRM Data Protection

## 4. **PERFORMANCE AND BEST VALUE**

- (a) Performance Indicators
- (b) Local Area Agreements

## 5. **ANTI-FRAUD**

- (a) National Fraud Initiative
- (b) Mobile Telecommunications
- (c) Money Laundering
- (d) CIPFA Anti Fraud Self Assessment Exercise
- (e) Regulation of Investigatory Powers (RIPA)

6. **INVESTIGATIONS**

- (a) PIDA – Adult Social Services
- (b) Procurement
- (c) Pension Fund

7. **OTHER**

- (a) Wirral Methodist/Family Housing Associations
- (b) 7 Final Accounts (totalling £ 819k) examined

## WIRRAL COUNCIL

### AUDIT AND RISK MANAGEMENT COMMITTEE

31 MARCH 2009

### REPORT OF THE DIRECTOR OF FINANCE

#### COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA) - USE OF RESOURCES 2008

##### 1. EXECUTIVE SUMMARY

- 1.1 The report informs Members of the Comprehensive Performance Assessment (CPA) Use of Resources assessment for 2008 which has recently been released by the Audit Commission.

##### 2. BACKGROUND

- 2.1 The Use of Resources (UoR) assessment is undertaken annually in local authorities by the Audit Commission. An annual score is produced based upon a standard four point scale. The assessment each year follows a harder test principle with authorities having to improve year on year in order to retain the same level of scores. The scoring scale is detailed below:

Score	Standard Scale
1	Below minimum requirements - Inadequate performance
2	Only at minimum requirements - adequate performance
3	Consistently above minimum requirements - performing well
4	Well above minimum requirements - performing strongly

- 2.2 The 2008 assessment is the last to be made under the CPA framework and relates to the 2007/08 financial year. The assessment covered five general themes shown below which were further sub-divided into key lines of enquiry:

CPA	Theme
1	Financial reporting
2	Financial management
3	Financial standing
4	Internal control
5	Value for money

- 2.3 From 2009 the Use of Resources will be assessed under the Comprehensive Area Assessment (CAA). Previous reports to Cabinet, most recently on 15 January 2009, have outlined the changes in the UoR assessment framework in accordance with the move from CPA to the CAA. This will involve a wider view of resources reflecting people, IT, data and environmental resources as well as financial resources.

### 3. USE OF RESOURCES SCORE 2008

3.1 The Audit Commission has assessed the overall UoR assessment for 2008 as level 3. This is an increase on the 2007 overall score which was a 2. The Commission has stated that the Council has demonstrated significant improvement during the 2007/08 assessment period. Two themes, Financial Management and Financial Standing, have increased scores whilst there were improvements in arrangements in the other themes. The table below compares the 2008 theme scores with the previous assessment:

CPA	Theme	Score	Score
		2007	2008
1	Financial reporting	2	2
2	Financial management	2	3
3	Financial standing	2	3
4	Internal control	3	3
5	Value for money	2	2
	<b>Overall UoR Score</b>	<b>2</b>	<b>3</b>

3.2 The scores can be further analysed over the key lines of enquiry (KLOE):-

<b>Summary of scores at theme and KLOE level</b>	<b>Score</b>	<b>Score</b>
	<b>2007</b>	<b>2008</b>
<b>Financial Reporting</b>	<b>2</b>	<b>2</b>
1.1. The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers	2	2
1.2. The Council promotes external accountability	3	3
<b>Financial Management</b>	<b>2</b>	<b>3</b>
2.1. The Council medium term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities	2	3
2.2. The Council manages performances against budgets	2	3
2.3. The Council manages its asset base	2	2
<b>Financial Standing</b>	<b>2</b>	<b>3</b>
3.1. The Council manages its spending within the available resources	2	3
<b>Internal Control</b>	<b>3</b>	<b>3</b>
4.1. The Council manages its significant business risks	2	3
4.2. The Council has arrangements in place to maintain a sound system of internal control	3	3
4.3. The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of the business	3	2



<b>Value For Money</b>	<b>2</b>	<b>2</b>
5.1 The Council currently achieves good value for money	2	2
5.2 The Council manages and improves value for money	2	2

#### **4. FUTURE DEVELOPMENTS FROM THE 2008 REPORT**

4.1 The Audit Commission report provides summary conclusions on each of the KLOE areas and also suggests areas for improvement. The 2009 Use of Resources assessment will be on a wider basis and will again feature a harder test. Improvements to the KLOE areas identified as scoring 2 in 2008 will be required to help maintain or improve upon the 2008 score.

4.2 The 2008 assessment was based on the 31 March 2008 position. Since then work has been undertaken to deliver further continuous improvement which will be reflected in future assessments. The following activities will assist in this:-

##### 4.2.1 Financial reporting

Strengthening of the quality assurance processes to build upon existing arrangements; improvements to the timetabling and further training for Members to aid scrutiny of the statutory accounts process.

##### 4.2.2 Asset Management

New Division created and additional resources employed; Strategic Asset Review undertaken involving wide public consultation, asset assessment work and regular reporting to Members on asset issues

##### 4.2.3 Probity and Propriety

Ethical governance work with the Audit Commission as reported to Cabinet and Standards Committee, continuous review process for the Constitution and response to Public Interest Disclosure Act (PIDA) report.

##### 4.2.4 Value For Money

Change programme implementation and review of priority areas, procurement strategy and implementation, Strategic Asset Review outcomes, on-going work on high cost areas identified from the Audit Commission Value for Money profiles.

4.3 The CAA UoR assessment will involve a harder test. The criteria within the scoring scale have also been altered with level four now defined as involving excellence and genuine leading edge performance, rather than performing strongly under the previous arrangements. It is clear that the arrangements present authorities with increased challenges to retain the current scores.

**5. FINANCIAL AND STAFFING IMPLICATIONS**

5.1 There are no direct financial or staffing implications arising out of this report.

**6. EQUAL OPPORTUNITIES IMPLICATIONS**

6.1 There are none arising directly from this report.

**7. HUMAN RIGHTS IMPLICATIONS**

7.1 There are none arising directly from this report.

**8. LOCAL AGENDA 21 IMPLICATIONS**

8.1 There are none arising directly from this report.

**9. COMMUNITY SAFETY IMPLICATIONS**

9.1 There are none arising directly from this report.

**10. PLANNING IMPLICATIONS**

10.1 There are none arising directly from this report.

**11. LOCAL MEMBER SUPPORT IMPLICATIONS**

11.1 There are no particular implications for any Members or wards arising out of this report.

**12. BACKGROUND PAPERS**

12.1. Use of Resources Wirral Borough Council Audit 2007-2008 - Audit Commission January 2009.

12.2 Comprehensive Area Assessment (CAA) - Use of Resources Project Brief - Audit Commission December 2008.

**13. RECOMMENDATIONS**

13.1 That the 2008 Use of Resources assessment be noted.

13.2 That regular reports be presented on progress on the 2009 Use of Resources assessment.

IAN COLEMAN  
DIRECTOR OF FINANCE

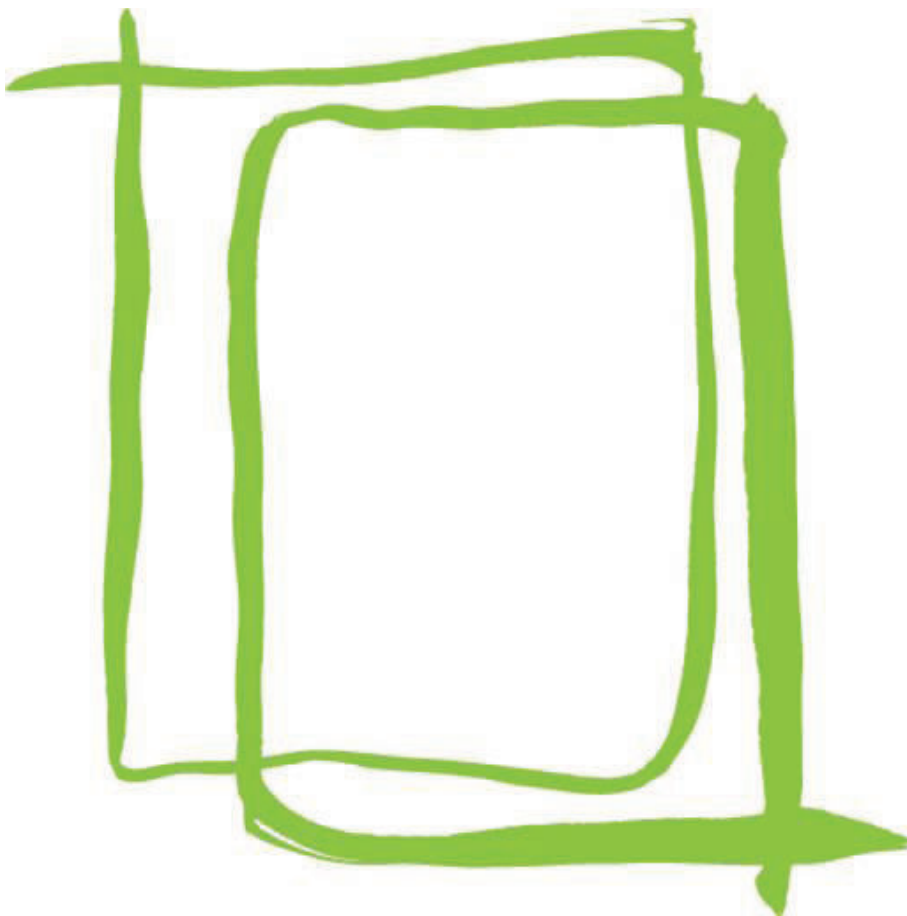
FNCE/32/09

# Use of Resources

Wirral Metropolitan Borough Council

Audit 2007-2008

January 2009



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## Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

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# Introduction

- 1 The Use of Resources assessment evaluates how well councils manage and use their resources. This is the fourth assessment carried out at the Council and is the last under the CPA framework. Next year there will be a new assessment which will form part of the Comprehensive Area Assessment. The Use of Resources assessment focuses on the importance of having strategic financial management, sound governance and effective financial reporting arrangements. These should support your Council in the achievement of its priorities and improving services, whilst delivering value for money.
- 2 This assessment relates to the financial year 2007/08 and is based on the key lines of enquiry for 2008. Changes to the criteria underpinning the key lines of enquiry were consulted on in April 2007 and the final key lines of enquiry were published in August 2007. These changes were made to:
  - reflect developments in professional guidance, legislative requirements and best practice; and
  - signal some of the changes proposed for the new use of resources under CAA, smoothing the transition to CAA.
- 3 The overall use of resources assessment is made up of five themes. Judgements have been made for each theme using the Audit Commission's scale, see Table 1 below. This scale is used across its inspection and performance assessment frameworks.

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**Table 1 Standard scale used for assessments and inspections**

1	Below minimum requirements – inadequate performance
2	Only at minimum requirements – adequate performance
3	Consistently above minimum requirements – performing well
4	Well above minimum requirements – performing strongly

- 
- 4 In forming our assessment, we have used the methodology set out in the Use of Resources Guidance for Councils 2008, which can be found on the Commission's web site. We have also taken account of our findings and conclusions from previous years' assessments and updated these for any changes and improvements to the Council's arrangements.
  - 5 The five theme scores for Wirral Borough Council are outlined overleaf.
  - 6 This summary sets out our key findings in relation to each theme and key areas for improvement.

# Use of resources judgements

**Table 2 Summary of scores at theme and KLOE level**

Key lines of enquiry (KLOEs)	Score 2008	Score 2007
<b>Financial reporting</b>	<b>2</b>	<b>2</b>
1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	2	2
1.2 The Council promotes external accountability.	3	3
<b>Financial management</b>	<b>3</b>	<b>2</b>
2.1 The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.	3	2
2.2 The Council manages performance against budgets.	3	2
2.3 The Council manages its asset base.	2	2
<b>Financial standing</b>	<b>3</b>	<b>2</b>
3.1 The Council manages its spending within the available resources.	3	2
<b>Internal control</b>	<b>3</b>	<b>3</b>
4.1 The Council manages its significant business risks.	3	2
4.2 The Council has arrangements in place to maintain a sound system of internal control.	3	3
4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	2	3
<b>Value for money</b>	<b>2</b>	<b>2</b>
5.1 The Council currently achieves good value for money.	2	2
5.2 The Council manages and improves value for money.	2	2

# Theme summaries

7 The key findings and conclusions for each of the five themes are summarised in the following tables. More detailed feedback has been provided to officers.

## Financial reporting

<b>Theme score 2</b>	
<b>Key findings and conclusions:</b>	
The Council's financial accounting and reporting arrangements are satisfactory.	
KLOE 1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	<p>The Council produces annual accounts generally in accordance with relevant standards. The financial statements submitted for audit were complete although they contained some errors. However, the adjustments had no overall impact on revenue resources. We issued an unqualified opinion on the financial statements.</p> <p>The arrangements for production of the financial statements were good. The draft financial statements were produced by the target date and the working papers to support the financial statements were good. The Council has also introduced new and complex accounting and reporting requirements successfully whilst also improving on issues raised last year. We made recommendations for some further improvement in quality assurance processes and internal control across the Council. There is scope for further training for members and more prompt reporting to ensure that the statements are subject to robust scrutiny prior to approval.</p> <p>Score level 2.</p>
KLOE 1.2 The Council promotes external accountability.	<p>The Council promotes external accountability well. The accounts and local electors' rights to view them and contact the external auditor were published in line with requirements. The Statement of Accounts, Annual Audit and Inspection Letter as well as the Council's own reports, minutes and agenda are available to the public on the internet and through libraries and one stop shops on a timely basis and are available in accessible formats on request. A leaflet summarising the accounts has been produced and distributed and an Annual Report is planned.</p> <p>Score level 3.</p>

## Financial management

<b>Theme score - 3</b>	
<b>Key findings and conclusions</b>	
The Council plans and manages its finances well.	
KLOE 2.1 The Council's medium-term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities.	The Council's medium-term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities. The MTFS was updated in September 2007 and subsequently Cabinet agreed the vision for Wirral and the new Corporate Plan, supported by departmental service plans. This has been the framework for setting a balanced budget and capital programme. The latest update to the MTFS was approved by Cabinet in July 2008, along with and linked to other internal strategies, such as the risk management, human resources and IT strategies. Score level 3.
KLOE 2.2 The Council manages performance against budgets.	The Council manages performance against budgets. Arrangements are in place for monitoring performance against budgets and this is reported to senior officers and members on a quarterly basis with a summary update position to the Cabinet and the chairs of the scrutiny committees on a monthly basis. There were no material overspends and those that did occur were expected and managed within the Council's overall resources. Financial information systems are appropriate for managing performance against budgets. Score level 3.
KLOE 2.3 The Council manages its asset base.	The Council manages its asset base adequately. The Capital Strategy and guidance were kept up to date and approved by Cabinet during the year and again in July 2008 when they were updated in line with the new corporate priorities. The Capital Strategy is also better linked to the updated MTFP and Asset Management Plan (AMP) and is based on an up to date asset register as well as taking into account planned maintenance. The Council has a designated property function and is strengthening capacity with the reorganisation of asset management under a new director and head of assets. The strategic asset review is now underway and regular reporting to members continues. Score level 2.



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### Financial standing

<b>Theme score - 3</b>	
<b>Key findings and conclusions</b>	
The Council is financially sound and maintains a prudent level of reserves and balances.	
KLOE 3.1 The Council manages its spending within the available resources.	Current spending plans match available resources, although like other councils, Wirral faces significant challenges to close the budget gap and meet efficiency plans. The Council has a track record of setting a balanced budget and maintaining spending within the budget without significant unexpected overspends or underspends. Income collection is monitored throughout the year to achieve targets and debt recovery is effective. Wirral has invested £2m with an Icelandic bank but as the exposure is low and reserves and balances are prudent it does not indicate poor financial standing or financial management. Score level 3.

## Internal control

<b>Theme score - 3</b>	
<b>Key findings and conclusions</b>	
The Council has a sound internal control environment that enables it to manage its significant business risks.	
KLOE 4.1 The Council manages its significant business risks.	<p>The Council manages its significant business risks well. During the year it has strengthened risk management and built on sound arrangements to improve reporting to members both at portfolio and at corporate level. Risk management has become embedded in business processes and is explicitly linked to the financial and other strategies within the framework of the new corporate priorities. In addition, Wirral was the 2007 winner of a national award from ALARM in the 'asset' risk category and was also highly commended in 2008 in the 'people' risk category.</p> <p>Score level 3.</p>
KLOE 4.2 The Council has arrangements in place to maintain a sound system of internal control.	<p>The Council has good arrangements in place to maintain a sound system of internal control. It has recognised the importance of the new Annual Governance Statement and taken corporate responsibility in its development and approval. The operation of the Audit Committee is improving, Internal Audit meets the Chartered Institute of Public Finance and Accountancy (CIPFA) standards and scrutiny is effective.</p> <p>Score level 3.</p>
KLOE 4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	<p>The Council has adequate arrangements in place to promote and ensure probity and propriety in the conduct of its business. The Council has adopted codes of conduct and monitors compliance well. Arrangements for the new role of the standards committee in local investigations and determinations are in place and there is a good level of awareness among the members. An independent chair and two further independent persons have been appointed to the committee. Arrangements to prevent and detect fraud and corruption are effective.</p> <p>However, during the year the Audit Commission received a PIDA disclosure in respect of an individual's concerns about contracts and charging in adult social services. Our review found the individual's concerns may be largely justified and we have therefore raised concerns about the failure of the Council's own systems for dealing with complaints and concerns, including the whistleblowing procedure.</p> <p>Score level 2.</p>

Value for money

<b>Theme score 2</b>	
<b>Key findings and conclusions</b>	
The Council currently achieves satisfactory value for money and costs are broadly commensurate with the range, level and quality of services provided. The Council manages and improves value for money adequately.	
KLOE 5.1 The Council currently achieves good value for money.	<p>Compared with nearest neighbour councils particularly, the cost in Wirral of education, adult social care, housing and benefits are top quartile, performance in services is generally average with some areas of good performance and satisfaction levels are average in most areas. Spending is generally in line with priorities with one significant area of unintended high spending in adult social care. The capital programme is well managed but there are some areas for improvement. There have been some positive improvements to processes aimed at delivering VFM but actions such as the review of VFM profiles are still ongoing into 2008/09 and have not yet delivered improvements in VFM. The vfm review has subsequently been reported to Cabinet in September 2008.</p> <p>Wirral's overall cost per population is above the median position and performance is average. The latest PI data shows that Wirral has 21 per cent PIs above the best quartile breakpoint compared to an average for all single tier authorities of 29 per cent. Wirral is ranked 117th out of 388 for percentage of PIs improved since last year with 64 per cent of PIs improved which is within the average range for all single tier authorities. Overall satisfaction with the Council is 2nd quartile.</p> <p>Whilst there is a mixed picture in terms of costs and performance, there are a number of examples of where good value for money is provided such as in Education where the attainment is good. Areas where value for money is not currently demonstrated and ongoing action is being taken to address high costs include adult social care and looked after children's services. Work is progressing in these areas and costs are now being robustly investigated and challenged to establish the reasons for high costs.</p> <p>The Council has recently reviewed and rationalised its strategic priorities, and effectively allocated resources and investment in line with them. The Council effectively manages and monitors the capital programme.</p> <p>Score level 2.</p>

Theme score 2	
KLOE 5.2 The Council manages and improves value for money.	<p>Understanding of costs continues to improve but unit costs are under developed and best practice approaches are not consistently extended across the Council. Wirral compares its costs with other councils using the high level VFM profile data but understanding of detailed costs is less well developed and the challenge on costs needs to be extended to other services. There is a high level of corporate commitment to good financial and performance management, and an improving performance management culture.</p> <p>There are examples of local needs being considered in the decision making process such as the consultation on capital schemes within New Heartlands and the rationalisation of residential accommodation. The Area Forums, as part of a Government pilot scheme, have budgets allocated to them and are able to determine which local schemes are to be supported. The Council engages with hard-to-reach groups in line with the Customer Access Strategy to support the Council vision.</p> <p>There is no formal programme of value for money reviews but the Council has set challenging efficiency targets as part of the budget setting process. The Council delivered a balanced budget in 2007/08 and achieved £34m savings against the AES target of £26m. There were improvements in VFM in 2007/08 such as the new waste contract which reduced the impact of the waste levy and improved recycling.</p> <p>Wirral continues to enhance its procurement practices and deliver savings both through its own services and also through working with other authorities across Merseyside. The Council won the 2007 Local Government Chronicle Procurement Award and the Government's 4Ps organisation has commended the Council's approach to StreetScene services procurement.</p> <p>IT has been used effectively to improve efficiency, deliver savings and enable business processes to change. This has been supported by the consolidation of a Corporate IT Unit realising additional savings. A change programme has been put in place from February 2008 that should result in further process improvements. For example, social workers have now been equipped with laptops for more efficient data recording and there is improved interface with the waste contractor's IT system to provide improved response to customer queries.</p> <p>Score level 2.</p>

# Conclusion

- 8 The Council's performance demonstrates significant improvement in the use of resources during the period of assessment from April 2007 to March 2008. The overall assessment has improved in two out of the five themes - financial management and financial standing moved from scores of 2 to level 3. Financial reporting and value for money remained at level 2, although there were improvements in arrangements.

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### Use of resources 2008/09

- 9 From 2008/09, the auditors' assessment of use of resources will be based on new key lines of enquiry and will form part of the new performance assessment framework for local government and its partners, known as Comprehensive Area Assessment (CAA).
- 10 Key lines of enquiry for use of resources were published in May 2008 following consultation. These reflect the needs of CAA and incorporate a number of improvements including: a clearer focus on value for money achievements and further emphasis on commissioning of services, outcomes for local people and partnership working.
- 11 The assessment is structured into three themes, containing 10 key lines of enquiry (KLOE) overall:
- managing finances: sound and strategic financial management;
  - governing the business: strategic commissioning and good governance; and
  - managing resources: effective management of natural resources, assets and people.
- 12 The approach to use of resources will continue to be risk based and proportionate, drawing on evidence from previous years where relevant. Not all key lines of enquiry in the managing resources theme will be assessed each year. For single tier and county councils auditors will only assess 9 out of the 10 KLOE. For 2008/09, workforce planning will not be assessed.
- 13 The Commission will specify each year in its annual work programme and fees document which key lines of enquiry will be assessed in that year.

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# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

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## **WIRRAL COUNCIL**

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

**31 MARCH 2009**

#### **REPORT OF THE DIRECTOR OF FINANCE**

##### **CORPORATE RISK AND INSURANCE MANAGEMENT**

###### **1. EXECUTIVE SUMMARY**

- 1.1. This report provides information to Members on recent progress made against the objectives for these services and the anticipated developments in the coming months.

###### **2. INSURANCE MANAGEMENT PROGRESS**

- 2.1. Liability claim statistics up to the end of December 2008 have been compiled and confirm the overall account performance remains relatively stable. The numbers of new claims submitted continue to reduce slightly although the savings from this reduction are being offset by claims costs inflation. Around 85% of all claims, and 90% of highway claims, are being successfully defended. No significant new claims trends have been noted.
- 2.2. Since the last report six cases have progressed to court with three successful in recovering costs, two were found in favour of the claimant and in the other, an historic abuse matter, judgement is complex and has been reserved. An appeal is envisaged in the latter case by which ever party is unsuccessful.
- 2.3. As reported in January historic abuse cases continue to require significant resources. Decision making in this area is especially difficult given the developing nature of the law, the necessary liaison between multiple insurers, the potential reputation impact, the difficulties in tracing witnesses and documentation as well as high legal costs.
- 2.4. Further to the change in apportionment of insurance costs between the Children and Young People Department and Schools each school has been advised of the new more accurate formula for calculating insurance charges and the risk survey programme which is to be implemented later this year. Initial feedback has been positive, despite the budget increases, schools appear to appreciate the position and value the service provided.
- 2.5. The tenders for the Engineering Inspection / Insurance and Motor Insurance contracts have been evaluated and recommendations made to Cabinet on 19 March 2009. This was the first exercise conducted by the newly appointed Insurance brokers, Griffiths and Armour and has resulted in a positive outcome.

- 2.6. An on site audit was conducted of Zurich Municipal, the current liability claims handlers, in January 2009. This has indicated that service levels are continuing to improve following the implementation of the new case management system with Zurich management showing a clear commitment to meet the required service level expectations.
- 2.7. The Risk and Insurance Team is liaising with the Department of Law, Human Resources and Asset Management over the information available in relation to the building portfolio having particular regard to the implications of the Strategic Asset Review.
- 2.8. The clarification of liability cover for historic periods continues. Discussions with Resolute in relation to 1988-1993 are progressing well. The insurers are likely to confirm both that cover is in force and that the Council has met its self-insured retention. Less positive is 1981-1984 when cover was underwritten by Independent insurance and, as local authorities are not protected by the Policyholders Protection Board / Financial Services Compensation Scheme, the Council will be uninsured for this period. However arrangements have been made to set-aside internal funds to cover losses from any uninsured liability periods.

### **3. CORPORATE RISK MANAGEMENT – PROGRESS**

- 3.1. Departments have provided an assessment of the critical risks facing the achievement of their aims and objectives as detailed in the Corporate Plan and the Department Services Plans for 2009/10 which were reported to Cabinet on 5 February 2009.
- 3.2. The Corporate Improvement Group undertook the quarterly review of the Corporate Risk Register on 19 January 2009. The register was updated with a new risk 'Failure to deliver the change programme' and progress reported in the Financial and Performance Monitoring report to Cabinet on 19 March 2009 which is included elsewhere on this agenda.
- 3.4. Progress made in embedding effective risk management was recognised by the Audit Commission in the Comprehensive Performance Assessment (Use of Resources) 2008. There was an improvement in the score for risk management and internal control which increased from 2 (adequate performance) to 3 (performing well). This assisted in improving the overall Council CPA score to a 3.
- 3.5. The Risk & Insurance Officer and Policy and Performance Team facilitated a comprehensive assessment of the risks to all Local Area Agreement (LAA) indicators and to the overall objectives of the Local Strategic Partnership (LSP). Wirral was the first Council in Merseyside to conduct such a comprehensive exercise. The outcome was reported to the LAA Programme Board on 18 February 2009 and the updated Risk Register will be an integral part of the LAA performance reporting arrangements.



- 3.6. Assistance has been given to the Environment and Sustainability Advisory Group to complete the sustainability appraisal of the LAA. This exercise identifies the interplay between the various LAA priorities and the degree to which success in one priority presents opportunities and risks for the others.
- 3.7. Continuing assistance is being provided to the Department of Adult Social Services over the risk management arrangements for the Design & Viability Project which is evaluating options for future service provision.
- 3.8 The new 'Introduction to Risk Management' component of the revised Corporate Induction Course featured in the sessions held on 19 January, 27 February and 16 March 2009.

#### **4. INSURANCE MANAGEMENT – ISSUES FOR NEXT PERIOD**

- 4.1. Liability claims statistics to March 2009 will be compiled and the end of year assessment and analysis completed.
- 4.2. Following the Cabinet meeting of 19 March 2009 the Engineering and Motor Insurance contracts will be awarded.
- 4.3. In terms of cases set for hearing or mediation within the next report period the most significant is a three week abuse trial scheduled for April / May involving two related claimants. As highlighted earlier in the report legal costs are high with defence costs in these two cases to exceed £150,000. However insurers have confirmed that they will be meeting these costs in full.
- 4.4. Terms for the renewal of the Liabilities, Computer and Foster Carers Legal Expenses policies effective from April 2009 will be agreed and preparations for renewal of the Property Insurance policies in June 2009 will begin.
- 4.5. In respect of Schools the specialist training to implement the second phase of school risk ranking project will commence and presentations will be made to both the Primary and Secondary Head teachers' Groups about the changes to School insurance charges.
- 4.6. The Insurance Fund accounts for 2008/09 will be completed and following this an update to the funding requirement study will be completed.

#### **5. RISK MANAGEMENT – ISSUES FOR NEXT PERIOD**

- 5.1. The Corporate Improvement Group will carry out the next quarterly review of the Corporate Risk Register to inform the Financial and Performance Monitoring report to Cabinet in July.
- 5.2. The Corporate Risk Register will also be updated and refined with information taken from Departmental Service Plans for 2009/10.
- 5.3. The Risk & Insurance Officer will undertake an audit of the quality of information on key risks in Departmental Service Plans and provide feedback to individual departments to assist with continuous improvement.

5.4. The Risk & Insurance Officer will continue to work with the Policy and Performance Team to further embed risk management arrangements in the governance of the LSP.

5.5. Working with the Environment and Sustainability Group the sustainability appraisal of the LAA priorities should be completed and the outcome reported to the LAA Programme Board.

**6. FINANCIAL IMPLICATIONS**

6.1. There are none arising directly from this report.

**7. STAFFING IMPLICATIONS**

7.1. There are none arising directly from this report.

**8. EQUAL OPPORTUNITIES IMPLICATIONS**

8.1. There are none arising directly from this report.

**9. ENVIRONMENTAL IMPACT STATEMENT**

9.1. There are none arising directly from this report.

**10. LOCAL MEMBER SUPPORT IMPLICATIONS**

10.1. There are none arising directly from this report.

**11. BACKGROUND PAPERS**

11.1. Data from the Figtree claims database

11.2. Liability claim statistics.

**12. PLANNING IMPLICATIONS**

12.1. There are none arising directly from this report.

**13. RECOMMENDATION**

13.1. That a further update be presented to the next meeting.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/63/09

## **WIRRAL COUNCIL**

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

**31 MARCH 2009**

#### **REPORT OF THE DIRECTOR OF FINANCE**

##### **RISK REGISTER ASSESSMENT CRITERIA**

###### **1. EXECUTIVE SUMMARY**

- 1.1. When the Audit and Risk Management Committee considered the Corporate Risk Register on 26 January 2009 a report on the criteria used in the scoring of risks was requested to this meeting.

###### **2. BACKGROUND**

- 2.1. A key part of the risk management arrangements is the evaluation of risks to different parts of the business in a consistent manner. In this way those risks which require further mitigation can be readily identified and actions prioritised.
- 2.2. Best practice is for all risks to be assessed in relation to their likelihood as well as their potential impact. Numerical values are often allocated to both the likelihood and impact so that the significance of an individual risk can be expressed as a figure (the total risk score).
- 2.3. In addition to the scoring criteria the risk assessment framework will often also contain a table which enables each risk to be placed into an overall category according to its total risk score. Commonly these are categorised as high, medium or low as this assists in identifying risks which need to be reported to different levels within the organisation.

###### **3. CURRENT ASSESSMENT FRAMEWORK AT WIRRAL**

- 3.1. The existing assessment criteria and table are contained within the current Risk Management Strategy which was approved by Cabinet on 23 July 2008 and are detailed in the Appendix. These remain essentially as in the Strategy approved by Cabinet on 6 September 2007 as this followed an extensive review during 2006/07 by the former Corporate Risk Management Forum. This included looking at public sector organisations to identify good practice and widely used standards.
- 3.2. In relation to the assessment criteria this resulted in the use of a 5 x 5 scoring matrix as this was becoming very widely used within the sector and allowed greater sensitivity in scoring.

3.3. The review also led to the impact of risk being defined in relation to four factors – financial cost, reputation, health & safety and service delivery and brought in more specific definitions of what constituted an impact score for each category at each of the five levels.

3.4. With the widening of the ranges for the impact and likelihood scores the table was revised whilst retaining the broad principles that risks would be high (red), medium (amber) or low (green). Risks in the high (red) category being those with the greatest impact and a likelihood score at or above medium.

#### **4. FINANCIAL AND STAFFING IMPLICATIONS**

4.1. Improvements in managing risks will have a financial impact in areas such as the cost of staff absence and insurance.

#### **5. EQUAL OPPORTUNITY IMPLICATIONS**

5.1. There are none arising directly from this report.

#### **6. COMMUNITY SAFETY IMPLICATIONS**

6.1. Specific risk control actions should improve community safety.

#### **7. HUMAN RIGHTS IMPLICATIONS**

7.1. There are none arising directly from this report.

#### **8. LOCAL AGENDA 21 IMPLICATIONS**

8.1. There are none arising directly from this report.

#### **9. PLANNING IMPLICATIONS**

9.1. Risk implications will form part of planning strategy.

#### **10. MEMBER SUPPORT IMPLICATIONS**

10.1. There are none arising directly from this report.

#### **11. BACKGROUND PAPERS**

12.1 Risk Management Strategy – Cabinet – 23 July 2008.

#### **13. RECOMMENDATION**

13.1 That the report be noted.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/54/09

8.3 Impact and Likelihood Scores

Impact

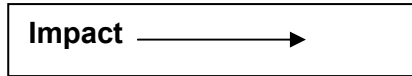
Description	Score	Impact – Financial (Council, department or service area)	Impact - Reputation	Impact – Service Delivery	Impact – Health & Safety (Employees or public)	Impact – Service Objectives
Very Low	1	<2% of annual budget	Letter(s) of complaint.	Minor, very short term (under 24 hours) disruption to a single team or section.	Minor injuries or illnesses, but not resulting in 'lost time'	Minor effect on achievement of a sectional aim
Low	2	<5% but >2% of annual budget	Single adverse report in local media	Some short-term (under 48 hours) disruption to a single team or section, manageable by altered operational routine	Minor injuries or illnesses that require first aid and result in lost time.	Serious effect on achievement of a sectional aim
Medium	3	<10% but >5% of annual budget	Significant adverse publicity in local media	Longer term disruption (up to 7 days) to a number of operational areas within a single location and possible flow on to other locations. <u>Or</u> short-term disruption to a service-critical team or section.	Injuries or illnesses that result in an 'over 3 day' injury, major injury or hospitalisation	Achievement of a sectional aim seriously compromised and / or significant effect on a Departmental aim.
High	4	<15% but >10% of annual budget	Significant adverse publicity in national media. Dissatisfaction with Chief Officer &/or Member	All operational areas of a single location compromised. Other locations may be affected. <u>Or</u> longer-term (up to 7 days) disruption to one or more service critical teams or sections.	Single case of injury or illness that could be fatal, life threatening or cause long-term disability	Achievement of one or more departmental aims compromised and / or significant effect on achievement of Corporate objective
Very High	5	>15% of annual budget	Sustained adverse publicity in national media. Chief Officer &/or Member removal or resignation	Multiple locations compromised. Council unable to execute numerous service-critical functions.	Multiple cases that could be fatal, life threatening or cause long-term disability	Achievement of one or more Corporate objectives seriously compromised

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Likelihood

Description	Score	Narrative	Quantitative (chance of occurrence within 3 years)
Very low	1	Extremely unlikely or virtually impossible	0-5%
Low	2	Unlikely, but not impossible	6-20%
Medium	3	Fairly likely to occur	21-50%
High	4	More likely to occur than not	51-80%
Very High	5	Very likely to occur	>80%

### 8.4: Risk Scoring Model



	Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Very High (5)	<b>5</b> Very low impact but very high likelihood	<b>10</b> Low impact but very high likelihood	<b>15</b> Medium impact but very high likelihood	<b>20</b> High impact and very high likelihood	<b>25</b> Very high impact and very high likelihood
High (4)	<b>4</b> Very low impact but high likelihood	<b>8</b> Low impact but high likelihood	<b>12</b> Medium impact but high likelihood	<b>16</b> High impact and high likelihood	<b>20</b> Very high impact and high likelihood
Medium (3)	<b>3</b> Very low impact and medium likelihood	<b>6</b> Low impact and medium likelihood	<b>9</b> Medium impact and medium likelihood	<b>12</b> High impact but medium likelihood	<b>15</b> Very high impact and medium likelihood
Low (2)	<b>2</b> Very low impact and low likelihood	<b>4</b> Low impact and low likelihood	<b>6</b> Medium impact and low likelihood	<b>8</b> High impact but low likelihood	<b>10</b> Very high impact but low likelihood
Very Low (1)	<b>1</b> Very low impact and very low likelihood	<b>2</b> Low impact and very low likelihood	<b>3</b> Medium impact and very low likelihood	<b>4</b> High impact but very low likelihood	<b>5</b> Very high impact but very low likelihood

## **WIRRAL COUNCIL**

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

**31 MARCH 2009**

#### **REPORT OF THE DIRECTOR OF FINANCE**

##### **ACCESS TO SERVICES – ACTION PLAN UPDATE**

## **1 EXECUTIVE SUMMARY**

- 1.1 This report updates Members on the work being undertaken following the Audit Commission report on Access to Services presented in January 2009.
- 1.2 The inspection assessed Wirral Council (on a scale of zero to three stars) as providing 'good, two star access to services that has promising prospects for improvement.

## **2 BACKGROUND**

- 2.1 The Audit Commission undertook an inspection of Access to Services during September 2008. The context of the inspection was that:

- Legislation requires that Council services are:
  - Responsive to the needs of citizens
  - Of a high quality and cost effective; and
  - Fair and accessible to all who need them
- Access to services is a cross-cutting theme applicable to all Council services. An accessible and user-focused organisation places customers at the heart of service delivery and designs joined up-services around the needs of users
- The customer experience for both citizens and businesses when contacting their local council should be one which is responsive, timely and efficient.

- 2.2. The Audit Commission assessment of the provision as a two star Access to Services with promising prospects for improvement has not been exceeded by any top tier local authority.

## **3 INSPECTION FINDINGS**

- 3.1 The report, published on 8 January 2009 identified a number of service strengths as well as areas for ongoing improvement which were reported to this Committee on 26 January 2009.

- 3.2. To help the Council improve, inspectors recommended the Council should address three key recommendations:
- review the means of access across all services
  - strengthen the approach to accessibility and user-focus within the performance management arrangements.
  - consolidate existing plans for improving access within an overall strategy.
- 3.3 The Authority has produced an action plan to respond to these specific recommendations as well as continuing to build on the success of the many areas that were identified in the inspection. The updated position is shown as Appendix One. The action plan is regularly reviewed and updated and will form part of the review by the Audit Commission when they reassess how work has progressed since the formal inspection.
- 3.4. Members will note the linkages of this work to other key corporate initiatives such as the Council Change Programme approved by Cabinet on 10 December 2008, the Strategic Asset Review approved by Cabinet on 15 January 2009 and the ongoing development of the Customer Access Strategy. The management of the programme and ensuring integration of individual projects continue through the Corporate Improvement Group.

#### **4. FINANCIAL AND STAFFING IMPLICATIONS**

- 4.1. There are none arising directly from this report.

#### **5. LOCAL MEMBER SUPPORT IMPLICATIONS**

- 5.1. There are none arising directly from this report.

#### **6. LOCAL AGENDA 21 IMPLICATIONS**

- 6.1. There are none arising directly from this report.

#### **7. PLANNING IMPLICATIONS**

- 7.1. There are none arising directly from this report.

#### **8. EQUAL OPPORTUNITIES IMPLICATIONS**

- 8.1. The Council, through its Customer Access Strategy, is committed to ensure that all customers can access services with ease.

#### **9. COMMUNITY SAFETY IMPLICATIONS**

- 9.1. There are none arising directly from this report.



10. **HUMAN RIGHTS IMPLICATIONS**

10.1. There are none arising directly from this report.

11. **BACKGROUND PAPERS**

11.1. Access to Services Inspection – Audit Commission January 2009.

12. **RECOMMENDATION**

12.1. That the report be noted.

IAN COLEMAN  
DIRECTOR OF FINANCE

FNCE/71/09

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**ACCESS TO SERVICES ACTION PLAN – UPDATE MARCH 2009**

Recommendation Reference	Recommendation Details	Priority 1=Low 2= Med 3=High	Responsibility	Agreed	Comments	Anticipated Implementation Date
R1	<p>Consolidate existing plans for improving access to services within an overarching strategy that defines:</p> <ul style="list-style-type: none"> <li>• Users that are and are not, accessing services</li> <li>• How the Council intends to achieve its aims and targets for further improving access and reducing the gap between users and non users</li> <li>• The wider implementation of customer relationship management across services</li> <li>• Access channels that will be supported, including emerging technologies; and</li> <li>• Timescales for implementing resource improvements over the short-, medium- and long-term</li> </ul>		Deputy Director of Finance	Yes	A framework for a consolidated and co-ordinated Strategic Change Programme was approved by Cabinet on 10 December 2008. A further report is being prepared.	<ul style="list-style-type: none"> <li>• 10 December 2008 – completed</li> <li>• 23 April 2009 – further report</li> </ul>

Recommendation Reference	Recommendation Details	Priority 1=Low 2= Med 3=High	Responsibility	Agreed	Comments	Anticipated Implementation Date
R2	Review the means of access across all services to ensure that opening times, access channels and outreach facilities meet user's needs and preferences		Head of Benefits, Revenues and Customer Services	Yes	This is integral to the Strategic Asset Review.	December 2009
R3	Strengthen the approach to accessibility and user-focus by ensuring that performance management frameworks include: <ul style="list-style-type: none"> <li>• Analysis of access to; and standard of services experienced by, different groups and communities; and</li> <li>• Indicators which measure the speed and quality of service responses against aims, objectives, service standards and targets that are publicised to users.</li> </ul>		Head of Benefits, Revenues and Customer Services	Yes	The issues will be addressed through the corporate Customer Services Group.	December 2009

NB. The recommendations were not prioritised by the Audit Commission.

**AUDIT AND RISK MANAGEMENT COMMITTEE - 30 MARCH 2009**

**STANDARDS COMMITTEE - 31 MARCH 2009**

**CABINET - 9 APRIL 2009**

**REPORT OF THE DIRECTOR OF LAW, HR AND ASSET MANAGEMENT**

**PARTNERSHIPS FRAMEWORK AND TOOLKIT**

## **1. Background**

1.1. The Council like other bodies increasingly provides services through partnerships with other bodies. Partnership working brings great opportunities to enhance the offer to citizens. However, it can also bring risks, particularly in terms of possible lack of clarity over governance arrangements and accountability.

## **2. PROBITY AND PARTNERSHIPS**

2.1. The Audit Commission carried out a review of the Council's governance arrangements for partnerships in 2003/4. As a result an action plan was developed and the following actions were taken;

- The Head of Legal and Member services drew up partnership guidance and a checklist which was approved by COMT and referred to Audit and Risk Management Committee;
- The Head of Legal and Member Services created a partnership register based on information provided by Chief Officers which recorded details of each of the Council's Partnerships;
- A risk review was carried out of the partnerships of which the Council was a member; and
- A partnership risk toolkit was developed.

2.2. The Audit Commission has recently carried out a further review of the Council's arrangements for partnerships. It is anticipated that the outcome of that review will be reported very shortly. It is anticipated that the report will highlight the need for the Council to strengthen its arrangements for ensuring that the council's partnership arrangements are strong.

2.3. The Head of Legal and Member Services has been working for some time on a Partnership Framework and Toolkit aimed at strengthening the Council's partnership arrangements. A draft has now been circulated and is attached to this report as Appendix 1.

2.4 The document provides a framework for ensuring that the Council's partnership arrangements are clear and transparent. It ensures that the Council will only enter in to partnerships or remain in them where there is clear added value and the benefits outweigh any risks or drawback. It recognises that the Council should focus its limited resources on those partnerships which will contribute towards meeting the Council's LAA improvement targets, strategic objectives or statutory responsibilities.

2.5 It is intended that the framework will be submitted to the following bodies:

- Standards Committee – 30 March 2009;
- Audit and Risk Management Committee – 31 March 2009;
- Cabinet - 9 April 2009; and
- Council – 27 April 2009

- 2.6 It is intended that the framework will then be included within the constitution of the council to reinforce the importance of governance within partnerships.
- 2.7 The Framework requires that the Council identify for each partnership a link officer and a responsible Head of Service. There will be a review of all existing partnerships to ensure that there is business case in respect of each. A risk assessment will also need to be carried out in respect of each. It is intended that these reviews will be completed within 6 months. All partnerships will then need to be reviewed at least annually. There will also need to be a business case made out before the Council enters in to any new partnership and the process identified in the framework will need to be followed in each case.
- 2.8 The Council will need to ensure that those officers that are involved in partnership working have sufficient training to operate the framework and toolkit effectively. Therefore, it is proposed that a process of raising awareness of partnership working is undertaken over the 2-3 months after the framework is approved.
- 2.9 Chief Officers will also need to ensure that the existing register (appended to the framework and toolkit) is comprehensive and includes all partnerships. This is being progressed currently.

### **3. Financial and Staffing Implications**

- 3.1 There are already a number of staff engaged in partnership work. Whilst the initial review of partnerships will result in increased work it is anticipated that this will not be extensive and can be managed within existing resources. At this stage it is proposed that the costs of implementing the new system are closely monitored, with a view to containing them within existing budgets.

4. **Local Member Support**

There are no implications for individual wards arising directly from this report.

5. **Equal Opportunity Implications**

There are none arising directly from this report.

6. **Human Right Implications**

There are none arising directly from this report.

7. **Local Agenda 21 Implications**

There are none arising directly from this report.

8. **Community Safety Implications**

There are none arising directly from this report.

9. **Planning Implications**

There are none arising directly from this report.

10. **Background Papers**

There are no background papers which are not appended to this report.

11. **Recommendation**

- 11.1 That the Partnership Framework and Toolkit be endorsed and referred to Council for Approval and inclusion within the constitution.

BILL NORMAN  
DIRECTOR OF LAW, HR AND ASSET MANAGEMENT

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**WIRRAL COUNCIL  
PARTNERSHIP GOVERNANCE FRAMEWORK  
AND TOOLKIT**

**February 2009**

**(Version 2 at 27 Feb 2009)**

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## Foreword

Welcome to Wirral Council's Partnership Governance Framework and Toolkit. This document has been developed to guide elected members and officers of the Council when working with partnerships. It allows our partners to see the key principles and quality standards that we are committing to, and how we are putting collaboration and co-operation at the heart of the Council.

The promotion of effective partnerships with other organisations is the key to achieving our shared vision for Wirral of a:

**“more prosperous and equal Wirral, enabling all communities and people to thrive and achieve their full potential.”**

This commitment is demonstrated, for example, through our leadership and involvement in the Wirral Local Strategic Partnership. Partnership is the key to Wirral's future success, as well as to that of the wider region we support. Wherever possible we will use partnerships to achieve shared priority outcomes that create and sustain a better quality of life for all the people of Wirral.

This toolkit has been developed considering Audit Commission Guidance and other examples of best practice. Particular thanks is given to Birmingham City Council for their assistance and permission to use parts of their toolkit.

[photograph of Leader]

Cllr Steve Foulkes,  
Leader of Wirral Council

[photograph of Chief Executive]

Steve Maddox,  
Chief Executive of Wirral Council

# **Section 1: Introduction and context**

## **1. Introduction: a partnership toolkit - why one is needed**

The Council has a long history of developing partnerships both within and outside the borough.

However, partnership working presents a number of challenges. It is important to recognise the support that partnerships need for delivering shared outcomes.

We need to adopt a way of working that will ensure consistency, and clearly show that the partnerships we are working with provide 'value for money' and 'added value'. The goal is better services for Wirral citizens.

## **2. The purpose of this toolkit**

The purpose of this toolkit is to help the Council work with its partners to identify if all the partnerships it is involved with have good systems of governance. By governance we mean the processes, procedures and policies that deal with and address issues like accountability, probity and audit.

Excellent performance flows from good governance. And all members of a partnership should conform to codes for the overall good of all involved. The Council recently adopted a Code of Corporate Governance committing itself to the principles of good governance and local accountability.

The toolkit will ensure that for each partnership:

- the Council is clear about its purpose and expected outcomes for the people of Wirral when entering into partnerships;
- the Council's own agreed priorities and objectives are being met;
- there is clarity about accountability and responsibility for outcomes;
- partnership activity and outcomes are monitored, reviewed and evaluated to make best use of resources;
- risks for the Council, and for the partnership, are assessed and the controls agreed;
- each partnership maintains a relevance to its agreed purpose during its lifespan and has in place an effective exit strategy;
- partnerships are properly empowered and their legal status understood;
- reviews are undertaken to evaluate success and further challenge progress and improve effectiveness.

## **3. Who will use this toolkit?**

Both officers and elected members of the Council will have access to this toolkit. The Council will also share this toolkit with its partners and prospective partners ensuring

that the procedures and guidance involved are understood, and the need for them accepted.

The toolkit gives detailed guidance for each stage in the life of a partnership:

- The partnership cycle: **Appendix 1**
- Making the business case – both prior to setting up a partnership and reviewing for continuing relevance: **Appendices 2 and 2a**
- Reviewing a partnership – the framework: **Appendix 3**
- Monitoring, reviewing and evaluating partnership governance and effectiveness: **Appendix 3a**
- Leaving partnerships: **Appendix 4.**

## 4. Defining a partnership

The word **partnership** is used with increasing frequency in both the public, private and voluntary sectors and can mean different things to different people. The Council's definition has been adapted from definitions used by the Audit Commission<sup>1</sup>.

In the context of local government, **a partnership is a joint working arrangement - which is not governed by the Partnership Acts - and where the partners:**

- **are otherwise independent bodies;**
- **agree to cooperate to achieve common goals and outcomes for the community;**
- **share accountability, risks, and resources;**
- **create an organisational structure with agreed processes and programmes.**

Some of our partnerships are more **significant** than others – in terms of the outcomes they seek to deliver, their profile/reputation and the resources that are put into them. The Council is not always the accountable body for its significant partnerships.

The Council has identified nine potential categories for partnerships. These are:

- 1) key partnerships;
- 2) procurement arrangements;
- 3) commercial or commissioned partnerships;
- 4) networking functions;
- 5) collaborative/shared service arrangements;
- 6) public private partnership / private finance initiative;
- 7) stock transfer Registered Social Landlords;
- 8) local management arrangements; and
- 9) grant funding systems.

**The Council's priority will be to address issues relating to key partnerships. The Council's definition of a key partnership is a partnership that:**

- **is a legal requirement or based on statutory guidance, or;**

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<sup>1</sup> *A fruitful partnership: effective partnership working*; Audit Commission, Nov 1998; and *Governing Partnerships; Bridging the Accountability Gap*; Audit Commission, Oct 2005

- **coordinates, commissions or delivers activities, at a borough-wide or local level, that *substantially* contribute towards our Local Area Agreement outcomes, the Council's corporate objectives or the objectives set out in the Sustainable Community Strategy.**

Please note that some partnerships have their own partnership families. In these cases only the *parent partnership* is regarded as a significant partnership. .

If you are unsure whether you are in a partnership arrangement or would like advice on whether a new arrangement should be formally established as a partnership, please contact the **Head of Legal and Member Services**.

## **5. Corporate and executive roles and responsibilities**

The **Deputy Leader** is the executive partnership champion. The **Director of Law, HR and Asset Management** is the corporate partnership champion and has overall responsibility for the Council's strategic approach to its partnership activity.

The **Chief Officers Management Team** has responsibility for monitoring the strategic impact of the Council's involvement in partnerships. This will provide for a coordinated approach across the directorates and constituencies.

**Appendix 5** provides an extensive list of the key roles and responsibilities.

## **6. Mapping the Council's partnership activity**

As part of the development of this framework the Council has developed a partnership register which includes all partnerships that the Council is part of. This has helped to:

- identify when the Council is in a partnership and what sort of partnership it is;
- provide an evidence-base for reviewing partnership arrangements.

A list of the type of preliminary data collected as part of that early consultation on partnerships is in **Appendix 7**.

One of the outputs of reviewing all the Council's significant partnerships will be a reliable baseline to populate a partnership database, available to officers, elected members, partners and the public.

## Section 2: Working in partnership

### 7. When is a partnership appropriate?

Partnership arrangements are appropriate when they have the potential to deliver:

- **value for money** – when available resources are used economically, efficiently and effectively
- **‘added value’** – delivering something that is unlikely to be achieved by another form of working arrangement
- **good governance** – they are consistent and well-managed. (This calls on the partnership to be ‘fit for purpose’).

A key feature of all partnerships is that all the parties involved agree to the need for the partnership in these terms.

Any other ways of working must be assessed to determine if a partnership arrangement is the most appropriate one.

The outcomes and expectations of any partnership must always be considered against the legal framework in which the Council has to operate. Put simply, is it within the Council’s powers to enter into such collaboration?

### 8. Making the business case for partnerships

The Council’s participation in all new partnership arrangements must be approved by the Cabinet or appropriate Regulatory Committee or, if required under the constitution or by law, by Full Council.

The Wirral Local Strategic Partnership (LSP) should be asked to endorse the creation of new partnerships to ensure continuity and cohesion. This includes local partnerships at constituency level.

All partnerships – both proposed and existing – need to demonstrate how Council participation will benefit the people of Wirral and the Council. This will be assessed by comparing the objectives and intended outcomes of the partnership with:

- the Council’s own priorities (as set out in the **Corporate Plan**);
- the priorities of the LSP (as set out in **Wirral 2025 – More Prosperous More Equal**);
- the **Local Area Agreement**.

Partnerships also need to demonstrate:

- fitness for purpose;
- value for money;



- added value.

Taken together, this will make the **business case** for a partnership. Initially, the business case needs to be approved by the accountable head of service. The template can be found in **Appendix 2a**.

Partnership governance and working arrangements will also need to be developed. **Appendix 3a** is the partnership review template that needs to be followed when developing working arrangements for a new partnership or negotiating arrangements when joining an existing one.

The business case process and the partnership development process must be dynamic and overlap. But, for new/proposed partnerships, the head of service **must** get 'in principle' agreement from the Chief Officers Management Team and/or Cabinet or the relevant regulatory committee as appropriate, before documents are signed and firm actions are taken that set in place operational partnership working arrangements.

These processes will culminate in the production of a partnership **Memorandum of Understanding**. This is a document that makes clear the:

- aims and principles of the partnership;
- roles and accountabilities of each of the bodies represented on the partnership;
- procedures under which the partnership will operate.

A model Memorandum of Understanding that exhibits all the attributes of best practice is in **Appendix 8**. This can be adapted to suit any circumstance. No area of this model should be omitted.

The **Head of Legal and Members Services** must advise on any report to Chief Officers' Management Team or governance arrangement before they are finalised. If development of a new partnership or entry into an existing partnership is approved, the accountable head of service will nominate Council officers for the partnership, including a **link officer**. The link officer's role and responsibilities will include:

- providing a point of contact between the Council and the partnership;
- annually reviewing the partnership's business case and its governance arrangements and effectiveness, reporting to the head of service;
- reporting on an exception basis to the head of service if any significant issues arise between annual reviews.

Cabinet, the appropriate Regulatory Committee or Full Council will approve nominations for elected members and, if considered necessary, officer appointments on partnerships.

**Appendix 1** gives an overview of this process.

## 9. Review and evaluation of continuing Council involvement in partnerships

### Review

All existing partnerships need to be reviewed annually for continuing relevance to the Council's priorities. There are two aspects to this:

1. Review of the partnership itself; providing assurance that proper systems are in place and that its outcomes and performance are monitored and evaluated.
2. The Council must decide whether its requirements are being met and be assured that the partnership is effective.

The business case for continuing a partnership needs to be confirmed annually. The review process should align with the Council's business planning process.

If a business case cannot be demonstrated then a report needs to be submitted to Cabinet or the appropriate Regulatory Committee (via the Chief Officers Management Team) stating this. (Further information on leaving partnerships can be found in **section 10**)

If the business case is made then the review should continue. **Appendix 3a** contains the review template. **Appendices 6** and **6a** give general guidance on reviews, review teams and reporting arrangements.

The review will show if the partnership has effective governance and delivery arrangements. It will also consider whether the risks involved in remaining in a partnership outweigh any benefits of doing so. If this is the case then the Council should leave the partnership.

It is the responsibility of heads of service to provide the Chief Officers'; Management Team with a formal annual report on a partnership's effectiveness and fitness for purpose, or more regularly if issues arise between the annual reports.

Issues relating to performance targets should be reported to appropriate directors or heads of service.

This exercise is not a substitute for the ongoing monitoring, evaluation, and the reporting responsibility of the partnership itself. **Appendix 3a** should be made available to partnerships.

Partnerships are responsible for their governance arrangements. But the Council also has a duty to ensure that adequate procedures and processes exist regarding the stewardship of public funds. For further guidance on this contact **Wirral Internal Audit**.

### Evaluation

The aim of this is to identify the impact of partnerships and whether they are achieving what they were set up to do. The report that heads of service produce as part of the review process must analyse if a partnership is achieving its' short, medium and long-term goals, and if it is not, what options exist.

After the individual annual reviews have been considered by the Chief Officers Management Team, the **Director of Law, HR and Asset Management** will produce an annual report for the Chief Officers Management Team, the Audit and Risk Management Committee, the Standards Committee and Cabinet on the overall impact of the Council's involvement in partnerships, with recommendations on any actions required.

## 10. Leaving partnerships

At some point, partnership arrangements, or the Council's involvement in a partnership, will come to an end. This could be for one or more of several reasons:

- the partnership achieves all that it set out to do;
- the priorities of the Council / LSP change;
- on review, the partnership is not delivering the outputs and outcomes it was set up to do and a new approach needs to be explored;
- the partnership is replaced by another partnership or working arrangement;
- external funding sources / resources cease;
- on review, an adverse level of risk of continuing the partnership is identified;
- the legal framework upon which the partnership was founded, changes.

Cabinet, the appropriate Regulatory Committee (or Full Council if it has constitutional implications) has the authority to determine if the Council's involvement in a partnership should cease. This does not necessarily mean that the partnership itself will cease.

All Memoranda of Understanding should identify how individual organisations can leave a partnership (see **Appendix 8**).

Within three months of the decision to leave a partnership, the **link officer** will complete the template in **Appendix 4** and submit it to the Chief Officers' Management Team and the **Director of Law, HR and Asset Management**. Any learning or best practice will be identified. Where significant issues are raised, eg system failures, results will be circulated as soon as they are known.

## 11. Risk assessment and risk management

As part of the business case evaluation, a full risk assessment must be carried out in accordance with the Council's **Corporate Risk Management Strategy**. The Council's **Risk and Insurance Manager** has also produced a specific **Partnership Risk Toolkit**. A copy of the toolkit is attached as **Appendix 9**. For any further information or guidance on risk management contact the **Risk and Insurance Manager**.

Risk management does not stop once an initial business case has been made. Good risk management is key to delivering successful outcomes. Stakeholders in the partnership should achieve a common understanding of:

- the potential adverse conditions or opportunities associated with achieving partnership objectives;
- their relative seriousness or where opportunities exist;
- how adverse conditions can be managed or opportunities exploited.

A designated member of the partnership board should be responsible for maintaining a risk register. It should specify those responsible for managing the action plan to reduce individual risks.

The partnership Memorandum of Understanding should mention the matter of shared risk assessment and risk management mechanisms. Other partnership documents need to identify in detail what systems are in place to monitor, review and evaluate risk and who is responsible for ensuring this is done.

The partnership board should ensure that effective risk assessment is undertaken in all key decision-making processes, and the partnership implements risk management plans to reduce identified risks, set clear deadlines and allocate responsible individuals for particular tasks.

Partnership working is often about accepting higher risks and sharing risk as part of developing new ways of working. This needs to be balanced against the organisation's statutory acceptable levels of risk. Partnership working can often offer additional ways of reducing risk or eliminating elements of it.

As well as risk management plans there need to be business continuity plans covering what actions will be taken if risks are realised.

It is important to note that as part of risk management, insurance is one way of transferring the level of risks. **Appendix 10** details a number of areas where insurance decisions may need to be taken by the partnership. Further advice and information can be obtained from the Council's **Risk and Insurance Manager**.

## 12. Developing skills for partnership working

The Council recognises that partnership working requires particular skills and abilities, if it is to be effective. The Council will ensure that its training and development programme will include appropriate provision and opportunities for officers and elected members to develop the skills needed for partnership working.

**Appendix 11** gives general principles shown by successful partnerships. **Appendix 12** gives examples of skills and knowledge required by partnerships for successful working. The **Director of Law, HR and Asset Management** has responsibility for ensuring that resources are available to develop partnership working skills.

## 13. Protocol for elected members involved in any work with outside bodies

Councillors should read and follow the protocol in **Appendix 13** when working as part of any partnership; either directly representing the Council, in an advisory capacity, or as part of an interest group. Any issues in this protocol that you do not understand or which require clarification should be discussed with the **Head of Legal and Member Services**, your political group leader or the Chief Executive.

Councillors need to observe, at all times, the relevant **Codes of Conduct** in the **Constitution**, paying particular attention to requirements for making declarations of interests.

If a Councillor serving on a partnership suspects that fraud is being committed, they should report those suspicions to **Wirral Internal Audit** and the **Head of Legal and Member Services** immediately – refer to the **Whistle Blowing Policy**.

## **14. Protocol for employees involved in any work with outside bodies**

Council employees should read and follow the protocol in **Appendix 14** when working as part of any partnership; either directly representing the Council in an advisory capacity, or as part of an interest group. Any issues in this protocol that you do not understand or which require clarification should be discussed with your line manager.

Officers need to observe, at all times, the relevant Codes of Conduct in the **Constitution**, paying particular attention to the requirements for making declarations of interests. For some higher level partnerships, Cabinet or Cabinet member approval will be required before any employee is allowed to represent the Council on a partnership.

If an officer serving on a partnership suspects that fraud is being committed, they should report those suspicions to **Wirral Internal Audit** and the **Head of Legal and Member Services** immediately – refer to the **Whistle Blowing Policy**.

Council staff must bear in mind that acceptance of a role as a charity trustee or company director (even if accepted as part of your work for the Council) is their personal responsibility. Responsibilities to the Charity Commission, as well as under company law, must be fulfilled. The duty to act in the best interests of the charity or company must be balanced with your duty to the Council as an employee, and as a representative within its community leadership role. If in any doubt about this, contact the **Head of Legal and Member Services**.

**Appendix 15** provides an appraisal of legal and procedural aspects of partnership working.

## **15. Complaints**

Clarity over the process for dealings with complaints about partnership activity can be problematic. This led to the Local Government Ombudsman to issue guidance on 2007<sup>2</sup>. This states:

*Complaint handling and redress need to be central in the governance of partnerships.*

*Local authorities need to establish rigorous, transparent and accessible complaint handling arrangements in the partnership settings in which they are involved.*

When entering any partnership or reviewing an existing one consideration must be given to the process for dealing with complaints about partnership activities.

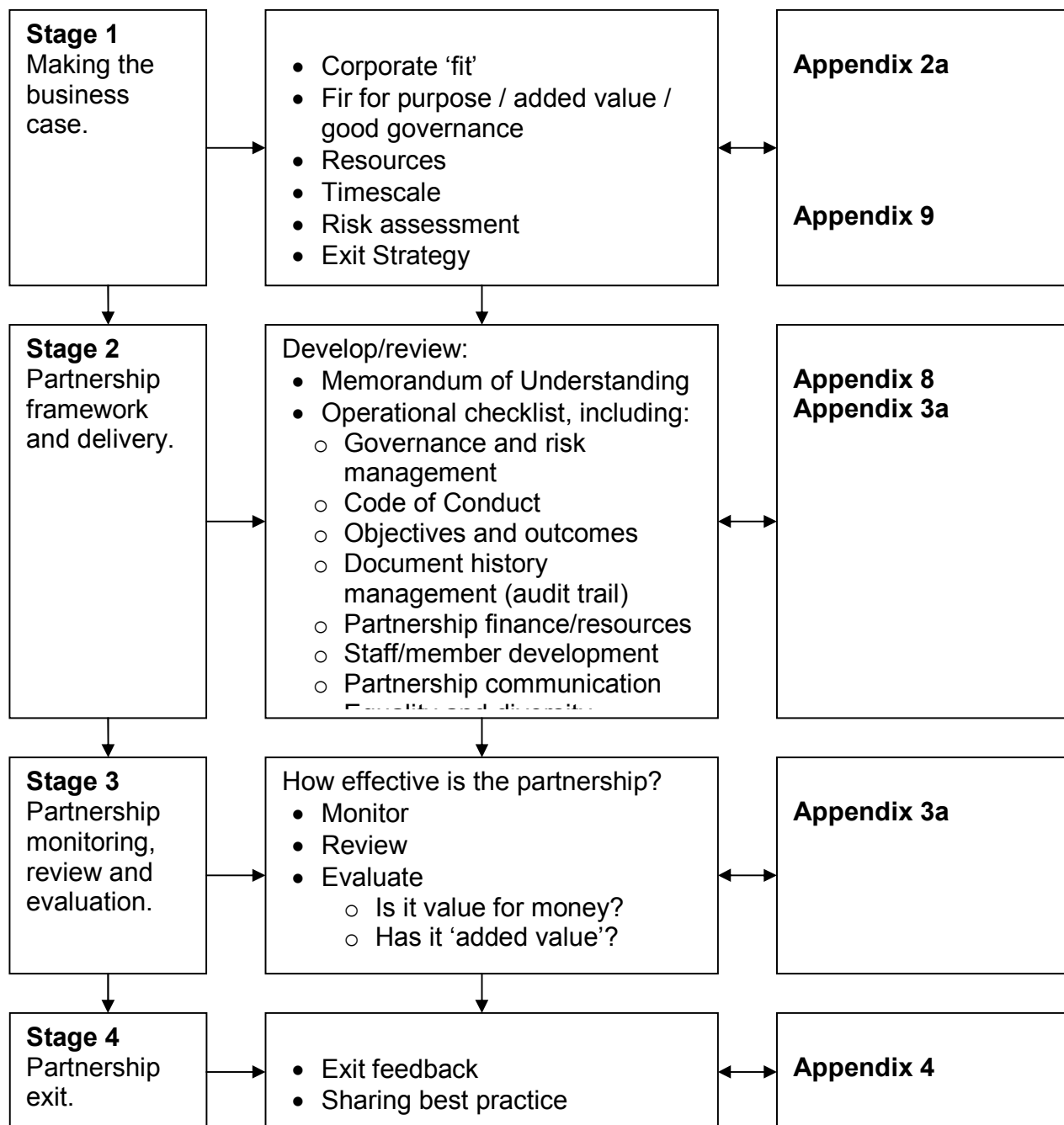
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<sup>2</sup> *Special Report: Local Partnerships and Citizen's Redress*; Local Government Ombudsman, July 2007.

## Appendix 1

### The partnership cycle

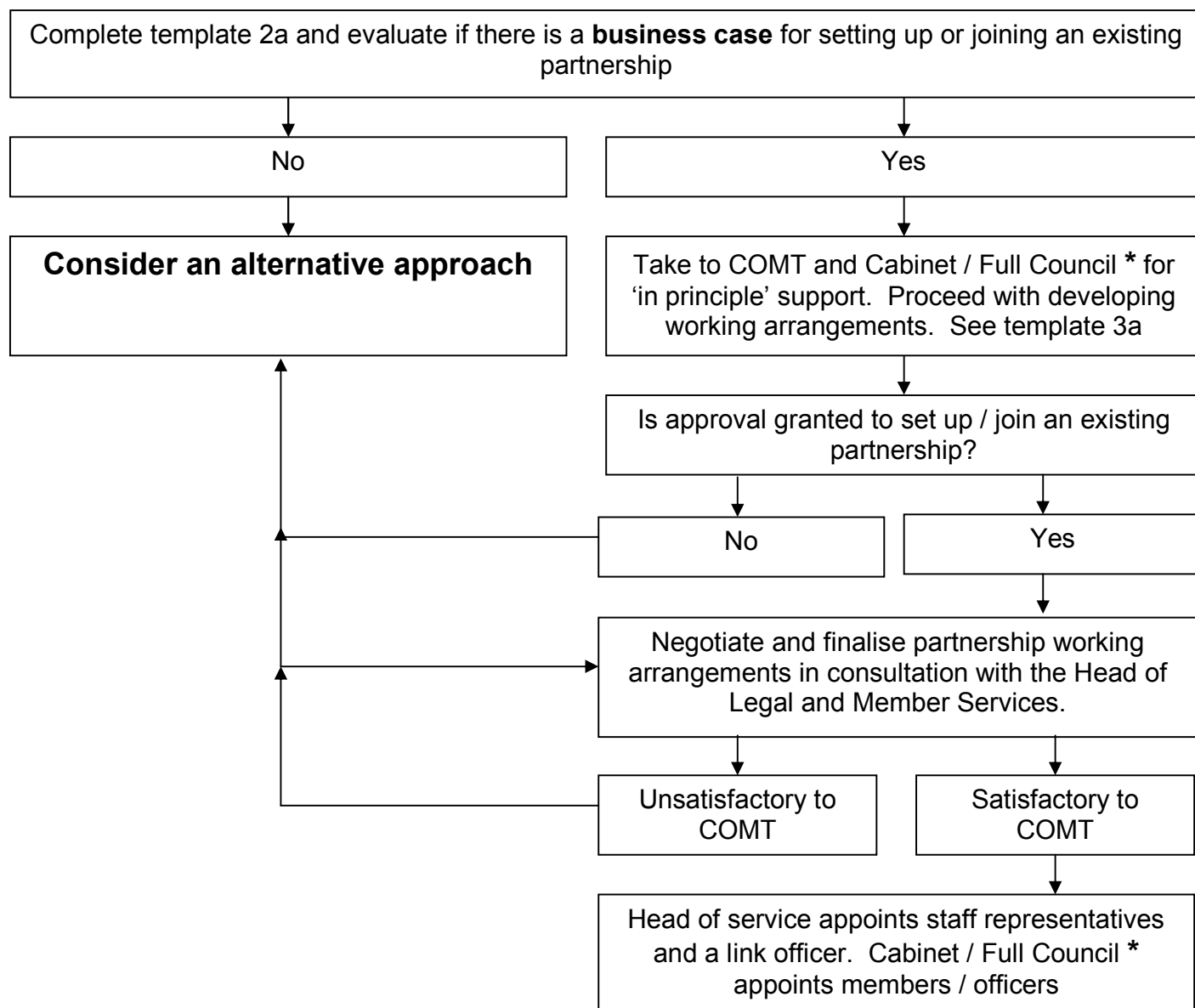
This diagram gives an overview of our approach to partnership governance and delivery through the life cycle of a partnership: forming, performing and ceasing.



## Appendix 2

### Making the business case for new partnerships

This flowchart guides the head of service through the business case stage of developing a new partnership or joining an existing one.



\* Approval for new partnerships is only required by Full Council where there are constitutional requirements.



## Appendix 2a

### Business case template

This is concerned with (tick appropriate box):

Setting up a new partnership	<input type="checkbox"/>	Joining an existing partnership	<input type="checkbox"/>	Reviewing an existing partnership	<input type="checkbox"/>
------------------------------	--------------------------	---------------------------------	--------------------------	-----------------------------------	--------------------------

Name of the partnership: \_\_\_\_\_

If the partnership is STATUTORY tick the box

Issue	Key questions	Evidence and evaluation
<b>Assessment of 'fit' with the Council and key policies</b>		
Corporate 'fit'	1. How does the partnership contribute to the: <ol style="list-style-type: none"> <li>a. <b>Corporate Plan?</b></li> <li>b. <b>Sustainable Community Strategy?</b></li> <li>c. <b>Local Area Agreement?</b></li> </ol>	
<b>Partnership - key information</b>		
Strategy	1. List the agreed / proposed objectives and SMART outcomes and targets 2. What is its intended lifespan? 3. What is the exit strategy?	
Membership	1. Which organisations make up the partnership? 2. Are there any key players <b>not</b> in the partnership? 3. If yes, which ones?	
Leadership and engagement	1. Who is the partnership accountable to? 2. What is the role of the Council?	
Risk management & equality impact assessments	Attach the completed: <ol style="list-style-type: none"> <li>1. <b>risk assessment</b></li> <li>2. <b>equality impact assessment (EIA)</b></li> </ol>	
<b>Excellence and efficiency</b>		
Excellence, Economy, Efficiency and	Give specific examples of how the partnership delivers: <ol style="list-style-type: none"> <li>a. <b>value for money;</b></li> <li>b. <b>'added value'.</b></li> </ol>	

Issue	Key questions	Evidence and evaluation
Effectiveness		

### Appendix 2a

Issue	Key questions	Evidence and evaluation
<b>Resources</b>		
Resources	What resources is the Council providing in terms of: <ol style="list-style-type: none"> <li>a. finance?</li> <li>b. staff?</li> <li>c. accommodation?</li> <li>d. legal?</li> <li>e. IT?</li> <li>f. administration?</li> <li>g. training?</li> <li>h. insurance?</li> <li>i. recruitment?</li> <li>j. payroll?</li> <li>k. health and safety?</li> <li>l. advice?</li> <li>m. communication tools?</li> <li>n. other?</li> </ol> [Answer all fields with details]	
Funding	<ol style="list-style-type: none"> <li>1. When is funding for the partnership due to end?</li> <li>2. If the Council leaves the partnership will any funding be lost to the borough?</li> <li>3. If yes, please give details</li> </ol>	
<b>Other considerations for existing partnerships</b>		
Reputation	<ol style="list-style-type: none"> <li>1. Is there the potential for reputation damage to the Council if it leaves the partnership?</li> <li>2. If yes, what is the risk and how can it be managed?</li> </ol>	
Accounting	<ol style="list-style-type: none"> <li>3. How will the partnership be treated for the purposes of the Council's accounts?</li> </ol>	

**MY OVERALL EVALUATION IS THAT THE BUSINESS CASE HAS / HAS NOT \* BEEN MADE FOR SETTING UP / JOINING / CONTINUING \* A PARTNERSHIP ARRANGEMENT.**

Completed by: \_\_\_\_\_ Date: \_\_\_\_\_

Job title: Head of \_\_\_\_\_

Tel. No.: \_\_\_\_\_

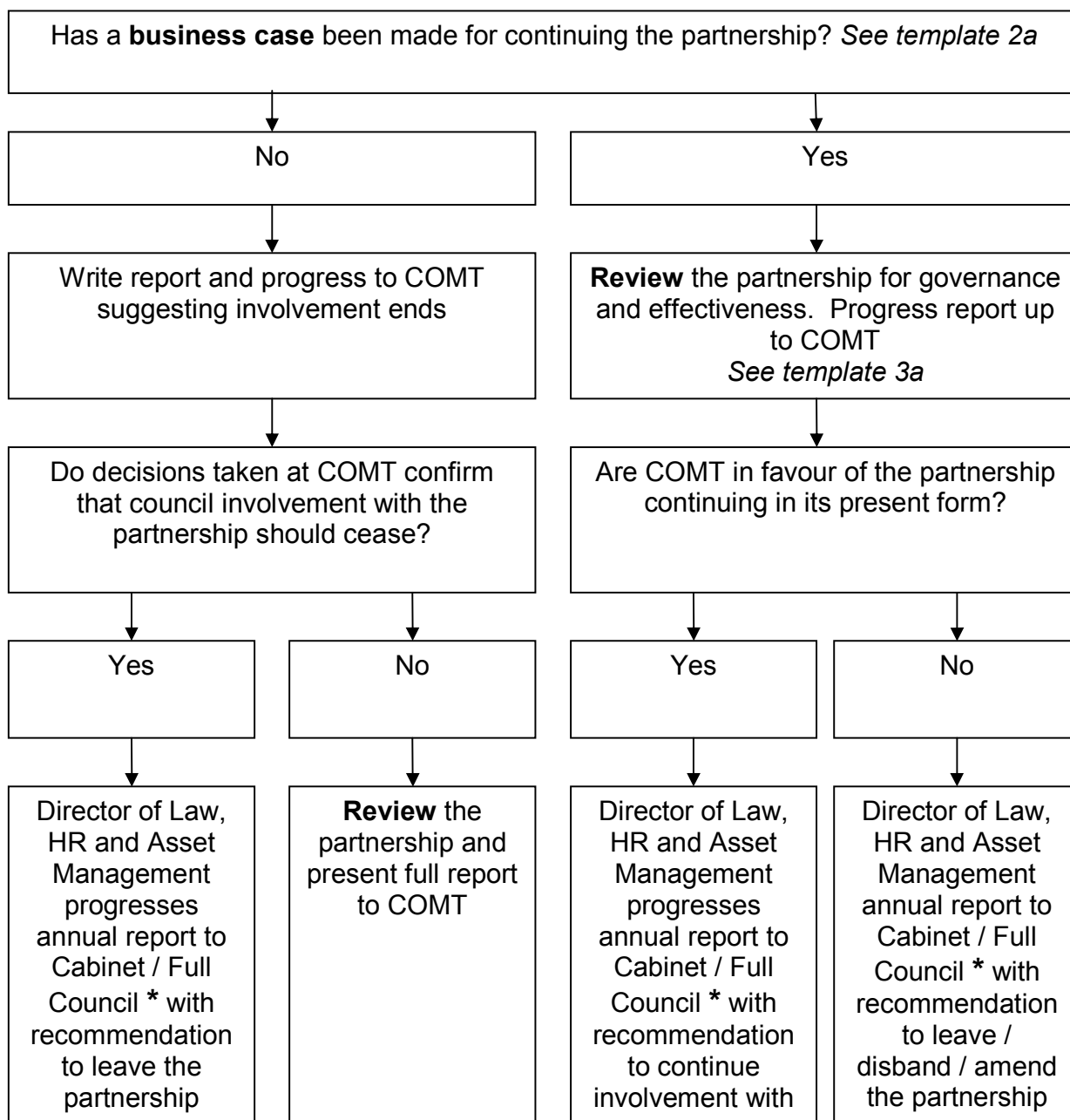
**Email:** \_\_\_\_\_

\* Delete as appropriate

## Appendix 3

### Reviewing a partnership

This flowchart guides the head of service and partnership link officer through the review stage of an existing partnership.



\* Approval is only required by Full Council where there are constitutional requirements

## Appendix 3a

### Partnership review template

Whether you are setting up a partnership, joining or reviewing an existing one, the issues that need to be considered for partnership effectiveness will be the same. This guidance is to be used by:

- the head of service as a checklist when setting up or reviewing the appropriateness of joining an existing partnership
- the link officer carrying out a partnership review

This guidance should also be made available to the partnership officer responsible for monitoring a partnership's governance, performance and effectiveness.

Completing the template should provide assurance that appropriate standards are being met.

**Name of partnership:** \_\_\_\_\_

**Head of service:** \_\_\_\_\_

**Link officer:** \_\_\_\_\_

Governance and finance		
<b>Formal status</b>		
1. Is there clarity on the <b>legal status</b> of the partnership?		
2. Is there an agreed <b>Memorandum of Understanding</b> or constitution, which sets out a clear purpose and clarity of expectation of the partnership members?		
<b>Assessment</b>	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
<b>Evidence</b>		
1.		
2.		
<b>Actions needed</b>		
.		

Composition		
1. Is the partnership realistically sized and resourced?		
2. Does it contain the right mix of <b>skills and knowledge</b> to get the work done?		
<b>Assessment</b>	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
<b>Evidence</b>		
1.		
2.		
<b>Actions needed</b>		

<b>Auditing and scrutiny arrangements</b>		
1. Are internal auditing arrangements for the partnership clear? 2. And are there agreed rights of audit access for each constituent member? 3. Does the partnership have any external review or monitoring mechanisms?		
<b>Assessment</b>	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
<b>Evidence</b>		
1. 2. 3.		
<b>Actions needed</b>		

<b>Finances and resources</b>		
1. Where does accountability lie for managing the spending of funds? 2. Are financial monitoring arrangements robust, clear and understood? 3. Have procedures for managing and monitoring pooled budgets and resources been developed? 4. Is there clarity over ownership and responsibilities? 5. Is there clarity over the accounting arrangements?		
<b>Assessment</b>	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
<b>Evidence</b>		
1. 2. 3. 4.		
<b>Actions needed</b>		

<b>Risk assessment &amp; management</b>		
1. Are systems in place to assess and manage partnership risk? 2. Are business continuity plans in place?		
<b>Assessment</b>	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
<b>Evidence</b>		
1. 2.		
<b>Actions needed</b>		

<b>Conduct and behaviour</b>		
1. Is there an agreed Code of Conduct for partners that is signed by all members and enforced by the Chair?		
<b>Assessment</b>	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
<b>Evidence</b> 1.		
<b>Actions needed</b>		

<b>Staffing</b>		
1. Are roles and responsibilities and expected behaviours clear and agreed? 2. Are there opportunities for training partnership staff and members, including: a. appraisal and approval procedures? b. equality and diversity? c. Code of Conduct?		
<b>Assessment</b>	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
<b>Evidence</b> 1. 2a. 2b. 2c.		
<b>Actions needed</b>		

<b>Equality and diversity</b>		
1. Has the partnership carried out an <b>Equality Impact Assessment (EIA)</b> on the way that it functions, on its policies and on what it delivers? 2. If no, an action plan needs to be drawn up to do so within the next 6 months		
<b>Assessment</b>	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
<b>Evidence</b> 1.		
<b>Actions needed</b>		

<b>Communication</b>		
1. Is the partnership communicating well with its partner agencies, stakeholders and communities?		
<b>Assessment</b>	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
Evidence 1.		
<b>Actions needed</b>		

<b>Performance and Delivery</b>		
<b>Accountability</b>		
1. Does the partnership have an officer accountable for monitoring its performance?		
<b>Assessment</b>	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
Evidence 1.		
<b>Actions needed</b>		

<b>Outcome-focused planning and performance management</b>		
1. Does the partnership have a credible evidence-base to inform its objectives, outcome-focused planning and SMART targets?		
2. Are there action plans in place to deliver these?		
3. Do partners share information so that they can effectively:		
a. monitor performance, and		
b. appraise options?		
4. And are sufficient joint mechanisms in place for effective monitoring and appraisal?		
5. Are findings and recommendations owned and acted upon?		
6. Are arrangements in place to tackle issues of non-performance?		
<b>Assessment</b>	[insert self-assessment]	1. NO – action required, 2. YES – but could be improved, 3. YES- working effectively
Evidence 1. 2. 3a. 3b. 4a. 4b. 5. 6.		
<b>Actions needed</b>		



**GLOSSARY AND ABBREVIATIONS USED**

**Completed by:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Job title:** \_\_\_\_\_

**Organisation:** \_\_\_\_\_

**Tel No.:** \_\_\_\_\_

**Email:** \_\_\_\_\_

## Appendix 4

### Leaving a partnership

The link officer needs to complete this form within three months of the Council's decision to end its working arrangement with a partnership. It should be submitted to the Director of Law, HR and Asset Management.

ISSUE	COMMENTS
1. Name of partnership	
2. When was the formal decision taken to end the Council's working arrangement?	
3. From what date will / did active involvement end?	
4. Why was involvement ended?	
5. If failure to deliver was identified, was this a result of system failures?	
5a. If yes, what were they?	
6. Will the partnership continue without Council involvement?	
7. Is the Council looking to develop other working arrangements to succeed the partnership?	
7a. If yes, what are they?	
8. State up to 3 things that the partnership achieved	
9. State up to 3 examples of best practice exhibited by the partnership	
10. State up to 3 things that the partnership could have done better	

Completed by: \_\_\_\_\_ Date: \_\_\_\_\_

Job title: \_\_\_\_\_ Tel. No. \_\_\_\_\_

Email: \_\_\_\_\_

## Appendix 5

### Roles and responsibilities

#### The role of the link officer is to:

- provide a point of contact between the Council and the partnership;
- assist the partnership work with the Council;
- support the Council's representative(s) on the partnership;
- alert relevant officers to arising issues eg **Internal Audit** and the Council's **Risk and Insurance Manager** on matters of risk, **Legal and Member Services** on matters of interpretation, etc
- undertake an annual review of the partnership's governance and performance effectiveness and submit a report to the head of service;
- report on an exception basis to their head of service if any issues arise between annual reports;
- ensure that quality standards with respect to the Council's governance framework are maintained.

#### The role of the head of service is to:

- evaluate the business case for proposed and existing partnerships;
- evaluate the annual partnership review and any exception reports, agree the reports and report to the Chief Officers Management Team;
- action any points arising from decisions taken at Cabinet/Chief Officers Management Team;
- identify any learning and ensure the Council benefits;
- coordinate with the link officer to troubleshoot any problems that arise in the day-to-day operation of the partnership that impacts on or involves the Council;
- refer any concerns to the Chief Executive, the Director of Finance, the Head of Legal and Member Services and/or Internal Audit.

#### The role of the Director of Law, HR and Asset Management is to:

- develop the partnership review programme;
- produce an annual report summarising partnership governance and effectiveness, the outcome of reviews and identifying any actions as necessary;
- ensure support and training is available to officers and elected members to serve on partnerships and carry out their duties effectively;
- ensure that the Council's partnership governance framework and toolkit is maintained and sustained;
- ensure that resources exist to sustain a database of partnership activity. produce an annual report summarising partnership governance and effectiveness, the outcome of reviews and identifying any actions as necessary;
- consider any evaluation report summarising Council involvement in partnerships, analyse and challenge outcomes, impact and direction;

## **Appendix 5**

- support the Chief Officers Management Team to identify and circulate learning and best practice from partnership working;

### **The role of the Chief Officers Management Team is to:**

- ensure that the partnership review programme is carried out and to timescales;
- challenge if partnerships are adding value/offering value for money;
- collate the results of partnership review activity and pass them to the Director of Law, HR and Asset Management;
- ensure that the Council's partnership database is maintained and sustained;
- make the Director of Law, HR and Asset Management aware of partnership training needs;
- circulate learning and best practice on partnership working around the organisation;
- provide a mechanism for the Council to coordinate and discharge its duties under this partnership governance framework;
- receive the joint annual summary report on the overall impact of the Council's involvement in partnerships and agree any actions which do not require an elected member decision;
- ensure that partnerships are properly supported and that resources are provided to allow partnerships to succeed;
- monitor the overall performance and effectiveness of partnerships and advise Cabinet on any further action required;
- evaluate whether partnerships 'act together' and make differences to people's lives.

### **The role of Cabinet is to:**

- agree Council involvement in new partnership working arrangements;
- appoint, substitute or remove elected members (and officers on higher level partnerships) on partnership bodies, or where appropriate make recommendations to Council;
- receive reports from the Director of Law, HR and Asset Management on the effectiveness of the Council's involvement in partnerships;
- agree future direction and/or any actions arising from evaluations;
- assess the Council's continued involvement in partnerships.

## Appendix 6

### The review

Although in practice, the day-to-day workings of the review are likely to be carried out by the link officer, how reviews are conducted will vary. This will depend largely on the working relationships between individuals/departments/organisations, etc

It is likely that link officers will know what works best in their partnerships when carrying out a review.

For smaller partnerships a link officer may have sufficient knowledge and expertise of a partnership to do a challenging desktop review.

For the larger and more significant partnerships, it may be appropriate to set up a small review team to give a steer to the officer(s) doing the groundwork. In these cases the nucleus of any review team should include:

- the accountable head of service for the partnership;
- the partnership link officer.

For the partnerships that sit under the LSP it may also be appropriate for a director to sit on the review team.

**Partnership reviews are not intended to be laborious and drawn out processes.** A quick but thorough and challenging examination should mean that most reviews should not take any longer than one month to complete the initial groundwork, with a further month to compile the report to COMT.

The review process itself should not be resource intensive, bureaucratic nor excessively time-consuming. In most cases, the information required will be to hand and will just needed pulling together in one place and evidencing.

In some cases it may be helpful to involve a *critical friend* in the review process.

## Appendix 6a

### Reporting to the Corporate Management Team

#### Report template

Name of partnership: \_\_\_\_\_

Area of focus	Findings and gaps	Evaluation	Recommendations
1. Are there adequate governance and financial management procedures in place?			
2. Is the partnership delivering the outcomes contained in the Local Area Agreement?			
3. Does the partnership adequately deal with risk?			
4. Does the partnership take its responsibilities regarding matters of equality of outcomes seriously?			
5. List up to 5 areas of best practice that is exhibited by the partnership			
6. Are there any other areas you wish to comment on that you think may improve the partnership's overall			

Area of focus	Findings and gaps	Evaluation	Recommendations
effectiveness?			
7. In your overall opinion and from the evidence you have reviewed, is the partnership: <ul style="list-style-type: none"> <li>a. fit for purpose?</li> <li>b. giving an 'added value, or is it likely to?</li> <li>c. providing value for money?</li> </ul>			

**Completed by:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Position(s):** \_\_\_\_\_

**Organisation(s):** \_\_\_\_\_

**Contact details:** \_\_\_\_\_

**Appendix 6b**

**Improvement plan template**

**Name of partnership:** \_\_\_\_\_

<b>Outcome</b>	<b>Action</b>	<b>Issues/risks</b>	<b>Means of verification</b>	<b>Lead officer</b>	<b>Completion date</b>

**Monitored by:** \_\_\_\_\_

**Position:** \_\_\_\_\_

**Organisation:** \_\_\_\_\_

**Contact details:** \_\_\_\_\_



## Appendix 7

### Partnership Register

The Directorates and Chief Officers Management Team have overall responsibility for ensuring that the information on the database is accurate and maintained. The **Director of Law, HR and Asset Management** has responsibility for ensuring that the resources exist to sustain it.

The Council first compiled a Partnership Register for 2007/8. This was reviewed in 2008/9. A copy of the index of partnerships is attached as Appendix 17. This will be used as the baseline to populate the register. The following data has been sought in relation to partnerships:

- Name of partnership;
- Date established;
- Period of partnership;
- Purpose of partnership;
- List of partners;
- Wirral Council officer representatives;
- Wirral Council member representatives
- Annual revenue budget;
- Annual capital programme;
- Percentage of partnership funding from Wirral Council;
- Other bodies providing funding for the partnership;
- Is Wirral Council the accountable body;
- What are the arrangements for reporting to the Council;
- Is there a formal agreement;
- Is the partnership governed by Council Standing Orders?
- What ethical arrangements exist;
- Is there provision for declarations of interest at meetings;
- What training is carried out.

From the implementation of this framework and toolkit the following data will be held on the register and each directorate will be responsible for providing the Director of Law, HR and Asset Management with the necessary information for each partnership that they lead on to enable the register to be maintained and regularly updated:

- Name and type of partnership including any legal status, ie statutory or non-statutory.
- Partnership areas of work (geographical, theme and client groups).
- Membership of the partnership.
- Elected member contribution to the partnership.
- Organisation(s) that the partnership is accountable to.
- Head of service accountable for the partnership.
- Name of the partnership link officer and contact details.
- Start date and proposed end date of the partnership.

- How the partnership contributes to the Council Plan outcomes.
- How the partnership contributes to the Sustainable Community Strategy outcomes.
- How the partnership contributes to the Local Area Agreement outcomes.
- Funding sources available to the partnership.
- Council resources available to the partnership including:
  - finance;
  - staff;
  - accommodation;
  - legal;
  - IT;
  - administration;
  - training;
  - insurance;
  - recruitment;
  - payroll;
  - health and safety;
  - advice;
  - communication tools;
  - other.

## Appendix 8

### A model Memorandum of Understanding

**A Memorandum of Understanding must address the following headings since this model combines all the attributes of best practice.**

#### **Aims and Objectives of the Partnership**

List the aims and objectives of the partnership here. Good practice would be a separate paragraph with a short explanatory sentence for each aim and objective.

#### **Partnership Principles**

The following list should be included under this sub-heading. An explanatory sentence could follow each bullet point. This list is not exhaustive.

The members agree to work together actively to achieve the aims of the partnership, on the basis of:

- visible commitment and 'ownership' by the various member organisations and individual representatives;
- mutual trust and respect;
- openness and transparency;
- effective communication and accountability;
- shared ownership of resources, where appropriate;
- combined expertise;
- creative and innovative solutions to problems;
- identification and sharing of best practice, based on mutual learning;
- removal of barriers to equality of access and opportunity;
- clear purpose, clarity of expectations and agreed targets for action;
- effective decision-making;
- shared mechanisms for risk management, monitoring, evaluation, reviewing and reporting on performance, progress and success;
- allowing each constituent member unobstructed access to the audit records of the partnership, on request.

#### **Terms of Reference**

List the Terms of Reference (the purpose of the partnership) here. Good practice would be a separate paragraph with a short explanatory sentence for each Term of Reference.

#### **Roles and Responsibilities**

List the roles and responsibilities of each of the constituent members of the partnership here. It may be appropriate to talk more generally about what the voluntary and community sector, the business sector and the public sector members each bring to the partnership as groups, and the areas of the partnership activity that they will be responsible for delivering.

## **Appendix 8**

### **Membership and Terms of Office (including any special provisions for Council Members / Officers)**

List information like:

- the number of representatives from organisations in the public, private and the voluntary and community sectors, which are actively involved in the area. (Equal representation is not a requirement.) and why they were chosen;
- a list of the constituent members and the number of representatives they have on the partnership;
- who chairs and vice-chairs the partnership;
- how often the membership is reviewed and any time limits that an individual representative can serve on the partnership;
- how the membership of the partnership reflects the characteristics and aspirations of the area / people it has been set up to serve.

### **Equalities and Inclusion**

A statement on how the partnership will operate on the basis of principles that actively value the benefits of diversity and ensure fair treatment and equality of opportunity. This includes representation and participation on the partnership.

A statement on how and when the partnership will carry out Equality Impact Assessments on its functions, policies and services. The Equality Impact Assessment should be carried out within 6 months.

### **Accountability**

A statement on to whom and how the partnership is accountable and what that accountability includes.

A statement on the constituent members' accountability to each other including any expectations of behaviour.

### **Meetings**

A short statement/sentence on:

- the minimum number of meetings in a period
- posting of meetings – including if open or closed
- convening of extraordinary meetings
- responsibility for the setting of meetings, agendas, working papers, minutes, etc.
- venues – why and how they are chosen
- acceptability of meeting times
- representation and quorum
- expectation of behaviour in meetings
- replacements at meetings and any protocols to be followed
- Declarations of Interest and protocols on withdrawal from meetings.

This list is not exhaustive.

## **Appendix 8**

### **Disrepute and Conflict Resolution**

A statement on behaviour that could reasonably be expected to bring a partnership into disrepute. A short list could include:

Members of the partnership:

- must not use their position improperly, confer on, or secure for themselves or any other person, an advantage or disadvantage
- must ensure that activities are not undertaken for political purposes
- must not unduly influence any person in the paid employment of any of the partner agencies.

A statement on the systems and procedures that exist to resolve issues of conflict within the partnership.

### **Secretariat**

A short statement on which constituent member(s) will provide the secretariat function.

### **Termination of Partnership Involvement**

A short statement on written notification to the Chair and secretariat of the intention to leave the partnership. Also state any notice period required or any exceptions.

### **Review and Alteration to the Memorandum of Understanding**

A short statement on how often the Memorandum of Understanding shall be reviewed and protocols for changing/amending it.

## **Appendix 9**

# **Partnership Risk Management for the Public Sector and Public Service Organisations**

## **A Guide and Toolkit**

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1  
3  
4  
7

## 1 Introduction

In today's working environment, it is increasingly likely that your service will deliver at least some of its services in partnership with other organisations. This may be as a result of legislative requirements, or because you have identified a good business opportunity with another organisation.

Working in partnership usually means that organisations will commit resources, which may be significant, in terms of officer time or direct financial funding to develop and then deliver the desired outcome. It is therefore essential that all of the partners identify, understand and manage their role in the partnership in the most appropriate way. Part of this process should involve identifying the risks, or what might go wrong, preventing the partnership from achieving its objectives. If this is done properly, and at the start of the process, there is a much better chance that the partnership will be successful and all parties enjoy a win/win outcome. It doesn't matter if the partnership is small, involving only two parties, or a large and complex multi-agency arrangement: the same principles apply.

There are many different forms of partnership but partnerships generally fall into one of two distinct types: procurement partnership or mutually supportive partnership. This toolkit concentrates on the latter type of partnership, where two organisations come together in a mutually supportive manner, to work together to improve services. Typical examples are internal audit or revenues and benefits partnerships where all the partners are local authorities, albeit perhaps supported by a commercial organisation with which the partners have a contractual relationship. The former has a much stronger client: contractor split to the partnership where the gains for each partner differ (money for the contractor; services for the client). The risks facing this sort of partnership are outside the scope of this toolkit.

Risk management is not about risk avoidance – it is about taking managed risks. That is what modern life is based on, but we may forget how to do this in partnerships and other complex arrangements. You can use risk management as a common language for managing a partnership, checking that it's working, and ensuring that the service recipients are gaining from all your effort.

This guidance sets out some tools which you can use to determine the significance of the partnership to your organisation, identify and analyse the risks both of going into and staying out of the partnership, and manage those risks. IT IS NOT INTENDED TO BE A COMPLETE PANACEA as there are too many variables and complexities to set down in a summary toolkit such as this.

We recommend that you use as many, or as few, of the tools within this guidance as you need to help you and your partnership. The most important thing is to involve all the relevant people in the partnership in deciding which approach to use. This is because the successful management of risk will depend on the buy-in of the key players. All key players have to own the solutions, and be persuaded of the benefit of doing so.

As well as using risk management techniques, you should also consider using a stop/review/go-ahead process, sometimes called a Gateway Review<sup>3</sup>. This means that all partners identify the critical stages of the partnership, which will be transparent and reasonable, and make sure that time is taken to review the progress of the partnership against its objectives. Do not be afraid to stop the partnership altogether if it no longer seems to be the right approach to take or isn't working: that is better than progressing down a route which wastes public resource and your time for limited or no benefit.

---

<sup>3</sup> Office of Government Commerce - Best Practice OGC Gateway™ Reviews



Risk management should be seen as an integral part of the partnership process, which needs to have resources devoted to it, as with any other areas of work, if it is to be successful. Resources for managing the risks should be agreed at the outset, based on the risk prioritisation, and reaffirmed as part of the gateway review process that you agree between you all.

The techniques to identify risks and develop methods to record and manage them will depend on the type and complexity of the partnership, but it is vital that all partners are involved at the start. It is important to ensure that all partners' risks are recognised and included in joint risk registers, which are shared and regularly reviewed and updated by all the partners.

**RISKS OF THE PARTNERSHIP** – are things external to the partnership the partnership might impact on, for example a major change to people's jobs

Key partnership risks should be managed through your own internal risk process looking at both the risks TO the partnership and the risks OF the partnership. Risk registers should be drawn up both for the process of forming a partnership and for the live partnership. The risk register for the live partnership, however embryonic its form, is a vital document to consider as part of the decision to proceed, or not, with the partnership.

**RISKS TO THE PARTNERSHIP** – are risks internal to the partnership that can set the partnership off course and may even cause it to fail

Successes and achievement of the outcomes of partnerships should be celebrated and widely shared, particularly where you can show that a managed risk has been taken within a partnership which has led to savings in time and/or money.

Public Risk Management Ltd has devised this toolkit in conjunction with the London Risk Management Group. Copyright is owned by Public Risk Management Ltd. See the final appendix for copyright conditions, contact details and contributors.

What is a partnership?

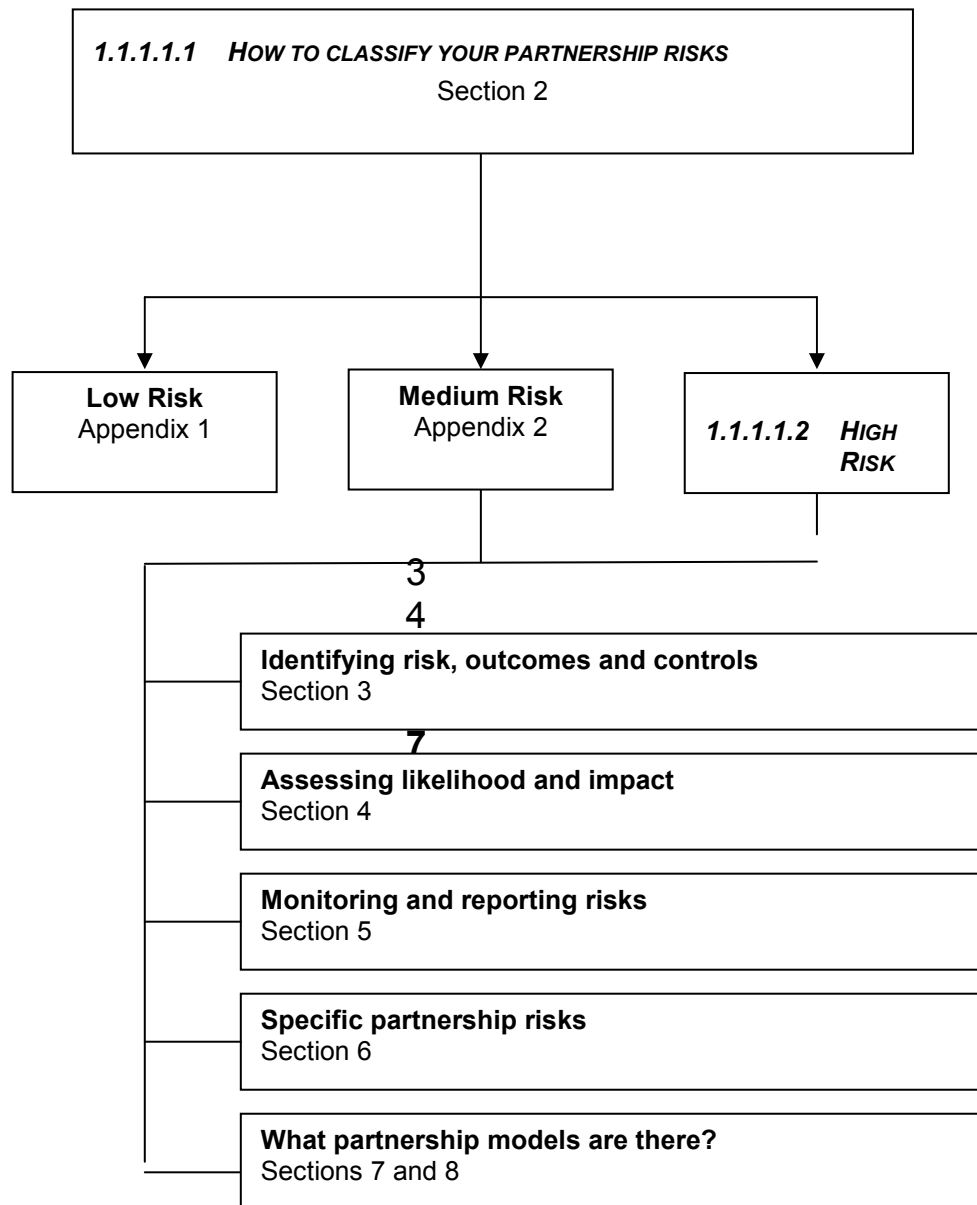
A suggested definition is where the partners;

- are otherwise independent bodies and
- agree to co-operate to achieve a common goal or
- create a new org structure or process to achieve the goal separate from own orgs or
- plan an implement a jointly agreed programme often with joint staff resources and
- share relevant information or
- might pool resources, risks and rewards
- and the partnership is not subject to the normal command and control management

## 2 Section 1: How to use this toolkit

If this is the first time you have used this document or you are new to thinking about partnership risk, it will be worthwhile reading the document all the way through.

To use this document as a tool, please go to Section 2 (page 4) and follow the partnership assessment to decide which the appropriate tool is.



## Section 2: How to classify your partnership risks

### 8



Partnerships can vary hugely in size and complexity, from a mutual coming together to solve a joint problem (for example, a recruitment gap) to a multi-agency partnership used to deliver a completely new set of services in a completely new way. From a risk management perspective, it is not necessarily appropriate to devote the same resources and attention to every partner or partnership, although the risks involved are not necessarily in proportion to the size of the partnership and will change as it develops and matures.

Two simple tools can help you identify how important the partnership is to your organisation and thus, where you are on the above spectrum. Risk management activities can then be proportionate to the risks associated with a particular partnership agreement.

Diagram 1 below shows a simple way of assessing the relative importance of different partnership activities against the size of the partner:

*Diagram 1 - Size of partner v impact of failure*

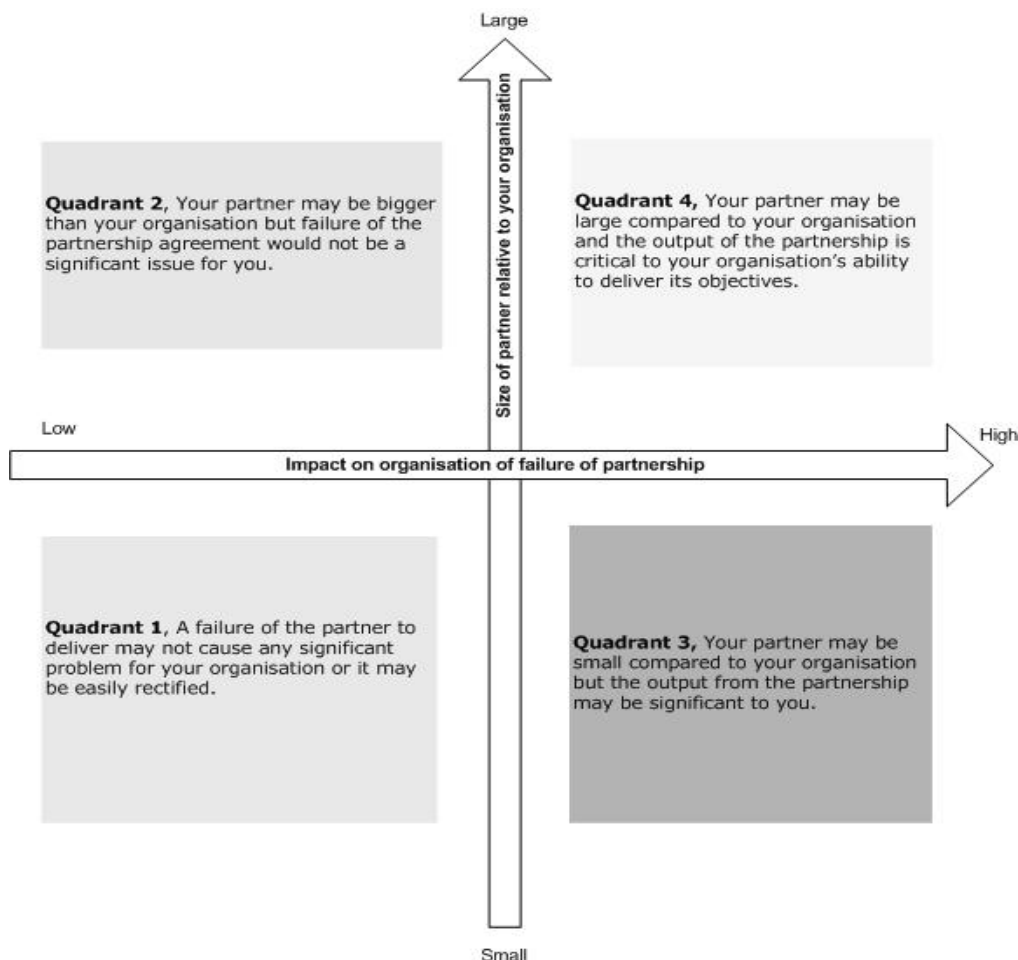
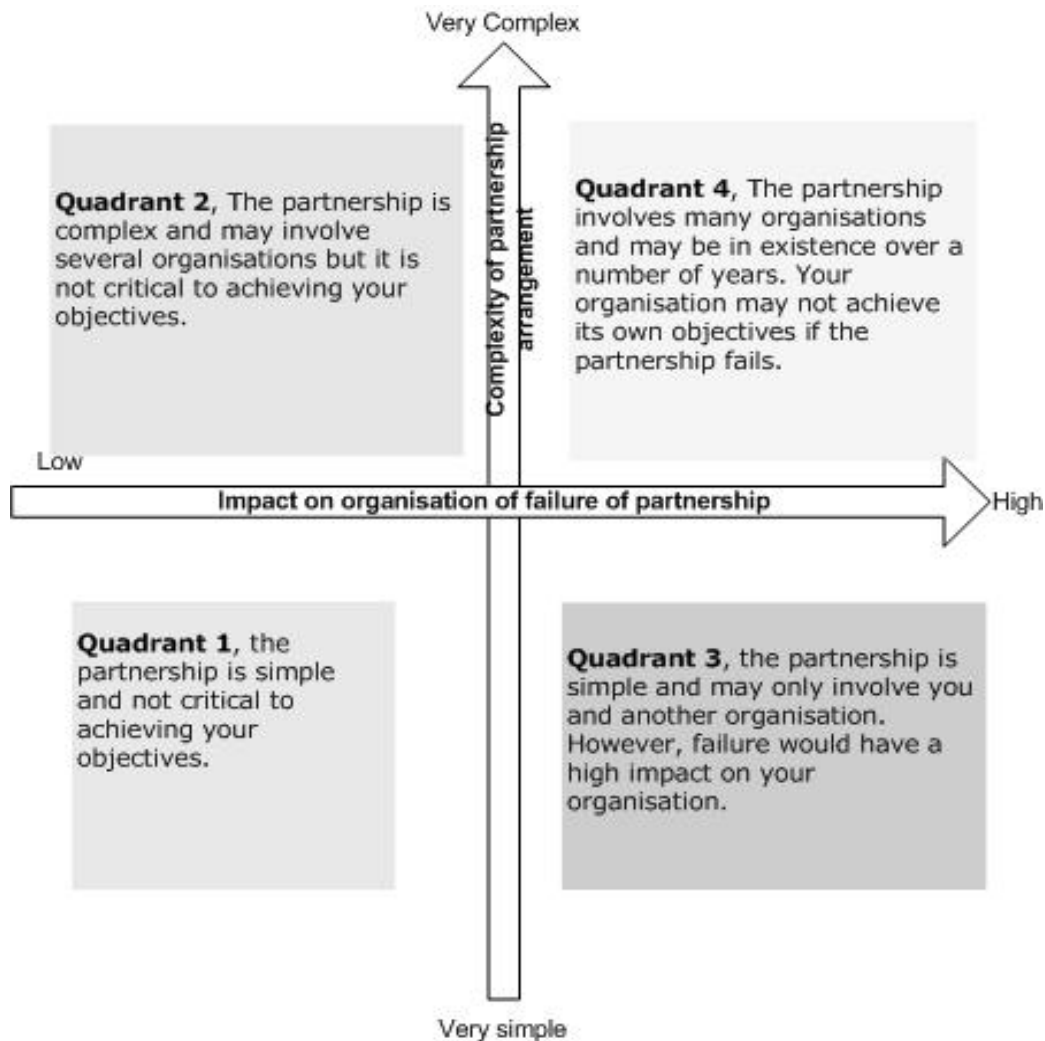


Diagram 2 shows a simple way of analysing the complexity of the partnership against the impact on your organisation of its failure.



Diagram 2 - Complexity v Impact of failure



**Identifying and assessing partnership risks**

Based on the above analysis, you can go on to allocate a risk score to your partnership.



Diagram 3 - Putting diagrams 1 and 2 together

IMPACT of failure of partnership	SIZE of partner relative to organization	COMPLEXITY of partnership	RISK	8.1.1.1.1 o To
High Risk	Large	High	High	8.1.1.1.1 A p p e n d i x 3
		Low		
	Small	High		
		Low		
Low Risk	Large	High	Med	Appendix 2
		Low		
	Small	High*	Low	Appendix 1
		Low		

\* This category may be found where there are many partners and, while the partnership is critical to the organisation, individual partners are not. The whole process is about ensuring that your risk management efforts are prioritised towards the most critical areas first.

9

- 2 ADD ANOTHER MATRIX**
- 3 You might want to add some more of your own matrices to prioritise the risk further, such as the availability of equivalent partners or competition for the partners.**
- 4**
- 5 The high risk might be where your potential partner is the only one that can provide that particular service combined with a high impact of failure.**
- 6**
- 7 The mutual need for each other**

## 10 Section 3: Identifying risk, outcomes and controls



Before going on to analyse risk, here is a quick guide to the terminology. The five key terms are cause (some people refer to this as hazard), risk, outcome (or consequence), control and tolerance. A simple example helps explain. A hole in the road is a cause, leading to the risk that someone might fall into it, with the outcome that they hurt themselves. Putting barriers, signs and lights round the hole are all controls. Your tolerance for risk will determine quite how high the barriers are, how well lit the hole is and the nature of the signs that are put up.

At every stage of a partnership, from the moment it becomes more than just a bright idea, you need to ask the following questions:

- What are the risks?
- What is the balance between opportunity, innovation and risk? In other words, what risks can you tolerate because they are outweighed by the potential benefits or because they are highly unlikely to happen or because the cost of the controls exceeds the potential cost of the risk?
- What are the causes and likely outcomes of any risks?
- How likely are they to happen?
- What is the impact if they do?
- What controls are in place to manage the risk, reducing the likelihood or impact of it occurring?

## 11 When should risk identification be undertaken?

As mentioned on page 1 whenever a new partnership arrangement is being considered, part of the Business Case process should be an initial evaluation of the risks and opportunities which it presents.

As mentioned previously, risk can be thought of in 2 senses - risks of the partnership, that is, the uncertainties which the partnership itself can create for your service or even the Council as a whole – and risks to the partnership, by which we mean the uncertainties that outcomes for the partnership will differ from those we intend. The initial risk identification exercise should cover both of these aspects. Even if your partnership is already in existence, an initial exercise like this can provide you with a baseline picture of the risks.

Once a partnership is in operation, a formal review of the risks to it should be undertaken at least once a year. This could form part of the review of risks to your services which you carry out as part of the Council's service planning process.

In addition to the formal annual review, you should reconsider the risks to your partnership whenever there is a significant change, such as –

- moving into a new phase in the partnership's lifecycle;
- when there is a reorganisation or a change of staff;
- when agencies join (or leave) the partnership, and;
- when there are unforeseen changes to services and connected partnerships on which yours depend.

### 11.1.1 How to identify risks



Wirral Council's recommended process for identifying risks is through free-thinking sessions. In order to get the widest perspective on the risks to a partnership, representatives of all organisations involved should attend these.

Identifying the risks essentially involves answering three questions:

1. What are the objectives of the partnership?
2. What circumstances, actions, situations or events could frustrate or prevent the achievement of each of those objectives?
3. What are the consequences of each risk materialising?

Referring to the Council's standard risk categories (Appendix 5) will bring structure to this exercise. You can also use the list of specific partnership risks shown in Section 6 to generate ideas. However, the list is just a guide and should not be treated as exhaustive.

### How to describe your risks

It is good practice to include both the cause and the consequence(s). The following example should help to illustrate this and also explain what does and does not constitute a risk:

<b>Objective:</b> To travel by train from A to B for a meeting at a certain time.	
Missing the train causes me to be late and miss the meeting.	✓ - this is a risk which can be controlled by making sure I leave plenty of time to get to the station.
Severe weather prevents the train from running and me from getting to the meeting.	✓ - this is a risk I cannot control, but against which I can make a contingency plan.
Failure to get from A to B on time for the meeting.	✗ - this is simply the converse of the objective.
Being late and missing the meeting.	✗ - this is the impact of the risk, not the risk itself.
There is no buffet on the train so I get hungry.	✗ - this does not impact on the achievement of the objective.

(Crown Copyright 2004 – taken from HM Treasury's "The Orange Book")

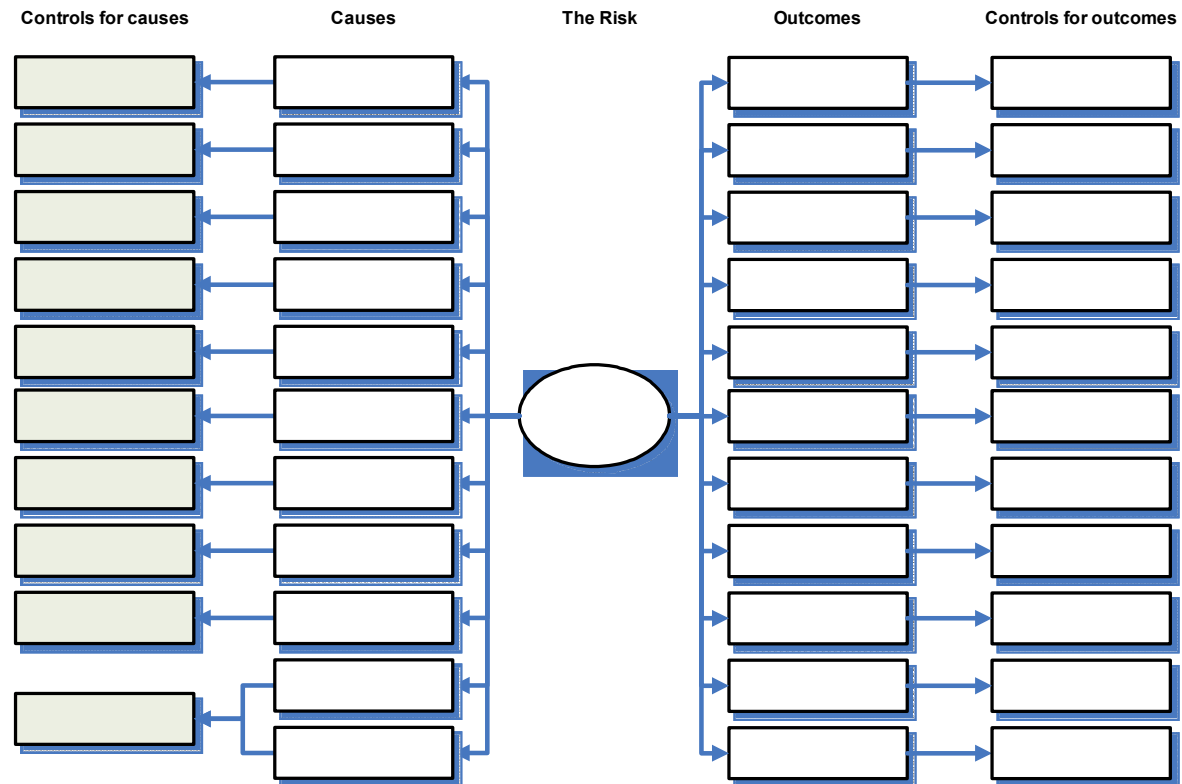
The most effective way to capture and manage the output from risk identification sessions is by creating a risk register for the partnership. This should be considered mandatory for each medium and high-risk partnership. A template for a risk register is shown in Appendix 4.

Where a risk to a partnership also constitutes a risk to the achievement of a sectional objective or a departmental aim, it should also be recorded on PIMS.

An alternative method of identifying the risks, the causes and controls is to tabulate them for each stage of the partnership's development. (See Appendix 2).

Once you have identified the risks, an approach which can be helpful in understanding them better is the "bow tie" method. This tool is increasingly used in assessing risks and determining controls. An example is shown in diagram 4 below.

Diagram 4 - The bow tie



In this example the risk is in the middle (that is what makes it a “bow tie”), but you can adapt the model to any shape, as long as you are specific about the causes and the outcomes so that you can create controls – current and required. In this example, the cause of a risk and any controls that are already in place to reduce or negate the impact of that cause are on the left of the diagram, while the outcomes of a risk and controls to reduce or negate the impact of those outcomes are on the right.

A particular control may relate to a single cause or outcome or may influence a number of causes or outcomes. The risk, if it occurs, may result in a number of outcomes that have been identified and there may be several controls that will act to reduce the outcomes. Again, a particular mitigating control may influence more than one of the potential outcomes.

If the “bow tie” method is used to analyse the risks in the different stages of a partnership, the information generated can be recorded on the table shown on page 25.

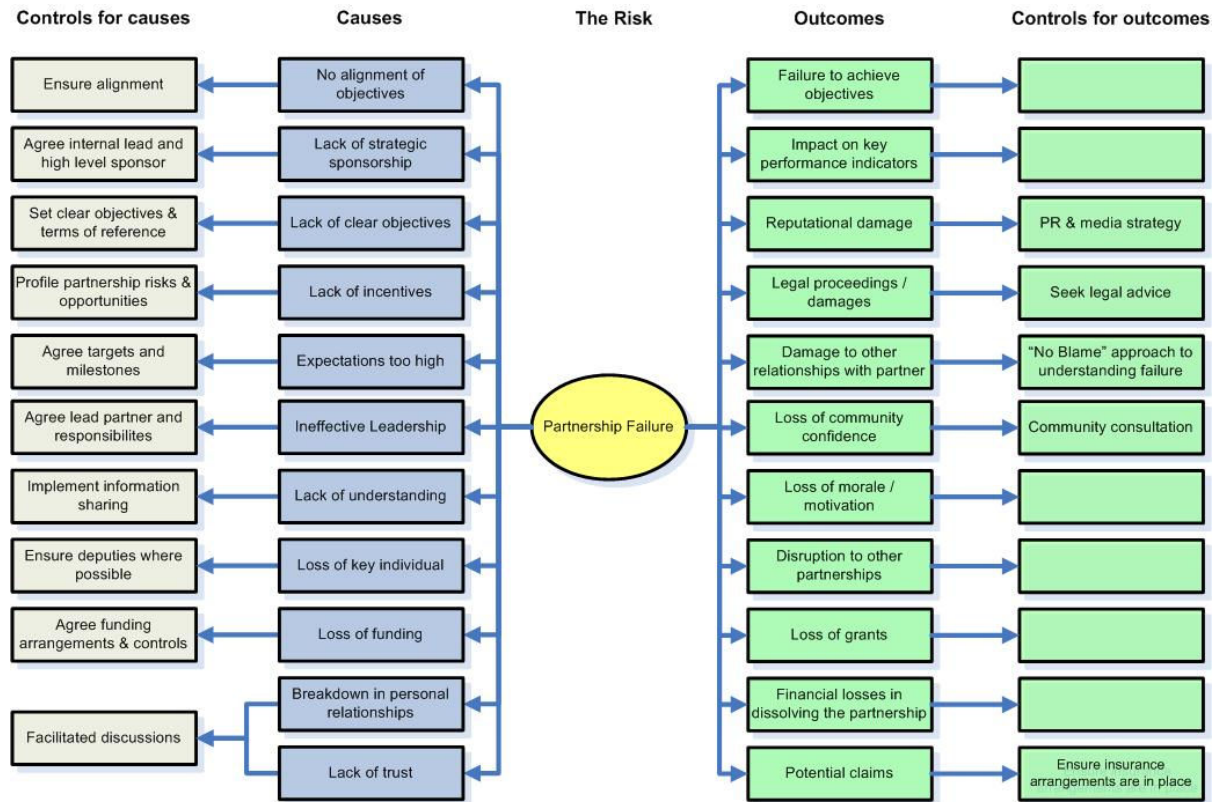
**Type of controls**

The section below indicates the types of controls that can be implemented. Typically, controls that affect causes will be those of elimination and detection, and controls that affect outcomes will be those of mitigation and contingency response.





Diagram 5 – a sample of a partially completed Bow Tie



**Types of controls .....the four “Ts” .....**

All the above material in the “bow tie” analysis leads directly to the next question, which is “what do you do about the risk?” Below is a simplified list of control options that are available to an organisation that has worked out where controls are needed. You need to think about these options whether or not you are using the “bow tie” method.

**Terminate (or Avoid)**

Stop doing the risky activity or partnership. This in turn might lead to other risks or disadvantages, especially where you provide a statutory service, so use this control with caution.

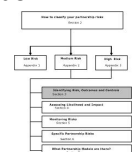
**Transfer**

Get someone else to take on the risk, either by making them responsible for it in a contract, insure it (insurance is an important risk control), or pass the risk on by some other method. Again this control needs to be used with caution, as the price of transferring the risk might be greater than the risk itself.

**Tolerate (or Accept)**

Put up with the risk. You might have worked out that you have no control over the risk, or doing something about it is out of proportion to the risk.

**Treat**



Do something about it. Here, we have another four options for you to select from:

## Treating the risk – the four options.....DDPC

### Directive

Stop the risk arising in the first place. Through your “bow tie” analysis you have worked out all the causes that need to be in place to make the risk happen. You may be able to find one particular cause which, if removed, would stop the risk from happening. For example, a fire needs heat, oxygen and fuel. Take one of those away and you don't have a fire. What are the equivalent areas in your risk?

Risk Area for working out Directive Controls      Three things needed for the risk to arise – take out any one of these and the risk DOES NOT ARISE

Fire	Heat	Oxygen	Fuel
Fraud	Means	Culture	Opportunity
Partner financial failure	Too much commitment	Inadequate Funding	Timing wrong

### Detective

Spotting the risk arising early enough to nip it in the bud perhaps with careful tracking of key performance indicators to make sure things are on target and to set alarm bells ringing early enough to correct the fault

### Preventive

It's started, but you can limit the damage. For example, one partner is having problems coping with delivery capacity, but through the arrangement you have set up, you can provide some intervention to help that partner, such as more funding or people resource.

### Corrective

It's all gone wrong, but you have a contingency plan. Business Continuity Management (BCM) is an important control area of risk control that is becoming more prevalent since the advent of the Civil Contingencies Act.

The private sector has used BCM as part of good governance for some time. The basic steps are to

- Work out what can go wrong
- Work out what you really need to do to keep the most important parts of your partnership working
- Pre-plan what you could do in advance, and at the time of things going wrong.

For example, you might keep up a relationship with another potential partner who wasn't interested in being part of the initial partnership but might be able or willing to step in at a later date.

## 12 Section 4: Assessing likelihood and impact



The next stage is to understand the risk in terms of its likelihood and impact. Wirral Council's uses a 5-point scale for assessing these.

Your partners will also have their own criteria for assessing impact and likelihood. It is therefore important to agree a common approach.

The diagram below shows Wirral Council's likelihood and impact matrix.

Diagram 6 - Likelihood and impact matrix

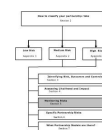
<b>Likelihood</b>	<b>5</b> Very High					
	<b>4</b> High				<b>HIGH</b>	
	<b>3</b> Medium	<b>LOW</b>				
	<b>2</b> Low				<b>MEDIUM</b>	
	<b>1</b> Very Low					
		<b>1</b> Very Low	<b>2</b> Low	<b>3</b> Medium	<b>4</b> High	<b>5</b> Very High
		<b>Impact/consequence</b>				

This process of assessment allows risk management actions to be prioritised. If there are risks that are assessed as being in the "High" area of the matrix, then these are where immediate attention and actions to reduce the risk should be focussed. Those risks in the "Medium" section of the matrix may warrant further attention to reduce the risk, but are not as critical as those in the red section.

Many of the risks in the "Low" section may warrant no further action as they have minor impact and are very unlikely to occur. There may also be some risks that are very unlikely to occur but that would have catastrophic consequences for the organisation and partnership if they do. For example, the complete failure of a major partner might be very unlikely, but if it were to occur, the impact could be disastrous.

The line between medium and low is the tolerance line: any risks below the line (and in the low area of the matrix) can be tolerated; any risks above the line need to be controlled in some way.

## Section 5: Monitoring and reporting risks



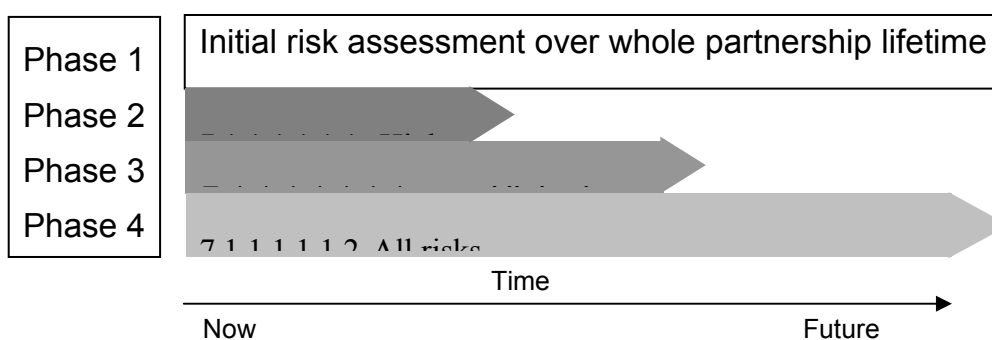
Depending on the size and complexity of your partnership, you may have a long list of potential risks. The impact and likelihood matrix will help you prioritise the risks that you will want to tackle first. Similarly, the risks with the highest scores are also those which should be monitored most closely.

The purpose of monitoring is to review progress in implementing control actions and to see whether they are having the intended effect. One way of doing this, is to study events, situations or changes (sometimes called 'trends'), which could potentially affect the risks you have previously identified. Reviewing relevant performance indicators can also be helpful in this respect. For example, if you have identified the absence of key members of staff as a potential risk, reviewing attendance figures could help you to understand whether this is an increasing or diminishing threat and whether the risk scores need to be amended.

Trends and indicators should be regularly and systematically monitored, ideally in regular meetings involving key members of each organisation in the partnership.

Monitoring is a long-term management challenge, and you need to set your risk priorities on the same timescale as the partnership. For example, in a three year partnership, you may select to spend the first six months concentrating on the top six<sup>4</sup> risks, then the next six and so on, constantly reviewing the changes in risk profile. Similarly, you will want to prioritise risk management during the partnership's implementation phase and in line with the implementation plan's timescales.

Diagram 7 - Sample Timeline for dealing with risk



The table below shows, for each level of risk, the maximum interval between each review.

13 Overall Level of Risk	14 Frequency
Red (High)	3 months
Amber (Medium)	6 months
Green (Low)	12 months

The risk register should be updated after each review.

### Managing partnership risks

<sup>4</sup> Choose the number you prefer – six is just included by way of illustration – but don't choose more than say 20 – the number has to be proportionate to the overall project importance and resources available.

The success of any project can be measured by how it achieves its objectives: in the case of a partnership the key success criteria will generally be whether the partners have achieved more together than they could have achieved separately. In aiming for this objective, however, it is vital that partners do not lose sight of the environment within which they operate and make sure that value for money is achieved; appropriate controls are in place so that expenditure is reliably recorded; that it complies with all relevant accounting requirements, authorities and regulations including the Partnership Directives of the European Communities; and that the risks of waste, impropriety and fraud are minimised. The range of partnership models, from a loose alliance to a multi-agency contract, means that the nature of the risks faced by a partnership will vary considerably. A comprehensive risk framework, with appropriate checks and controls, will help ensure that these issues are addressed.

In determining how to control risk, it is important that any proposed controls and the cost of applying them are proportionate to the risk. Apart from the most extreme undesirable outcome (such as loss of human life where the risk is greater than one in a million<sup>5</sup>) it is normally sufficient to select your controls to give a reasonable assurance that any possible loss can be tolerated by the partnership. Audit processes can make an important contribution by adopting a forward looking and constructive approach to:

- Reviewing how public bodies and agencies identify possible partnership opportunities and seek potential partners.
- Highlighting successful partnerships backed up by practical examples which could be more widely applied
- Supporting well managed risk taking and innovation that is likely to lead to sustainable improvements in both the efficiency and effectiveness of partnership and the quality of the service provided.
- Ensuring that public bodies and agencies have overall organisational and management capacity to undertake large, novel and/or contentious projects.

All activity by public bodies involves some risk, for example:

- Key outputs are not delivered on time, to budget and to the required quality;
- Financial impropriety, fraud and waste;
- An unexpected event, which knocks planned activities off course;
- An opportunity missed to do something better and more cost effectively.

Partnership is no exception and all of the above risks need to be considered in decisions relating to partnerships and managed where appropriate.

## 15 Reporting partnership risks

As mentioned in the Council's Partnerships Guidance and Checklist, there should be governance and performance management arrangements for each partnership in which the Council is involved. These should include the framework for reporting performance issues, including risks.

Good practice would be to present the latest version of the partnership risk register, highlighting any changes, to each meeting of the partnership board (if there is one) or whichever forum is responsible for scrutinising the performance of the partnership. For example, for a medium risk partnership affecting a single division of one department, it may be sufficient to report to the register to the management team of the department concerned.

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<sup>5</sup> HM Treasury *Managing Risks to the Public Appraisal Guidance* Oct 04, pp 25 & 29.

Where any risk associated with a given partnership is also considered to be a key risk for a particular Council department, progress in managing it should be reported to the relevant Overview and Scrutiny as part of that department's Quarterly Performance Monitoring Report.

## 16 Section 6: Specific partnership risks



The following<sup>6</sup> sets out the key partnership risks and how they might be addressed:

### Unnecessary partnering

Clearly justify the need for the partnership. The business case should be independently reviewed when outcomes are of significant value or strategic importance.

### Activity does not represent value for money

The partnership should deliver services more efficiently than the separate bodies could achieve and Gershon savings should be achieved. Benchmarking will help ensure that the partnership remains worthwhile.

### Partnership fails to deliver

Assess the financial viability of the partnership and the past performance of the separate partners. Each partner should draw up contingency plans for how they will ensure public services are delivered in the event of the partnership failing to deliver.

### Activity is not of the quality required

Ensure that each partner is aware of what is expected of them and that performance management is given sufficient emphasis. Formalise in the partnership agreement the approach to performance management.

### Impropriety and fraud

Have a fraud prevention strategy with separation of duties and regular independent review of the adequacy of internal systems to minimise the risk of fraud. Agree the process for internal and external audit to avoid duplication but also ensure full coverage.

### Missed opportunities

Remain alert to other opportunities, new partners and developing the partnership to bring in additional services.

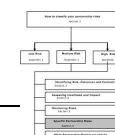
### Failure to stop a failing partnership

If the partnership is floundering, do not plough on regardless of failing performance, thus wasting public resource and time. Use gateway reviews<sup>7</sup> at critical points in the partnership to measure progress. This means that you:

- Determine beforehand where the natural review points occur in the lifespan of the partnership
- Agree in advance the key success criteria
- Agree in advance the level of failure that would mean that the partnership needs to be stopped, or readjusted for optimum performance
- Compare performance against those performance indicators
- Stop the partnership, go on, or put in place the adjustments for managing the risks.

### THE RISK OF SUCCESS

A group of successful professionals collaborated in a syndicate for the National Lottery. After several small wins, the partners could not agree between them how a large win would be shared, and the partnership disintegrated into negative bickering.



### Risk sharing

Partnerships can fail because there has been no up-front and transparent discussion and agreement on risk sharing, and no arrangements in place for dealing with such risk. For example, someone is injured as result of a decision by a partnership. Who pays? The worst possible outcome is that the injured party suffers several years of long and complicated wrangling between the respective insurance companies as to who pays. One solution is to set

<sup>6</sup> Adapted from OGC Guidance

<sup>7</sup> Office of Government Commerce - Best Practice OGC Gateway™ Reviews



up a limited company for the partnership, and buy insurance for it. Another is to purchase “difference in conditions, difference in limits (DIC/DIL)” insurance for the partnership from the main partners’ insurance companies.

### Sharing the risk of success

Who owns the intellectual property rights to the outcomes of the partnership? Agree an arrangement beforehand, which is signed off by all parties, for dealing with positive outcomes. The worst possible outcome is that the partnership flounders as success rears its head because the partners cannot agree who gets the benefit of the success.

### Design and construction risks

- Surveys and investigations fail to identify problems
- Construction lasts longer than expected
- Construction costs are higher than expected
- Inability to agree on a specification for accommodation
- Facilities are not provided to the required specification
- Need to avoid the perception of a take over (and, thus, an unequal partnership) if one partner moves in with the other
- Alternative service provision is required during the delayed completion

### Commissioning and operating risks

- Partner fails to meet agreed performance standards for service delivery
- Partner fails to make assets available for use
- Operating costs are more than expected
- Operating income is less than expected
- Assets underpinning service delivery are not properly maintained

#### Risks associated with Private Finance Initiative projects

Appropriate risk allocation between the public and private sectors is the key to achieving value for money on PFI projects. If the private sector is asked to accept responsibility for a risk that is within their control, they will be able to charge a price for this part of the deal which is economically appropriate.

However, if the organisation seeks to transfer a risk which the private sector cannot manage, then the private sector will seek to charge a premium for accepting such a risk, thereby reducing value for money.

### Demand risk

Demand risk is the risk that the level of demand assumed in a partnership business plan, proves to be incorrect and therefore the pricing or partner contributions vary from those anticipated. It is not always desirable to transfer or share demand risk since the level of usage required of an asset or service may not be within the public sector’s control. The partners should carry out, at an early stage, an appraisal of the likely demand for services before designing the specification for a specific project. This appraisal should include an assessment of the factors likely to influence demand for the services being supplied and an evaluation of the robustness of the assumptions made. Partners should have frank discussions with each other as part of the partnership planning process to agree their joint approach to demand risk.

### Residual value risk

Assets purchased, created or input into the partnership may have a residual value. You will need to be clear who will own this asset if the partnership should end and who is responsible for its ongoing maintenance.





### **Technology/obsolescence risk**

There is a risk that the quality of service delivery may be affected if the equipment or other assets used in the service delivery become out of date. Alternatively, there could be a need to make further financial investment in the project in order to introduce equipment or other assets which are based on new technology. This is an important factor in all long-term partnership projects and is likely to be particularly important in IT projects or those where services are dependent on other specialist equipment or software. Technological refresh should, therefore, be built into the agreement. All parties to the partnership should contribute an agreed amount to the refresh budget, allowing the partnership to remain up to date. This can apply to all manner of assets, including contractor methods, materials, vehicles and so on.

Where the partnership is contractual and there is a risk (as with an IT system) that an asset might become technologically obsolete by the end of the partnership agreement period, the organisation should consider the pros and cons of including a payment arrangement, which the partner only becomes entitled to if the asset is still usable at the end of the period. The organisation should weigh the likely benefit that may arise from encouraging the partner to keep the asset technologically up to date against any impact the existence of a transfer payment may have on subsequent competitions, as it may affect other suppliers' interests in bidding or their pricing strategy for a new partnership agreement once the initial one expires.

### **Regulation risk**

This is the risk that the balance of a deal may be affected by regulatory changes (such as changes in taxation type or rate), planning regulations, or other legal aspects. A major difficulty is that there are many different types of regulation which may affect a project. The approach to regulatory risk should be agreed in whatever way is deemed appropriate as part of the partnership agreement.

### **Financing risk**

Most partnerships are intended to be either cost neutral (better service; same cost) or to save money, but they may need some pump-priming to get them underway. The risks vary according to the source of those initial funds.

Where the partners fund the set-up costs from their own capital, the main risk is that the anticipated savings do not materialise and so the cost/benefit analysis is not accurate and the return on the investment is not as anticipated. The cost/benefit analysis and business case should be prudent, with a worst-case scenario included.

If the funding is external, there are two main areas of risk, depending, once again, on the source of the funds. Where pump-priming is provided by means of a grant, the risk is that the partnership is, in reality, financially reliant on that grant and cannot survive when the grant ends. If the funding is from debt, the risk is that the partnership cannot fund the debt repayments. Again, in both cases, prudent forecasting, a realistic business case and a rigorous cost/benefit analysis process should minimise the risk of these eventualities.



### **Risk of partner default**

Your partner may find that it has underestimated the work involved in forming and maintaining a partnership, or the organisation's leadership may lose its appetite for partnership leading to a default. Ensuring that the partnership is mutually beneficial and cheaper for both partners than operating independently is vital to reduce the likelihood of such an event occurring. A detailed partnership agreement will also reduce the risk and an exit strategy will minimise the impact should the worst happen.

### **Political business risk**

Each partner must take responsibility for the risks of political embarrassment or the risk to the delivery of their core business/service should the partnership fail to deliver.

**Reputation risk**

Each partner should also be aware that reputation risk can be transferred from one public sector body to another and that by coming together to deliver services your reputations are also coming together. The public and media are unlikely to differentiate between two public sector bodies if something goes wrong and it is important to agree a joint approach as part of the partnership development process.

**Partnership relationships**

The partnership relationship is a further vital element in managing partnership risk. The importance of good relationships is demonstrated in the diagrams below.

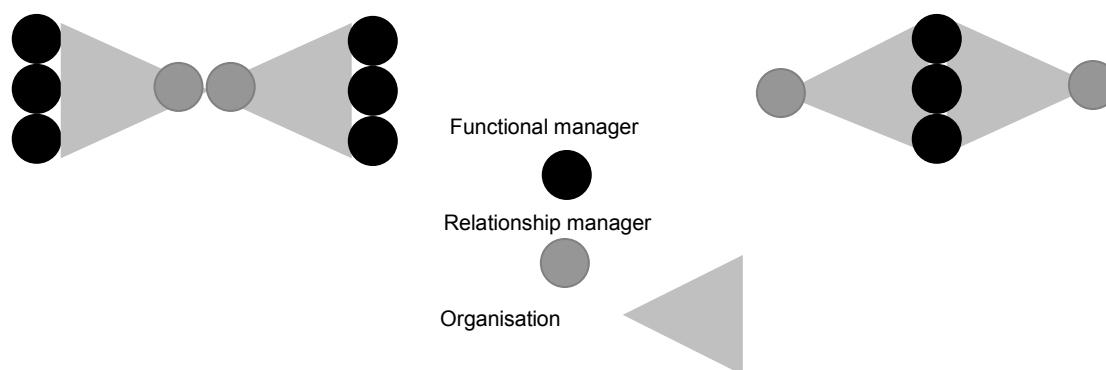
## 17 Section 7: Managing dual party partnerships



Model A	Model B
Shows the relationship focused solely through the partnership managers who are the only points of contact for their respective organisations. Could be phase 1 of designing the multi-agency relationship. An example is that of a single-function partnership, such as an internal audit partnership.	Shows the partnership agreement relationship managers at the apex of each organisation with functional relationships operating at several points at the interfaces of the relationship. Could be phase 2 of designing a multi-agency relationship. An example is that of a complex service partnership, such as a corporate services joint provision partnership.

Diagram 8 - Model A

Diagram 9 - Model B



<p><b>ADVANTAGES</b></p> <ul style="list-style-type: none"> <li>• There is strong control focused on the relationship managers</li> <li>• Communication channelled through the relationship managers</li> <li>• This is a model to be used where absolute control is necessary, such as in respect of a very vulnerable person or issue</li> <li>• Change can be implemented quickly as there is only one point of contact</li> <li>• It is easy to exit this relationship</li> <li>• Potentially very speedy decision making and quick to implement</li> </ul>	<p><b>ADVANTAGES</b></p> <ul style="list-style-type: none"> <li>• The relationship managers are mature in their relationship with each other and with their organisation.</li> <li>• Meetings can happen without them having to be present.</li> <li>• There is good feedback from their internal team, which is reviewed regularly with their opposite number in the other organisation.</li> <li>• The conversation between the relationship managers can concentrate on the achievement of the performance indicators for the relationship, quality of service and where value add can be improved using examples of where things have gone right, as well as areas that need to be adjusted for improvement</li> </ul>
<p><b>DISADVANTAGES</b></p> <ul style="list-style-type: none"> <li>• The relationship managers hide their organisations from the other partner – they front up the relationship.</li> <li>• They rarely have a transparent conversation about quality of service.</li> <li>• This relationship is tense with pressure from the organisation focussed on the relationship manager.</li> <li>• Time with each other is curtailed.</li> <li>• Because of the pressure, the conversation mainly rests around things that are wrong with the relationship, rather than the things that are right and those that can be improved.</li> <li>• This could be a slow relationship to implement as the relationship managers act as a funnel for all aspects</li> </ul>	<p><b>DISADVANTAGES</b></p> <ul style="list-style-type: none"> <li>• Change is slow to implement as there are many points of contact</li> <li>• Communication can get out of control if there are not good feedback loops between the relationship managers and their functional management, and between the relationship managers themselves</li> <li>• It is difficult to exit this relationship</li> </ul>

## 18 Section 8: Managing risks in multiple partnerships

Model C	Model D
Strategically focused	Operationally focused

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Could be phase 3 of managing the relationship  
 An example is a Local Resilience Forum set up to manage community emergencies such as flood or foot and mouth disease.

Could be phase 4 of managing the relationship  
 An example is a Local Strategic Partnership

Diagram 10 - Model C

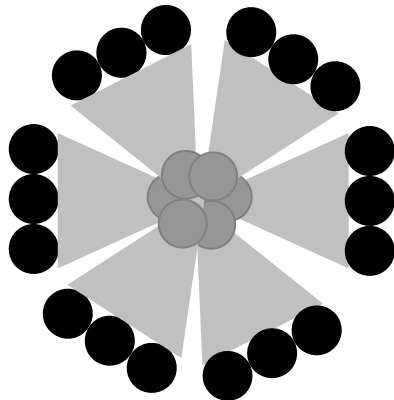
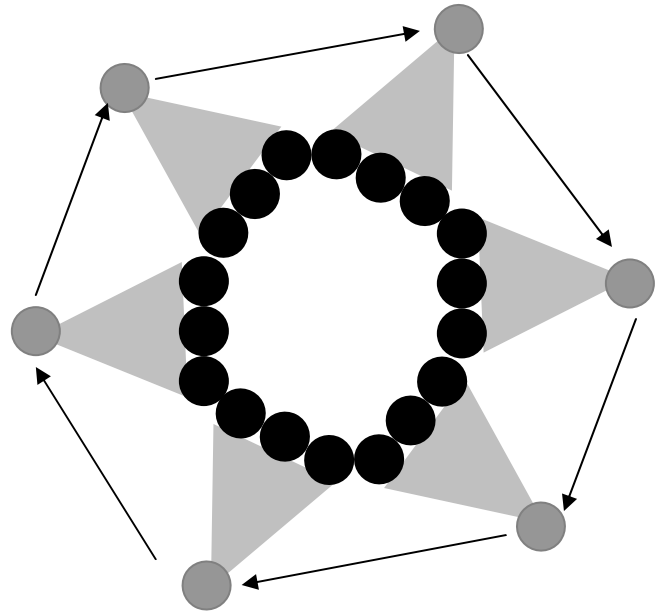


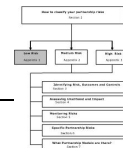
Diagram 11 - Model D



<p><b>ADVANTAGES</b></p> <ul style="list-style-type: none"> <li>• Strong central communication between relationship managers</li> <li>• Strong control at the centre</li> <li>• Confidential information can be managed properly</li> <li>• Communication plans can be well controlled</li> </ul>	<p><b>ADVANTAGES</b></p> <ul style="list-style-type: none"> <li>• Excellent communication between functional management</li> <li>• Better opportunity for sharing good practice</li> <li>• Good opportunity for making things happen from ground up</li> </ul>
<p><b>DISADVANTAGES</b></p> <ul style="list-style-type: none"> <li>• Functional management don't feel too involved</li> <li>• Communication between functional managers is limited, unless strong links are put in place – normally led by the relationship manager</li> <li>• The relationship manager becomes a barrier to change</li> </ul>	<p><b>DISADVANTAGES</b></p> <ul style="list-style-type: none"> <li>• Needs a good communication process between functional management and relationship managers</li> <li>• Needs a good communication process between relationship managers</li> </ul>

## 19 Appendix 1: How to manage low risk partnerships – key questions

If, in assessing your partnership (pages 4 and 5), most of your answers are in quadrants 1 or 2, then these are the key things you need to consider in the early stages:



Key tasks you need to consider	Is it needed?	Is it signed off/agreed?	Who is responsible?	Status
Formal partnership agreement (duration and gateway reviews)				
Define roles and responsibilities				
Governance arrangement in place				
Aims and objectives set out clearly				
Performance monitoring arrangements (including budget and VFM)				
Performance reporting arrangements (incl. budget & VFM)				
Insurance and risk sharing requirements				
Business continuity arrangements				
Human resource implications (health and safety, equality, pay and conditions, diversity and data protection and so on)				
How to deal with under or over achievement against targets				
Exit strategy and handover processes				
Risk management arrangements				

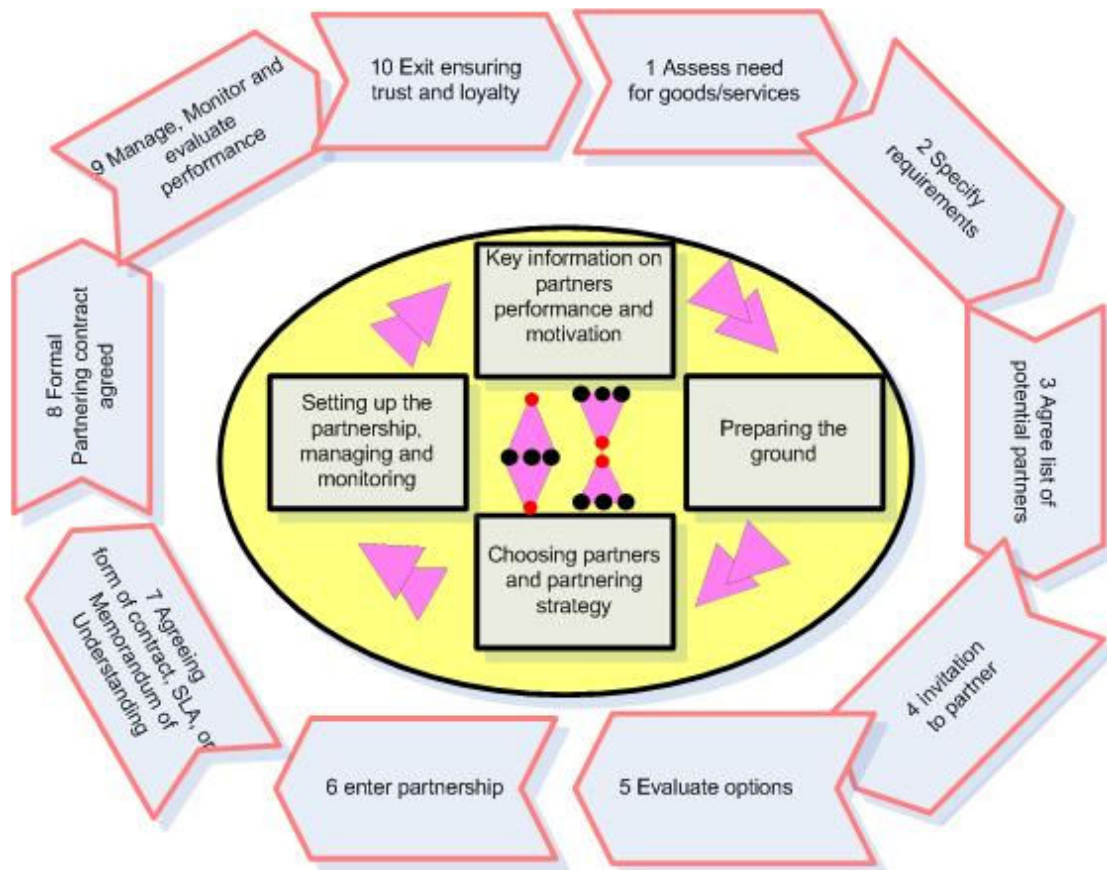
**20** However, within your plan for the lifetime of the partnership it would still be sensible to include a full assessment of the risks at some point. For example, in a 3 year partnership you might complete the checklist at the beginning and then carry out the full assessment in 18 months time.

## Appendix 2: Medium risk partnerships – risk assessment

In order to manage the risks in a medium risk partnership, it is worth breaking down the process into its component parts over time/maturity.



Diagram 12<sup>8</sup> - The Process



Once you have broken down the process into these component parts, then you can work out more precisely what the risks are and where they might occur, using the following checklist as a guide.

<sup>8</sup> Adapted from [http://www.ogc.gov.uk/sdtoolkit/reference/ogc\\_library/Partnership/vfmPartnershipguide.pdf](http://www.ogc.gov.uk/sdtoolkit/reference/ogc_library/Partnership/vfmPartnershipguide.pdf)



Appendix 2: Medium risk partnerships – risk assessment sample checklist	RISK/ISSUE	CAUSE	L		I		OUTCOME	L		I		CONTROLS
Assess the need for a partnership												
Specification of requirement and outcomes for the partnership												
Agree a list of potential partners												
Invitation to participate												
Agree criteria for potential partners												
Enter partnership												
Draw up business case and cost/benefit analysis												
Agreeing the form of partnership agreement												
Formal decision to proceed												
Managing, monitoring and evaluating the performance of the partnership												
Exit strategy												

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Example Completed Partnership Risk Assessment – Medium Risk Partnerships

	Risk/ Opportunity	Causes		Outcomes		Controlled risk rating	
		Detail	Controls	Details	Planned Controls	L	I
Assess need for goods/ service	Identification of "best areas" for partnership working	Political drive to partner at all costs	Justification of business case to be documented and agreed by all parties	Partnership unnecessary and wasting time and resource	Identify opportunities and base case BEFORE entering partnership		
	Option for selecting who and why to partner with	Legal reason Lack of internal resources/skills/ authority to deliver service	Find a partner who can deliver the service.	Compliance	Ensure that the partner has the resources to deliver the service(s)		
Specification of requirement	Agreeing shared scope and objectives	Lack of communication or misunderstanding	Suggested scope to be submitted	Inability to performance monitor the delivery of the partnership and/or know when the exit strategy should be initiated	Signed approval from all parties to the scope		
					Regular review to ensure there is no scope creep		
	Continuity arrangements of the partnership including governance procedures	Clear working arrangements for all partners	Guidance and structure information to be submitted with bid	Failure to meet legal requirements re governance	Constitution for partnership drawn up early in the implementation		
Agree list of potential partners	Unable to find a single partner to supply all areas of the specification	Scope is too big	Break down the scope into manageable proportions	Partnership complexity increased requiring additional resource	Re-scope internal resources Contract external resources		
	Internal issues with potential new partner	Unable to agree on suitable partners	Identify reasons for concerns with potential partner and address, discount or find an alternative partner	Time table could slip Fail to meet political imperative to partner Loss of grant funding Service suffers Uncertainty for staff	Communi-cation with all stakeholders		
Invitation to participate	Preferred partner isn't interested	Partnership option is not lucrative/ attractive	Obtain feedback from potential partners	Reappraise scope	Consult with all stakeholders		



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Example Completed Partnership Risk Assessment – Medium Risk Partnerships

	Risk/ Opportunity	Causes		Outcomes		Controlled risk rating	
		Detail	Controls	Details	Planned Controls	L	I
	Gap analysis between scope and agreement not carried out	Agreement that does not deliver requirements	Consult with wide range of stakeholders External review of tender	Signification scope changes required	Re-scope		
Agree criteria for potential partners	Potential partner doesn't agree with bid criteria or underestimates the impact of the criteria on their organisation	Undermines the relationship between the partners as it will not be on a mutually agreed basis	Carry out feasibility study of the partnership proposals and criteria	Failure to meet expectations of the partnership or fail to deliver what is needed	Re-visit partnership negotiations to ensure discussions are on an understood basis		
	Additional added value of the partnership	Reputation opportunities	Track record	Enhanced delivery of partnership	Ensure delivery of both sides of all aims and objectives		
Enter into the partnership	Clarity of exit strategy	Wasted public resource	Clarify partnership management	Scope change to include exit strategy	All partners to agree to exit strategy		
	Prospective partner reject agreement	Prospective partner does not have the resources to devote to the partnership or its development	To offer additional time for recruitment of resources. Reconsider structure and requirements of partnership	Time table issues Re-visit agreement	Communi-cation to all stakeholders Offer to another prospective partner(s) or re-negotiate		
Agreeing the form of partnership agreement	Short fall between agreement and expectations	Agreement that does not deliver requirements	Consult with wide range of stakeholders External review of initial scope	Formal new scope discussions Prospective partner pulls out	New scope signed off by all partner(s) Look for other partners		
	Agreement cannot be ratified	Shared objectives cannot be agreed	Mediation discussions	Formal new scope discussions Prospective partner pulls out	New scope signed off by all partner(s) Look for other partners		
Formal decision to proceed	Unable to proceed with formal signing with all partner(s)	Geographical/ lack of delegated authority/ timetabling	Timetable established to suit all partner(s)	Time delay	Formal apportionment to be held outside working hours		
	Prospective partner(s) internal issues/ ratification of agreement	Agreement issues identified	Communi-cation between partner(s) prior to formal	Formal new scope discussions	New scope signed off by all partner(s)		

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Example Completed Partnership Risk Assessment – Medium Risk Partnerships

	Risk/ Opportunity	Causes		Outcomes		Controlled risk rating	
		Detail	Controls	Details	Planned Controls	L	I
			agreement		Additional clause included		
Manage, monitor and evaluate performance	Agreed reporting arrangement by all partner(s)	Passive monitoring	Active monitoring to be set up including performance indicators	Objective are being met and reported	Not losing sight of aims and objectives		
	Not setting out escalation procedures could lead to relationship problems	Lack of communication	Medication discussions	Review monitoring arrangements	All partner(s) agreeing to new arrangements		
Exit strategy	Handover procedures to manage partnership closure	Professional closure enhances the reputation of all partners	To ensure that all partners have their exit agreed	New partnership approaches made	Reputation		
	Continuity of objectives achieved lost if exit plan is not controlled	Inadequacy of exit arrangements	Incentive included in original scope to manage the exit	Bad references/ media attention	Engage with public relations team to manage issues		
Exit early due to irresolvable differences		Mediation					



## 22 Appendix 3: High risk partnerships – checklist

### Introduction

The attached checklist<sup>9</sup> is designed to facilitate an in-depth risk management exercise for complex and high risk partnership arrangements (PA). The complete set of answers to the questions raised here provides for an initial review of a MAJOR new partnership, a renewal of an arrangement, or a planned review, depending on which sections are completed. This review process should be used in full only on HIGH RISK PARTNERSHIPS, and should be conducted incrementally over a period of time. The matters raised in the checklist should be prioritised and any proposed PA should ensure that all high priority matters are dealt with before the PA starts. Partners should not, however, make failure to complete the entire checklist an excuse for not going ahead: all PAs involve a leap of faith at some point and there comes a stage when simply getting on with it is more important than finalising every last issue.

This is a “due diligence” process, a term used in the private sector for an acquisition of another company or any major legal change.

The prospective purchaser calls for an in-depth analysis of all aspects of the new arrangement, looking into past performance and gathering evidence as appropriate.

This checklist is a summarised version of a more complete “due diligence” process. A full copy can be obtained from Public Risk Management Ltd.<sup>10</sup>

The checklist is split into several sections to make it easier to use. Each partner in the partnership should satisfy itself that it has met the issues addressed in the checklist. The sections covered are:

- Preparation, set-up and engagement
- Commercial
- Finance
- Compliance and regulatory matters
- Human resources
- Information security
- Business continuity and disaster recovery
- Business trialling and modelling
- Performance
- Other

Each section also identifies, by means of a tick in the box, when each of the following three activities occurs:

- Inception or renewal of the arrangement
- A planned review
- Any significant material changes in the arrangement

No.	High risk partnerships – Suggested checklist	Inception or renewal Suggested areas	Planned review & material change
-----	----------------------------------------------	-----------------------------------------	----------------------------------

<sup>9</sup> Special thanks to the Isle of Wight Council for the use of this document which has been appropriately adapted.

<sup>10</sup> tel 01626 355333 or email [info@publicriskmanagement.co.uk](mailto:info@publicriskmanagement.co.uk)

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No.	High risk partnerships – Suggested checklist	Inception or renewal Suggested areas	Planned review & material change
<b>1.</b>	<b>Preparation, set-up and engagement</b>		
1.1	Is there a justified and proven need for a partnership arrangement?		✓
1.2	Is the PA approved?		✓
1.3	Was the PA planned or unplanned?	✓	
1.4	Have the needs to be met, aims and objectives of the PA been determined, defined and documented?		✓
1.5	Have the PA's aims and objectives been aligned with the strategy and policy for partnering <b>and</b> the strategy for the delivery of this service?		✓
1.5.1	Are the costs of the PA, the benefits and the value created consistent with the needs to be met		✓
1.6	What is the classification of the PA?		✓
1.6.1	Is the PA corporate or non-corporate?	✓	
1.6.2	Is the PA a separate company?	✓	
1.6.3	Is the PA a registered charity?	✓	
1.7	Who are the partners and the contact points?		✓
1.8	Who is the lead partner, if appropriate?		✓
1.9	What is the target/actual date for the commencement of the PA?	✓	
1.10	What is the planned duration of the arrangement?	✓	
1.11	What are the cessation/termination arrangements?	✓	
1.12	Which statutory, Local Government or other external governance framework applies?		✓
1.13	Which internal governance model was selected for this PA?		✓
1.14	Which constitutional model was selected for this PA?		✓
<b>22.1.1.2</b>	<b>Commercial</b>		
2.1	When was the last visit to the partners'/PA's premises/facilities?	✓	
2.2	What position does the PA occupy in the sector currently?	✓	
2.2.1	Has this position changed significantly since inception?		✓
2.3	Do the partners/PA have a website?	✓	
2.4	Has there been any press coverage; regarding the partners in relation to the PA; or the PA itself?		✓
2.4.1	What was the effect of the press coverage?		✓
2.4.2	What are the procedures for the review and approval of press releases?	✓	
2.5	What partner references are held on file?	✓	
2.6	Has the PA lost any clients due to poor service?		✓
2.7	Are role profiles/job descriptions/CVs available for PA managers/account managers and/or relationship managers?		✓
2.8	What is the current reporting structure for the partner/PA team?		✓
2.9	Do the partners have a business strategy/ business plan that supports this PA?		✓
2.10	Will the PA be taking on the totality of the service or will any part of it be delivered by other means?		✓
2.10.1	If so, what level of reliance will be placed on this arrangement?		✓
2.11	Does the PA (or a partner) pass on any of the service requirement to an outsourced arrangement?		✓
2.11.1	If so, what level of reliance is placed on this arrangement?		✓
2.12	When was the last walkthrough test of the PA capability undertaken?		✓
2.13	Have any references been taken from other clients of the partners/PA who have similar service arrangements?		✓
2.14	To which relevant professional bodies / professional organisations do the partners/PA belong?	✓	
<b>3.</b>	<b>Finance</b>		
<b>3.1</b>	<b>Finance – this section applies to the PA and/or the partners involved</b>		
3.1.1	Who is the financier of last resort?	✓	

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No.	High risk partnerships – Suggested checklist	Inception or renewal Suggested areas	Planned review & material change
3.1.2	Who is the PA banker?	✓	
3.1.3	Name of the PA bank accounts	✓	
3.1.4	Names of the PA cheque signatories	✓	
3.1.5	Will PA staff/partner staff be able to commit authority funds and resources?	✓	
3.1.6	Provide full details of the funds, funding, grants and concessions provided to the PA.		✓
3.1.7	What are the internal and external audit and non-financial audit arrangements for the PA?	✓	
3.1.7.1	Which is the accountable body?		✓
3.1.8	Have all voluntary funds in which the authority has an interest been registered with the Directorate of Finance and Information?	✓	
3.1.9	What are the VAT arrangements for the goods, works and services procured by the PA?		✓
3.1.10	Have the following been determined, defined and documented: <ul style="list-style-type: none"> <li>• Capital, leasing, expenditure and income plans</li> <li>• All sources of income</li> <li>• The conditions of any grants</li> <li>• On-going revenue liabilities where the grant was capital</li> <li>• Procedures for the return of funds not spent</li> <li>• Procedures for over-spends</li> <li>• Match funding</li> <li>• Responsibility for compliance with all funding and grant conditions</li> </ul>		✓
3.1.11	Does the PA have a financial plan, (a) specifically outlining the expenditure and income over the next financial year, (b) consistent with the delivery plan?		✓
3.1.12	What are the arrangements for taxation?	✓	
3.1.13	What are the arrangements for petty cash and reimbursement?	✓	
3.1.14	What are the arrangements for ordering goods and services (for the PA)?	✓	
3.1.15	What insurance cover is provided?	✓	
3.1.16	Detail the provision of separate accountancy codes	✓	
<b>3.2</b>	<b>Finance – this section applies to PAs that are companies and applies to contractors</b>		
3.2.1	Obtain a copy of the company and ultimate holding company last audited Director's Report and Financial Statements, and any more recent quarterly financials.	✓	
3.2.2	If available, obtain Credit Analyst's report	✓	
3.2.3	Run D&B and S&P check	✓	
3.2.4	Perform a Company Search	✓	
3.2.5	Financial results - cover:	✓	
3.2.5.1	What are the net assets of the company and how have they moved recently?	✓	
3.2.5.2	Are any of the assets "intangible" (e.g. capitalised software development costs, goodwill etc), how have they moved?	✓	
3.2.5.3	What are the liabilities and other commitments of the company and how have these moved?	✓	
3.2.5.4	Are there any "contingent liabilities" (e.g. court cases against the company)?	✓	
3.2.5.5	Is there a holding company?	✓	
3.2.5.6	What financial appraisal has been conducted over sub-contractors and other outsource service providers?	✓	
3.2.5.7	Are revenue and profits growing (turnover, margins, profitability, ROCE etc)?	✓	
3.2.5.8	Review the rate of growth and assess whether this results in any strain on resources	✓	
3.2.5.9	Can the company easily pay its liabilities as they fall due (liquidity)?	✓	
3.2.5.10	Is the company committed to this type of business?	✓	
3.2.5.11	Is the company too reliant on any particular customer, product, supplier, financing or other outsourcing arrangement?	✓	
3.2.5.12	What are analysts' views on the share price, business and the competition?	✓	
3.2.5.13	Are there any current events to consider that have had or will have a material impact on the business?	✓	
3.2.5.14	Perform ratio analysis and identify any adverse or positive trends.	✓	
3.2.5.15	Is a bond or parent company guarantee required?	✓	
<b>4.</b>	<b>Compliance and regulatory matters</b>		
4.1	Are the partners/PA regulated ?	✓	
4.1.1	If yes, regulated by which body?	✓	
4.1.2	Have there been any breaches or fines over the past three years?		✓

No.	High risk partnerships – Suggested checklist	Inception or renewal Suggested areas	Planned review & material change
4.2	Who is responsible for compliance and who is responsible for following up actions?		✓
4.3	What is the status of any outstanding actions?		✓
4.4	Does the PA have formally documented procedures, which relate to the services provided?	✓	
4.5	Is the PA vired?		✓
4.6	If this is a service performed for other clients, are there any SAS480 type arrangements in place?	✓	
4.7	Has the PA been subject to a complete risk assessment?	✓	
4.8	Does the PA have a risk register?	✓	
4.9	Does the PA have a risk mitigation strategy?		✓
4.10	Are PA risk mitigation actions documented?		✓
4.11	Are actions regularly followed up?		✓
4.12	Is the risk register regularly updated?		✓
<b>5.</b>	<b>Human resources</b>		
5.1	Have any staff undergone a TUPE transfer to the PA?		✓
5.1.1	Are the procedures for this documented?	✓	
5.2	Is there an employee handbook?	✓	
5.2.1	When was it last updated?		✓
5.2.2	Does the PA have a formal grievance/disciplinary procedure?	✓	
5.3	Is the PA/are any of the partners an “Investor in People”?		✓
5.4	Are PA staff directly recruited by the PA?	✓	
5.4.1	What is the PA’s recruitment policy?	✓	
5.4.2	Do all members of staff have a job description/role profile?		✓
5.5	Are employees put through a formal induction programme?	✓	
5.6	Is there a formal appraisal process?	✓	
5.7	Do all employees have a contract of employment?	✓	
5.8	How many people does the PA employ?		✓
5.8.1	What proportion of staff are permanent, temporary, contract?		✓
5.8.2	What is the level of staff turnover? How many current vacancies are there?		✓
5.9	Who is responsible for Health and Safety at work policy?	✓	
5.10	What is the PA’s training and development policy?	✓	
5.11	How does the PA plan to absorb the staff/manage the culture shift for staff working on this arrangement (where seconded or TUPE'd)?		✓
5.12	Is there a manager/staff forum (possibly involving trade unions)?	✓	
<b>6.</b>	<b>Information security</b>		
6.1	Do the partners and/or does the PA subscribe to or use BS7799?	✓	
6.2	Does the PA have specific information security policies and procedures?	✓	
6.3	What are the procedures for dealing with information security breaches?	✓	
6.3.1	Have there been any breaches?		✓
6.4	Are the partners/is the PA registered with the Office of the Information Commissioner and is the registration up to date?		✓
6.5	What policies and procedures are in place to ensure that the partners/PA complies with all applicable parts of the Data Protection Act, including the classification of data.		✓
6.6	How frequently are information security practices reviewed or tested?	✓	
6.6.1	What was the outcome of the review?	✓	
6.7	Does the PA have record keeping and retention policy?	✓	
6.8	Where are records stored and archived?	✓	
6.9	Is there an information security education and awareness programme developed?	✓	
<b>7.</b>	<b>Business continuity and disaster recovery</b>		
7.1	Do the partners/does the PA have a contract (e.g. with SG-RS or Comdisco) for disaster recovery?	✓	
7.1.1	If no, what backup facilities exist?	✓	
7.2	Do the partners/does the PA have disaster recovery and business continuity planning standards.	✓	
7.3	Do the partners/does the PA have current DR and BCP plans, procedures and testing plans?		✓
7.4	Has the PA classified its processes and identified the critical processes?	✓	

No.	High risk partnerships – Suggested checklist	Inception or renewal Suggested areas	Planned review & material change
7.5	In respect of the critical processes, are maximum recovery times specified?	✓	
7.6	How frequently are the plans tested?	✓	
7.6.1	What was the result of the last test?		✓
7.7	Where is back up media stored?	✓	
7.8	What mechanisms are in place to advise clients of downtime?	✓	
7.9	Does the PA have backup power and UPS on site?	✓	
<b>8.</b>	<b>Business trialling and modelling</b>		
8.1	What business processes has the PA defined that should be tested before “go live” of the arrangement?		✓
8.2	Are relevant business processes tested and documented/signed off before “go live”		✓
<b>9.</b>	<b>Performance</b>		
9.1	Have service delivery performance criteria been specified for this PA?		✓
9.2	Has the management information (MI) been specified to support the measurement of the performance of the delivery of the service?		✓
9.3	What measurements are taken and when?		✓
9.4	Have performance targets been set for the delivery of the service?		✓
9.5	Are the performance measurement criteria, the MI and the measurements consistent with the Best Value Indicators, Quality of Life Indicators?		✓
9.6	What performance reports are produced?		✓
9.7	Has there been a BV inspection?		
9.8	Does the PA have procedures for responding to material changes in the performance of the delivery of the service?		✓
<b>10.</b>	<b>Other</b>		
10.1	Do the partners and the PAs have a money laundering, fraud and anti-corruption policy?		✓
10.2	Do the partners and the PAs provide money laundering, fraud and anti-corruption training regularly to all staff?		✓
10.3	Is a standard confidentiality clause inserted into all agreements?	✓	
10.4	What are the procedures for dealing with conflicts of interest?	✓	
10.5	Are regular Partnership meetings held?		✓
10.6	Are meetings minuted?		✓
10.7	How are members of staff chosen to represent the authority on a PA?		✓

### Appendix 4: Risk Register Template

<b>Partnership Name</b>		<b>Partnership Manager</b>		<b>Author</b>	
Version No.		Date			

### 22.2 Risk Register

Summary							Description				Controls			
Risk Number	Date Raised	Date Last Reviewed	Owner	Category	Status	Links to Other Plans/Projects	Description of Risk	Likelihood Score	Impact Score	Total Score	Description of Controls	Responsibility	Target Date	Status
										0				
										0				
										0				
										0				
										0				
										0				
										0				

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## 22.2.1 Appendix 5: Risk Categories

<p><b>STRATEGIC</b> 23 <i>Risks that relate to doing the wrong things</i></p>	<p><b>23.1 OPERATIONAL</b> <i>Risks associated with the nature of each service or activity</i></p>
<ul style="list-style-type: none"> <li>• Insufficient forward planning or horizon scanning</li> <li>• Incorrect strategic priorities</li> <li>• Community planning oversight or errors</li> <li>• Policy decisions based on incomplete or faulty information</li> <li>• Failure to exploit opportunities</li> <li>• Inappropriate capital investment decisions</li> </ul>	<ul style="list-style-type: none"> <li>• Poor partnership working</li> <li>• Failure to continuously improve / innovate</li> <li>• Inadequate service continuity planning</li> <li>• Over-reliance on contractors / suppliers</li> <li>• Breakdown of work system</li> <li>• Poor project planning and management</li> </ul>
<p><b>23.2 INFORMATION / TECHNOLOGICAL</b> 24 <i>Risks that relate to the loss of or inaccuracy of data and the use of / reliance on technology</i></p>	<p><b>REPUTATION</b> 25 <i>Risks that relate to the organisation's image</i></p>
<ul style="list-style-type: none"> <li>• Systems and management data not up to date</li> <li>• Ineffective prediction of trends and poor forecasting</li> <li>• Breaches of security of network and data</li> <li>• Obsolescence of technology</li> <li>• Lack of network resilience</li> </ul>	<ul style="list-style-type: none"> <li>• Unfulfilled promises to the electorate</li> <li>• Ineffective PR / Media strategy</li> <li>• Association with unsuitable organisations</li> <li>• Poor standards of service</li> <li>• Failures in corporate social responsibility</li> </ul>
<p><b>25.1 FINANCIAL</b> <i>Risks that relate to losing monetary resources or systems of financial planning and control</i></p>	<p><b>PEOPLE</b> 26 <i>Risks associated with employees and the management structure</i></p>
<ul style="list-style-type: none"> <li>• Occurrence of fraud</li> <li>• Unreliable accounting records</li> <li>• Failure to prioritise, allocate appropriate budgets and monitor / report</li> <li>• Failed resource bids</li> <li>• Sustainability of time limited funding</li> </ul>	<ul style="list-style-type: none"> <li>• Over-reliance on key officers</li> <li>• Inefficient/ineffective management processes</li> <li>• Failure to recruit/retain qualified staff</li> <li>• Lack of investment in training</li> <li>• Poor absence management</li> </ul>
<p><b>REGULATORY / LEGAL / STATUTORY</b> <i>Risks related to the legal and regulatory environment</i></p>	<p><b>26.1 PHYSICAL</b> <i>Related to fire, security, accident prevention and health &amp; safety</i></p>
<ul style="list-style-type: none"> <li>• Compliance failures (e.g. procurement, LA 21)</li> <li>• Inadequate response to/failure to prepare for/ implement legislative change</li> <li>• Intervention by Regulatory Bodies and Inspectorates</li> <li>• Failure to meet targets agreed with / imposed by Central Government</li> <li>• Breaches of contract, failures in duty of care</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of intangible assets</li> <li>• Failures in health &amp; safety management</li> <li>• Loss of physical assets</li> </ul>

## Appendix 6: Further Information and Guidance

### 27 Associated Council Policies and Documents

- Corporate Risk Management Strategy
- Partnerships Toolkit
- Contract Procedure Rules and Financial Regulations

[http://10.107.1.50:8888/pp/Docs/Constitution\\_part4.pdf](http://10.107.1.50:8888/pp/Docs/Constitution_part4.pdf)

- Code of Corporate Governance

<http://10.107.1.50/Personnel/Forms/Code of Corporate Governance.doc>

### 28 Sources of Further Guidance

Improvement Network

<http://www.improvementnetwork.gov.uk/imp/core/page.do?pagelId=1006274>

Audit Commission 'Governing Partnerships'

<http://www.audit-commission.gov.uk/Products/NATIONAL-REPORT/1CDA0FEF-E610-463c-B3F3-220F607B1A2C/GoverningPartnerships26Oct05REP.pdf>

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Isle of Wight  
Transport for London  
Association of London Government  
LB Ealing  
Met Police  
Met Police  
LB Harrow  
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LB Lambeth  
LB Tower Hamlets  
Royal Berkshire Fire and Rescue  
Three Rivers DC

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## 31 Disclaimer

This is a toolkit for use with officers and management at all levels, it is not a practitioner expert guide. It is not a complete description of all aspects of managing risk in partnerships and has been kept short and simple to be of practical use. It should be used alongside your own legal advice and guidance in respect of contractual issues. No attempt has been made here to address such matters. This is not for use outside the UK. Public Risk Management Ltd assumes no responsibility or liability for any errors or inaccuracies that may appear in this document.

## Appendix 10

### Insurance considerations

The following list highlights a number of areas where insurance decisions may need to be taken by a partnership. In instances where the issue is relevant to the partnership, further advice and information can be obtained from the **Council's Risk and Insurance Manager**.

Professional or trustee indemnity insurance would normally be expected to be in place. However, the cost of such insurance could be prohibitive for smaller groups with only a small income and no employees. In this case, a risk assessment should be carried out to ensure that financial systems are in place to prevent financial or legal difficulties.

It is important to note that as part of risk management, insurance is one way of transferring risks. As insurance premiums rise and organisations increasingly self-fund risks, there is greater emphasis on risk management.

**Name of partnership:** \_\_\_\_\_

Issue	Insurance considerations	Evaluation/comments
Employment of staff	<ul style="list-style-type: none"> <li>Do officers involved in the partnership have appropriate cover for employer's liability by their host organisations for their work in the partnership?</li> </ul>	
Use of physical assets – buildings, equipment, vehicles	<ul style="list-style-type: none"> <li>Which party owns the assets and are they appropriately safeguarded in terms of security, control over use, etc?</li> <li>Are the assets insured for identified risks, for example, fire, theft, vandalism, accidental damage, etc?</li> </ul>	
Responsibility for finances	<ul style="list-style-type: none"> <li>Does the partnership manage finances and are they protected by sound systems of internal control and policies covering fidelity?</li> </ul>	
Capital works and intellectual property rights	<ul style="list-style-type: none"> <li>Are appropriate arrangements in place for being clear on the same and managing risks regarding such works?</li> </ul>	
Officers/elected members indemnity and public liability	<ul style="list-style-type: none"> <li>Do Council officers/elected members have appropriate insurance cover or indemnities for their partnership work, including public liability?</li> </ul>	

**Completed by:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Job title:** \_\_\_\_\_ **Tel. No.** \_\_\_\_\_

## Appendix 11

### General principles for effective partnership working

These general principles have been adapted and developed from the statutory instrument relating to the ten general principles of public life (which built upon Lord Nolan's seven general principles).

#### **Selflessness**

Members of the partnership should serve only the public interest and should never improperly seek or confer an advantage or disadvantage on any person or organisation.

#### **Honesty and integrity**

Members of the partnership should not place themselves in situations where their honesty and integrity may be questioned, should not behave improperly, and should on all occasions avoid the appearance of such behaviour.

#### **Objectivity**

Members of the partnership should always make decisions on merit. This includes when making appointments, awarding contracts, or recommending individuals for rewards or benefits.

#### **Accountability**

Where appropriate, members of the partnership should be accountable to the public for their actions and the manner in which they carry out their responsibilities. They should cooperate fully and honestly with any scrutiny appropriate to their particular office.

#### **Openness**

Members of the partnership should be as open as possible about their actions and those of the organisation they represent. And they should be prepared to give reasons for actions taken.

#### **Personal judgment**

Members of the partnership may take account of the views of others, including those of political groups, but should reach their own conclusions on the issues before them and act in accordance with those conclusions.

#### **Respect for others**

Members of the partnership should promote equality by not unlawfully discriminating against any person, and by treating people with respect, regardless of their race, age, gender, disability, religion or faith or sexual orientation. They should respect the impartiality and integrity of the local authority's statutory officers, and its other employees.

#### **Duty to uphold the law**

Members of the partnership should uphold the law and, on all occasions, act in accordance with the trust that the public is entitled to place in them.

#### **Stewardship**

Members of the partnership should do whatever they are able to ensure that the organisation they represent authorises use of their resources prudently and in accordance with the law.

#### **Leadership**

Members of the partnership should promote and support these principles by leadership and acting by example. They should act in a way that secures and preserves public confidence.

## Appendix 12

### Skills and knowledge required for partnership working

The following table shows the type of skills and knowledge required for successful partnership working.

It is unrealistic to expect one person to possess all of these. But when considering the partnership's membership, it is expected that all these skills and knowledge are addressed and exhibited.

<b>Leadership</b>	
<b>Skills</b>	Coalition building, vision and consensus building, communicating, consulting, managing change, delegating, influencing, negotiating and assertiveness, resource allocation, knowing when to leave / disband partnerships
<b>Knowledge</b>	Needs and opportunities which provide the basis for common ground, policy and funding developments, partners' roles, contributions, constraints, motivations
<b>Trust</b>	
<b>Skills</b>	Building relationships, managing expectations, promoting dialogue, listening, empathy, managing conflict, giving constructive feedback, managing communications, coping with the unfamiliar and unexpected, team working
<b>Knowledge</b>	Group dynamics, cultures, values and ways of working with others, forms of partnership arrangement
<b>Learning</b>	
<b>Skills</b>	Problem solving, creative thinking, systems thinking, networking, diagnosing performance issues, scrutiny
<b>Knowledge</b>	Benchmarking and process mapping, partnership review and evaluation, how to promote learning in partnerships, facilitation techniques
<b>Performance management</b>	
<b>Skills</b>	Negotiating, entrepreneurial, setting objectives and performance measures, project planning / management, business planning
<b>Knowledge</b>	Partnership structures, accountability mechanisms, managing meetings, ways of making better use of resources
<b>Value and Culture</b>	
<b>Skills</b>	Understanding diversity, effective communication, corporate governance, risk management, policy creation
<b>Knowledge</b>	Council policies, risk methodology, aims and objectives of Council/partner groups, business continuity plans
<b>Strategic issues</b>	
<b>Skills</b>	Decision-making, community/business empowerment methodologies, thinking about and preparing for future challenges
<b>Knowledge</b>	Community needs, strategic functioning, political appreciation, long-term assessment, environmental factors

## Appendix 13

# Protocol for elected members involved in any work with outside bodies

### Introduction

This protocol should be read and followed when working as part of a partnership, either directly representing the Council, in an advisory capacity or as part of an interest group.

Any issues in this protocol that you do not understand or require clarification on should be discussed with the **Head of Legal and Member Services**, your political group leader, the Chief Executive or the appropriate director.

Elected members should ensure that partnership documents are being used by all partnerships that they are involved with. A Memorandum of Understanding should be used by all partnerships but may differ slightly for each partnership. A model Memorandum of Understanding is at **Appendix 8**.

### Protocol

The Council supports the activities of partnership working and recognises the benefits to the community, but wishes to ensure that elected members and the Council are not exposed to any unidentified and unexpected risks and liabilities.

### Authority to become involved with a partnership

Any elected member who is approached or wishes to become involved in a partnership should discuss the matter and the extent of their involvement with their group leader. The group leader may want to discuss the partnership and aspects of work with the Chief Executive. The elected member should only accept or become involved after receiving approval from their group leader and the formal approval of the Cabinet/relevant Regulatory Committee/ Full Council as appropriate.

The elected member and an appropriate director should discuss and agree if any support or training is required. The appropriate director also needs to inform, at once, the **Head of Legal and Member Services** and the Director of Finance of the elected member's involvement.

### Prohibition on signing contracts

Elected members working for a partnership should not sign any contracts or legally binding documentation on behalf of the partnership or the Council. Elected members are reminded that only authorised officers have power to sign documents of this nature.



## Appendix 13

### Prohibition on provision of financial, technical or legal advice

Elected members should not provide financial, technical, or legal advice to a partnership. Advice is available on these issues and may be taken when necessary. They must ensure that the partnership arranges indemnity insurance as appropriate, details of which should be provided to the Council's **Risk and Insurance Manager**.

Professional or trustee indemnity insurance would normally be expected to be in place. However, the cost of such insurance could be prohibitive for smaller groups with only a small income and no employees. In this case, a risk assessment should be carried out to ensure that financial systems are in place to prevent financial or legal difficulties.

### General

Elected members must report any personal changes in circumstances which may create a new or perceived conflict of interest. Elected members must also discuss with the partnership any new issues of potential conflicts of interest or issues which impact on their role as an elected member for Wirral Council - changes to the aims, constitution or position of the partnership that could be contrary to the public or the Council's interest. If in doubt, advice should be sought, at an early stage, from the **Head of Legal and Member Services**.

Elected members must also remember that, if they act as a trustee of a charitable partnership or body, their first duty is to the Charity. This is also the case in respect of elected members appointed as directors of companies. Elected members must also remember that, when working within a partnership, they remain elected members of Wirral Council and are still bound by the relevant Codes of Conduct in the **Constitution**. They should actively encourage the partnership to follow similar practices and procedures and must immediately report to their group leader/Chief Executive when they feel that the partnership is not acting in a manner acceptable to the Council or in the public interest.

## Appendix 14

# Protocol for employees involved in any work with outside bodies

### Introduction

This protocol should be read and followed when working as part of a partnership, either directly representing the Council, in an advisory capacity or as part of an interest group.

Any issues in this protocol that you do not understand or require clarification on should be discussed with your line manager or with the **Head of Legal and Member Services** before any involvement with outside bodies is accepted.

Employees should ensure that appropriate partnership documents are adopted by all partnerships in which they are involved. A Memorandum of Understanding should be used by all partnerships but may differ slightly for each partnership. A model Memorandum of Understanding is at **Appendix 8**.

### Personal responsibility of employees

Employees must bear in mind that acceptance of a role as a charity trustee or company director (even if accepted as part of your work for the Council) is a responsibility personal to you. There will be responsibilities to the Charity Commission, and under company law, which must be fulfilled.

### Protocol

The Council supports the activities of partnership working and recognises the benefits to the community, but wishes to ensure that the employee and the Council are not exposed to any unidentified and unexpected risk and liabilities.

### Authority to become involved with a partnership

Any employee who is approached or wishes to become involved in a partnership should discuss the matter and the extent of their involvement with their line manager. The manager may want to discuss the partnership and aspects of work with their head of service or with the **Head of Legal and Member Services** before any involvement with outside bodies is accepted, if the employee is unsure about potential liabilities.

The employee must receive approval, in writing, from their line manager (but sanctioned by the head of service) before accepting any position on the partnership. Some high profile appointments may require Cabinet or Cabinet member approval.

It is the responsibility of the line manager, whilst discussing the employee's involvement in the partnership, to be clear as to the role and whether the employee approached is the most appropriate representative. Once the appropriate employee has been identified,

## Appendix 14

then the manager should establish what, if any, additional support and training is required. The line manager is responsible for arranging this training and support.

### Notification to head of service, legal and finance

It is the employee's manager's responsibility to ensure that the head of service is aware of the Council's involvement in any partnership and also to inform the **Head of Legal and Member Services** and the **Director of Finance**.

### Prohibition on signing contracts without legal advice

Employees working for a partnership must not sign any contracts or legally binding documentation on behalf of the partnership unless written confirmation of legal advice confirming acceptability is provided.

### Provision of financial, technical or legal advice

If an employee provides financial, technical, legal or other advice to a partnership, a written copy of the advice should be made and a copy provided to their line manager. Any legal advice must be suitably cleared by the Head of Legal and Member Services representative.

If the implications to the partnership of not following the advice could lead to an illegal act, health and safety issues, financial implications or other serious implications not in the partnership/public/Council's interest, then these should be made clear to the partnership when the advice is given and a written note provided. A copy of this should be provided to the line manager.

It is the responsibility of the finance manager, when they are informed of the establishment of or the Council's involvement in a partnership, to raise appropriate issues such as budgetary control and financial monitoring procedures and whether there are any VAT implications. Any Memorandum of Understanding with the partnership to provide financial advice and support must be made after approval from the **Director of Finance**.

### General

Council officers must report any changes in personal circumstances which may create a new or perceived conflict of interest. If in doubt, advice should be sought, at an early stage, from the **Head of Legal and Member Services**.

Council officers must also remember that, if they act as a trustee of a charitable partnership or body, then their first duty whilst acting as a trustee is to the charity. This is also the case in respect of officers appointed as directors on companies. When working in a partnership, they remain Council officers of Wirral Council and are still bound by the relevant Codes of Conduct in the **Constitution**. They should actively encourage the partnership to follow similar practices and procedures and must immediately report to

their manager if they feel that the partnership is not acting in a manner acceptable to the Council or in the public interest.

## Appendix 15

### Appraisal of legal and procedural aspects

Many local authorities become members of, or wholly own, companies that deliver public services, eg Arm's Length Management Organisations (ALMOs). These have a strict definition in law. There are also companies in which the Council has membership and/or a level of interest. In most cases, the Council is represented on the board by elected members or senior officers.

Companies are governed by their own Memorandum and Articles of Association. These set out the aims and objectives, classes of membership, management structure and general governance. The memorandum and articles will bind any elected member or officer representing the Council on company boards, or any of their management and operational sub-committees. General rules and codes of conduct in respect of outside bodies and partnerships should be observed. Those representing the Council may often bring examples of best practice to enhance governance arrangements.

Before accepting company membership for the Council or any post on its structure, full appraisal should be undertaken and appropriate authorisation sought. Where the Council is forming a company the **Head of Legal and Member Services** must be consulted well in advance.

The four main forms of legal entity are:

1. Private Limited Companies.
2. Partnerships.
3. Limited Liability Partnerships.
4. Industrial and Provident Societies.

The main differences between them and the responsibilities of the directors are outlined below:

#### Private Limited Companies

A company consists of a board of directors and members. The functions of the company are governed by its constitution documents that are called the Memorandum and Articles. These set out how the company functions and whether decisions are required to be made by the directors at a board meeting or by the company members at a general meeting.

A company director takes on a number of duties when agreeing to perform this role and although the directors' financial liability is limited to the amount stated in the company's constitution, they also agree to take on personal responsibilities in respect of the way they act. It is possible that as a result of their actions they may face criminal charges.

Private Limited Companies are subject to a number of disclosure requirements and accounting rules and the strict provisions of company legislation. The company will

## Appendix 15

appoint a company secretary to ensure compliance. But, all directors have a responsibility to ensure compliance. There may be sanctions if the full and correct information is not recorded and maintained in respect of the company's activities.

Companies limited by guarantee may obtain charitable status. Charities are able to raise funds and access grants more easily. There are specific criteria that must be met to qualify for charitable status. Details are available from Legal Services. Companies with charitable status report to the Charity Commission.

Companies with share capital are likely to undertake commercial enterprises for profit. In most cases, this will be inconsistent with the duties and functions of a local authority. Any proposal to establish or accept membership in such a venture must be discussed with the **Head of Legal and Member Services**.

### Partnerships

Partnerships can involve both formal and informal working relationships that are governed in a way decided by the partners. The partners draft the partnership Memorandum of Understanding document in whichever way and with the content the partners deem necessary. Formal partnerships can be governed by the Partnership Acts, so it is essential to be clear at the start, of the objectives and legal status of any 'partnership'.

A partner is jointly and severally responsible for the actions of the partnership. A partner does not have the benefit of limited liability. However, a partnership has the perceived advantage of not being subject to extensive disclosure and accounting requirements or to strict regulation by a body such as Companies House.

### Limited Liability Partnerships (LLPs)

LLPs are a fairly new but already popular way of constituting a legal entity offering limited liability for the partners and requiring a minimum amount of control by external bodies. The LLP, like a partnership, seems to offer more privacy and freedom than a company but partners have the advantage of limited liability.

### Industrial and Provident Societies (I&PSs)

These are not registered under the Companies Acts, but with the Financial Services Authority. They are an alternative corporate structure that suit community projects. They have a separate legal status and the benefit of limited liability for members. I&PSs cannot register as charities, but do enjoy similar advantages.

An I&PS must be an industry, trade or business, but this also must be a genuinely co-operative venture for the benefit of the community. There are clear synergies with local authority activities, although in practice this model is relatively rare.

More detailed information on the types of structure, legal or otherwise, that a partnership could adopt, is available from the **Head of Legal and Member Services**.

## Appendix 16

### Contacts

If you have any queries about the Council's Partnership Governance Framework and Toolkit or the Register then, in the first instance, contact:

Head of Legal and Member Services  
Town Hall  
Brighton Street  
Wallasey  
Wirral  
CH44 8ED  
Tel. 691 8569  
Email [legalandmemberservices@wirral.gov.uk](mailto:legalandmemberservices@wirral.gov.uk)

For queries regarding other Council officers mentioned in this document, refer to the table.

Name	Position	Contact address	Contact telephone number	Email address
Bill Norman	Director of Law, HR and Asset Management	Town Hall Brighton Street, Wallasey Wirral CH44 8ED	691 8498	<a href="mailto:billnorman@wirral.gov.uk">billnorman@wirral.gov.uk</a>
Ian Coleman	Director of Finance	Treasury Building, Hamilton Street, Birkenhead , Wirral		<a href="mailto:iancoleman@wirral.gov.uk">iancoleman@wirral.gov.uk</a>
Mike Lane	Risk and Insurance Manager	Treasury Building, Hamilton Street, Birkenhead , Wirral		<a href="mailto:mikelane@wirral.gov.uk">mikelane@wirral.gov.uk</a>
Mark Niblock	Deputy Chief Internal Auditor	Treasury Building, Hamilton Street, Birkenhead , Wirral		<a href="mailto:markniblock@wirral.gov.uk">markniblock@wirral.gov.uk</a>



Each Directorate also has a partnership 'co-ordinator'. The purpose of the partnership co-ordinators group is to take a strategic overview of partnership working making appropriate links to other areas of work, and to keep their directorates informed of developments regarding the corporate work on partnerships.

<b>Area of responsibility</b>	<b>Coordinator</b>	<b>Job title</b>	<b>Contact telephone number</b>	<b>Email address</b>
Adult Social Services				
Children and Young People Services				
Corporate Services				
Finance				
Law, HR and Asset Management				
Regeneration				
Technical Services				

## APPENDIX 17 – PARTNERSHIP REGISTER INDEX

This is the index of the Council's partnership register for 2008/09. . The register is subject to annual review.

### 1) Key Partnerships

<b>Organisation</b>	<b>Link Officer</b>	<b>Responsible Head of Service</b>	<b>External Contact/ Address or Comment</b>
Adult Mental Health Provision	Phil Gilroy		Suzanne Proctor Cheshire & Wirral Partnerships NHS Trust Upton Lea Countess of Chester Health Park Liverpool Road CHESTER CH2 1BQ
Behaviour Improvement Programme	Charlie Bailey		(Council take the lead, external parties involved include police)
Children and Young People's Strategic Partnership	Moira Curran		N/A
Community Fund Joint Working Group	Simon Goacher,	Simon Goacher	Wirral Partnership Homes (see below)
Crime and Disorder Reduction Partnership	Steve McGilvray	Rob Beresford	
Drug and Alcohol Action Team	Phil Gilroy	Mindy Rutherford	DAAT Manager Wirral PCT St. Catherine's Hospital Church Road, Birkenhead CH42 OLQ
Groundwork Wirral			Kate Thomas kthomas@groundwork.org.uk
Integrated Community Equipment Service	Tina Long		Sheila Hillhouse Wirral PCT St. Catherine's Hospital Church Road, Birkenhead CH42 OLQ
Intermediate Care Partnership	Tina Long		Heather Rimmer Wirral PCT St. Catherine's Hospital

Organisation	Link Officer	Responsible Head of Service	External Contact/ Address or Comment
			Church Road, Birkenhead CH42 OLQ
Joint Commissioning	Tina Long		Wirral PCT St. Catherine's Hospital Church Road, Birkenhead CH42 OLQ
LAA Programme Board		Russ Glennon	Chaired by the Leader of the Council. Council lead agency.
Local Strategic Partnership (LSP)	Christina Bebbington	Russ Glennon	Chaired by the Leader of the Council.
Mersey Dee Alliance		Jim Wilkie	Simon Adderley MDA Co-ordinator Chester City Council The Forum, Chester CH1 2HS
Merseyside Policy Unit	Jim Wilkie		Abigail Howarth, Director 237 3530 Merseyside Policy Unit 12 Princes Parade LIVERPOOL L3 1BG <a href="mailto:Abigail.howarth@merseyside.org.uk">Abigail.howarth@merseyside.org.uk</a>
Merseyside Safety Camera Partnership		Mark Smith	
Local Authority Pension Fund		Peter Wallach	Stuart Imeson 01274 432 111 Hon.Sec. LAPF Forum, c/o Britannia House, Hall Ings, BRADFORD BD1 1HX
The Mersey Partnership TMP			The Mersey Partnership 12 Princes Parade Liverpool L3 1BG
WEDS Wirral Economic Development and Skills Partnership	Alan Evans		Wirral has input through Phil Davies (Chair)
Wirral Environmental Partnership	Alex Butler/Sue Wheldon	Kevin Adderley	
WIN Wirral Investment Network (Management) Ltd.	WIN/Area Co-ordinator	Kevin Adderley	

Organisation	Link Officer	Responsible Head of Service	External Contact/ Address or Comment
Wirral 3 Way Compact Group	Andy Brannan		
Wirral Chamber of Commerce and Industry	Jim Wilkie	Ken Davies, Chief Executive 647 8899	Wirral Chamber of Commerce and Industry Lord Leverhulme Chambers 16 Grange Road West BIRKENHEAD CH41 4DA
Wirral Multi-cultural Organisation.	Moira Curran x4329	Mal Reston 666 4547	<a href="mailto:m.reston@wmo.org.uk">m.reston@wmo.org.uk</a> 111 Conway Street Birkenhead CH41 4AF
Wirral Chamber of Commerce and Industry	Jim Wilkie	Ken Davies, Chief Executive 647 8899	Wirral Chamber of Commerce and Industry Lord Leverhulme Chambers 16 Grange Road West BIRKENHEAD CH41 4DA
Wirral SEN Parent Partnership		Peter Edmondson	
Wirral Strategic Housing Partnership	Andy Brannan	Russ Glennon	

## 2) Procurement Arrangements

Merseyside Procurement Group	Ray Williams	Steven Rowley	4 other Merseyside authorities involved, no lead authority
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## 3) Commercial or Commissioned Partnerships

Merseyside Connexions		Peter Edmonson	
Egerton House (Wirral) Ltd.	Philip Smith (Wirral Direct)	Kevin Adderley	Liz Whaling General Manager Egerton House, 2 Tower Road, Birkenhead CH41 1FN
Birkenhead Market Ltd.	Alisdair McNicol	Ian Brand	Mr. L. Embra Birkenhead Market, Claughton Road, Birkenhead, CH41 2YH
Latin American Capital Partners	Ian Coleman		466 Lexington Avenue, New York
Liverpool Airport		Neil Pakey Managing Director	Liverpool John Lennon Airport LIVERPOOL L24 1YD
Merseyside	Alan Evans	Russ Glennon	Mott MacDonald MIS

Information Service			325 Royal Liver Building Pier Head, Liverpool L3 1JH
Merseyside Joint Metrology Laboratory.	John Malone	Rob Beresford	Darrell Wilson Chief Inspector of Weights & Measures, St. Helens MBC Wesley House, Corporation Street, St. Helens WA10 1HE

#### 4) Networking/Benchmarking/Best Practice Groups

Merseyside Housing Benefit Joint Operational Board	Chris Ng	Malcolm Flanagan	Gordon Lee Resource Manager Revenues and Benefits St. Helens Council, Town Hall Victoria Square, St. Helens WA10 1HP
North West Centre of Excellence Procurement Board	Ray Williams	Steven Rowley	Colin Cram Tameside Metropolitan B.C. Council Offices Wellington Road ASHTON UNDER LYNE OL6 6DL
SIGOMA		Ian Coleman	Gareth Bruff 01226 773215 PO Box 14, Town Hall, Barnsley S70 2AQ
Trading Standards North West	John Malone	Rob Beresford	Paul Noone Lancashire Trading Standards 58 - 60 Guildhall Street, Preston Lancs. PR1 3NU

#### 5) Collaborative/Shared Services Arrangements

None Recorded			
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#### 6) Public Private Partnerships/PFI

Wirral Schools Service		David Armstrong	
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#### 7) Stock Transfer RSLs

Beechwood and Ballantyne	Andy Bate	David Ball	Andy Hall
Leasowe Community Homes	Andy Bate	David Ball	Campbell McLay Arena Housing Association 14 Columbus Quay Riverside Drive L3 4DB

Wirral Partnership Homes Community Fund	Andy Bate	David Ball	Patrick McCarthy Wirral Partnership Homes 6 Europa Boulevard Birkenhead CH41 4PE
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#### 8) Local Management Arrangements

Community Centre Joint Management Committees (x15)	Lynn Williams	Jim Lester	
Tam O'Shanter Urban Farm		Jim Lester	Tam O'Shanter Urban Farm Boundary Road, Bidston, Wirral CH43 7PD
Together Project (Rock Ferry)	Steve Ruddy	Steven Rowley	Neil Collins Director Royal Standard House 334 New Chester Road BIRKENHEAD CH42 1LE

#### 9) Grant Funding Regimes

Merseyside Objective One PMC		Jim Wilkie	Pamela Peel Cunard Building, Pier Head, Liverpool L3 1QB
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#### Partnerships to be removed?

Business Link for Greater Merseyside (to be removed)	Philip Smith (Wirral Direct)	Kevin Adderley	Peter Morton Egerton House 2 Tower Road Birkenhead CH41 2FN
Merseyside Special Investment Fund	Peter Mawdsley		No formal advisory board, Wirral not represented in any form.
Excellence in Cities Partnership		N/A	(Internal with schools)
Pensions Assessment Team	Phil Gilroy	Alan Copestake	North West (5thZone) Area Millennium House Lower Ground Floor Pensions Service, 86 Wellington Road, Stockport SK1 3UH
Pentra Services Ltd		666 2066	Waterloo Buildings, 23 -31 Bridge Street, Birkenhead CH41 1AS

Rising Starts (Enterprise Ventures)	Peter Mawdsley		No formal advisory board, Wirral not represented in any form
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**STANDARDS COMMITTEE - 30 MARCH 2009**

**AUDIT AND RISK MANAGEMENT COMMITTEE – 31 MARCH 2009**

**CABINET – 9 APRIL 2009**

## **REPORT OF THE DIRECTOR OF LAW, HR AND ASSET MANAGEMENT**

### **USE OF POWERS UNDER THE REGULATION OF INVESTIGATORY POWERS ACT (RIPA)**

#### **1. Background**

- 1.1. The Regulation of Investigatory Powers Act 2000 (“RIPA”) governs how public bodies use surveillance methods. Wirral Council, like other local authorities may use directed surveillance where doing so is in the public interest for the purpose of preventing or detecting crime or preventing disorder.
- 1.2 The Office of the Surveillance Commissioner (“OSC”) is responsible for overseeing the operation of RIPA. The Council has to account to the OSC on an annual basis on its use of RIPA. The Council has been the subject of 2 inspections by the OSC in July 2003 and July 2007. The Council’s use of RIPA was also the subject of a recent review by the Internal Audit Section. One of the recommendations of that review was that the Council’s Policy and Procedures on the use of RIPA be updated. The Policy was most recently reviewed in 2004.

#### **2. THE USE OF RIPA BY LOCAL AUTHORITIES**

- 2.1. There has been much debate in the last 12 months around the use of surveillance powers by local authorities. This has led the LGA to write to Leaders of all Councils. John Healey MP, the Minister for Local Government also wrote to all Chief Executives in November 2008 regarding the use of surveillance by local authorities. The Home Office has announced an intention to consult on the use of RIPA powers by public authorities in early 2009.
- 2.2. Unfortunately there has been a large degree of misreporting of the subject of surveillance. The Home Office has published on its website a document on some of the misconceptions. A copy is attached as Appendix 1 to this report.
- 2.3. The Council has used directed surveillance to support its enforcement activity since the passing of RIPA. In the year 2007/8 the Council granted 45 authorisations. These related to cases investigated by the Wirral Anti-social Behaviour Team (36) and the Trading Standards team (9). The use of these powers has assisted in legal action to tackle rogue traders and to obtain court orders to tackle anti-social behaviour. The Council has used surveillance evidence in numerous court actions and its use has never been challenged. In some cases surveillance evidence obtained by the Council under RIPA has been used by the police to secure criminal convictions.
- 2.4. The use of RIPA is overseen by the Office of the Surveillance Commissioner (OSC). The OSC carries out regular inspections of public bodies. The OSC last inspected the Council in July 2007. A copy of the report is attached as Appendix 2 to this report. It considers the previous report of the OSC in 2003 and concludes that:

*Whilst the actions taken by the Council have addressed many of the significant issues raised in the previous inspection report, more works need to be done to fully rectify the previous deficiencies.*

2.2 The report sets out a number of recommendations. These are set out below followed in italics by the actions taken to implement the recommendations:

(a) the Head of Legal and Member Services should ensure that the correct current forms are being used.

*The current versions of the forms have been circulated to all teams using or which may potentially directed surveillance*

(b) ;the Central Record should be regularly updated;

*A new procedure has been implemented to ensure that Departments update the central record immediately upon authorisation being granted*

(c) the Central Record should capture all the information required by the Codes of Practice;

*The new will system will ensure that this is done*

(d) the central record should be used more appropriately to provide central oversight and monitoring of authorisations;

*The new system will enable Legal and Member Services to have better access to the applications in a timely manner to monitor use of RIPA*

(e) a training needs analysis should be undertaken to identify any knowledge gaps and thereafter a corporate training event held to educate and inform all potential applicants and authorising officers;

*An assessment has been carried out and a training event took place on 7 October 2008 which was well attended. A further event is due to take place in April 2009. It will be a requirement that all authorising officers who have not received training in the past two years shall attend one of those sessions. It is intended that after the second event has taken place all applying officers will have received training. The training is specifically tailored to Wirral and will highlight the issues raised in the OSC report.*

(f) there is a need to attach a central unique reference to each application;

*The new system provides for this.*

(g) there should be an annual report to COMT on the use of RIPA;

*The first such report was received by COMT in June 2008 and further reports will be brought to COMT.*

2.3 A review of the use of RIPA has also been carried out by Internal Audit at the request of the Chair of the Audit and Risk Management Committee in December 2008. This identified a number of areas for improvement and an action plan was agreed. A copy is attached as Appendix 3.

2.3 The action plan identified the need for the Council's policy and procedure on the use of powers under RIPA to be updated. A draft policy is attached which has been considered by Chief Officers Management Team. It is also being considered by:

Standards Committee– 30 March 2009;  
Audit and Risk Management Committee – 31 March 2009; and  
Cabinet – 9 April 2009.

#### 4.0 RECOMMENDATION

4.1 Members endorse the Policy and Procedure appended to this report.

BILL NORMAN  
DIRECTOR OF LAW, HR AND ASSET MANAGEMENT

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## **Misconceptions about RIPA**

Misunderstandings about RIPA and its use - your questions answered.

### **RIPA is an anti-terrorism legislation**

It's not. RIPA legislates for and regulates the use of a range of covert techniques for a range of purposes. The more intrusive of these powers (such as interception) are limited to law enforcement and intelligence agencies and can be used to investigate serious crime as well as terrorism.

Other less intrusive powers such as directed surveillance or access to communications data can be used by a greater number of public authorities for a wider range of purposes, including the prevention and detection of crime generally.

### **Local authorities and councils are wrongly using anti-terrorism powers**

Recent stories in the media have often misrepresented RIPA and what parliament agreed that local authorities can do under the legislation. Parliament gave permission to a range of public authorities to use covert investigatory powers under RIPA, where they need them to carry out their statutory functions.

Under RIPA, local authorities are able to use a far more restricted range of investigatory techniques than intelligence and law enforcement agencies.

They are limited to using the least intrusive types of communications data; directed surveillance (which means covert surveillance in public places) and covert human intelligence sources (such as informants), and only for detecting or preventing crime and preventing disorder where it is necessary and proportionate for them to do so.

For example, trading standards departments are responsible for investigating and prosecuting rogue traders and other scams. Local authorities also deal with people who are claiming housing benefits which they are not entitled to, in other words, people who commit benefits fraud. It is for individual authorities to decide in each case whether it is necessary and proportionate to make use of the powers in the specific circumstances.

Local authorities cannot carry out intrusive surveillance, or seek warrants for interception. Nor are they able to access the most intrusive form of communications data, namely traffic data.

### **RIPA powers can be used by local councils on 'trivial matters'**

There are strict rules to protect people from unnecessary or inappropriate intrusion and any use of the powers must be both necessary and proportionate to the crime being investigated. Where individuals believe powers have been used inappropriately, they can take their case to the Investigatory Powers Tribunal.

The Local Government Association and the Communities and Local Government Minister have each written to all local councils to ensure that their use of RIPA powers is necessary and proportionate as required by the legislation.

The Home Office and the Department for Communities and Local Government are working together to ensure all local authorities have a good understanding of RIPA and circumstances when it would be appropriate and when it would not be appropriate to use covert surveillance.

During 2009, the Home Office will be issuing a revised code of practice on the use of directed and intrusive surveillance for public consultation. This will then be considered by parliament before replacing the existing code.

### **Confusion over the difference between interception and communications data**

Many stories in the media confuse interception (for example, listening to someone's telephone conversations or reading an e-mail or letter) which can only be conducted by law enforcement and intelligence agencies with a Secretary of State warrant, with access to communications data (eg subscriber details or billing information ) which is available to a wider number of public authorities.

### **RIPA is another example of the erosion of our privacy and civil liberties**

RIPA is a pro-human rights law that, rather than 'giving' powers, controls activities that need to be regulated. It puts in place the proper mechanism to consider the key issues of necessity and proportionality. In fact, it did not create any new powers or techniques at all; nor did it permit any public authority to use powers which it could not have used prior to RIPA.



Office of Surveillance  
Commissioners

OSC/INSP/075

The Rt.Hon Sir Christopher Rose  
Chief Surveillance Commissioner  
Office of Surveillance Commissioners  
PO Box 29105  
London SW1V 1ZU

31<sup>st</sup> July 2007

**OSC INSPECTION REPORT – WIRRAL METROPOLITAN BOROUGH  
COUNCIL**

**Date of Inspection :** 30<sup>th</sup> July 2007

**Inspector :** Mr Richard Allsopp

**Address of Public Authority :** This report should be sent to Mr Stephen Maddox, Chief Executive, Wirral Metropolitan Borough Council, Town Hall, Brighton Street, Wallasey, Wirral, Merseyside CH44 8ED.

**REVIEW OF PROGRESS**

**Structures and Procedures**

1. The last OSC inspection of the Wirral Metropolitan Borough Council was conducted in June 2003 by an Assistant Surveillance Commissioner with the subsequent report dated 2<sup>nd</sup> July 2003. The overall structure of the Council remains as previously reported.
2. At the time of the last inspection the Council had no corporate guidance document covering the requirements of the Regulation of Investigatory Powers Act 2000 (RIPA) relying instead on various documents adopted by the departments involved in covert activity. A centrally retrievable record of authorisations had not been established and departments were keeping their own records. Acting on the advice of the Assistant Surveillance Commissioner, all the matters raised at the last inspection have been incorporated into a Council RIPA Policy and Employees Guide covering Directed Surveillance and the Use of Covert Human Intelligence Sources. It was published to all departments in December 2003 and revised in 2004 in order to reflect the changes brought about by Statutory Instrument 2003 No 3171.

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3. The latest version of the RIPA forms have been obtained from the Home Office but as yet they have not been brought into use.
4. Six Authorising Officers have been nominated covering the four departments actively using the powers vested in the Council, all of whom accord to the designation contained in latest Statutory Instrument. The specific responsibilities of the Chief Executive have been recognised.
5. The policy requires the Authorising Officer to forward details to the Head of Legal and Member Services for inclusion in the central record which is maintained on his behalf by Simon Goacher, a Solicitor in Legal Services. In practice, at quarterly intervals copies of all applications, authorisations, renewals and cancellations are called for and entered in the central record. The documents are in paper format and retained in folders, with an overview sheet for each department containing all the details required by paragraph 2.14 of the Covert Surveillance Code of Practice. A computerised system is under consideration. There is no corporate system for allocating the documents a Unique RIPA Reference Number. A limited amount of central monitoring is conducted by Mr Goacher. The Community Safety Solicitor meets the Anti Social Behaviour Team on a weekly basis to review their investigations and provide appropriate advice over the use of covert surveillance.

### Use of RIPA

6. Since the last inspection 96 authorisations have been granted for Directed Surveillance, the majority on behalf of the Anti Social Behaviour Team who deploy covert video recorders from the homes of complainants to capture images of anti social behaviour by neighbours. A private contractor is engaged to provide and deploy the equipment. Three other departments have obtained a small number of Directed Surveillance authorisations; Trading Standards, Planning Enforcement and the Insurance Section. The latter employs Private Investigators to conduct covert surveillance on its behalf.
7. Covert Human Intelligence Sources have not been used and no other Services have sought authorisations. None of the authorisations involved the possible acquisition of 'confidential information/material' or had been 'self authorised'.

### Previous Recommendations

8. The 2003 OSC inspection report contained nine recommendations.
  - (i) A corporate policy on RIPA applicable to all Departments should be introduced as soon as possible.
  - (ii) In that policy care must be taken to remedy the defects in the existing separate policy statements used by the Departments.

*Action: Suitable policy has now been published and adopted by all Departments.*

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(iii) Future training must ensure that the concepts of *necessity* and *proportionality* are fully understood by all staff likely to become involved in covert surveillance.

(iv) It is not advisable for Authorising Officers to grant authorisations without themselves receiving relevant training.

*Action: When RIPA was first introduced the then Authorising Officers undertook training on the subject and since then a number have received guidance from attending courses and seminars held by their own professional bodies or the Home Office. In 2006 the entire Anti Social Behaviour Team undertook a five day surveillance training course provided by the Merseyside Police which included RIPA as a component within it. The Applicant from Planning Enforcement has attended no less than three training courses on RIPA and the Trading Standards Manager attended a RIPA Review Stakeholder Forum organised by the Home Office in April of this year. As a result, he is currently working on developing a three day training course for all Enforcement Officers, an element of which will be RIPA. It is hoped that the course will be repeated regularly and will be modular in nature so that the RIPA element could be used as initial training for new Enforcement Officers and also refresher training for existing Officers.*

*Whilst various initiatives have been introduced, the Council has not adopted a corporate response to these two recommendations. In those applications examined, proportionality is still not described adequately and action plans to minimise collateral intrusion are not protecting innocent members of the public sufficiently. From interviews with Applicants and Authorising Officers, it is apparent that there are still gaps in the training provision and refresher courses are needed. A training needs analysis is long overdue to identify those members of staff requiring either initial or refresher RIPA training. Thereafter the Council should provide this training at a corporate level.*

(v) Care must be taken in all future applications for authorisation to ensure that any proposed course of action is fully described in order to avoid the possibility of errors made in *R v Sutherland & Others*.

*Action: Applicants are now more fully describing the surveillance activity they wish to carry out but Authorising Officers are not providing a comprehensive statement outlining the activity they are prepared to sanction. Instead they are relying on a pre-printed statement in the now outdated Home Office form which refers to the application for detail. It was pointed out to all Authorising Officers that the latest Home Office model authorisation form requires a number of points to be covered and they were strongly advised to use the form in any future authorisations. This is particularly relevant when outside agencies such as Private Investigators are employed to carry out the surveillance. A comprehensive authorisation statement should be provided to them to ensure their activity is within the parameters set.*

(vi) A system of regular reviews of authorisations should be introduced in order to ensure prompt cancellations.

*Action: The Council policy requires regular reviews of authorisations to be conducted but none of the authorisations inspected appeared to have been formally*

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*reviewed. In most cases the Authorising Officer failed to record a review date. It is accepted that informal reviews are being conducted, particularly within the Anti Social Behaviour Team which meets with a Solicitor on a weekly basis but the requirements of paragraph 4.21 of the Covert Surveillance Code of Practice are being overlooked, particularly the need to record the results of the review on the central record of authorisations. The Home Office RIPA review form should be taken into use as a matter of urgency. All but one case inspected had been properly cancelled.*

(vii) A central record of authorisations should be created in order to comply with the Code of Practice.

*Action: A central record is now being maintained but not in full accordance with the Code of Practice. The details contained in paragraph 2.14 are recorded but only on a quarterly basis, thus at any one time it could be significantly outdated. In discussions with Simon Goacher, the Solicitor responsible for its upkeep, the Inspector pointed out the requirement for the record to be regularly updated, whenever an authorisation is granted, renewed or cancelled. Reviews are not being recorded and there is no provision to highlight 'self authorised' cases as required by paragraph 4.14 of the Code.*

(viii) An appropriate officer of the Council should be designated as Monitoring Officer for RIPA and be responsible for the maintenance and safe custody of the central record.

*Action: The Head of Legal and Member Services has been delegated to carry out this role and a Solicitor in his department conducts the day to day work on his behalf. It is evident that insufficient central monitoring is being conducted, the record should be used more pro-actively to identify critical dates and ensure all the relevant documents are submitted and recorded. At present there is no reporting mechanism to members on the use of RIPA. It is proposed that there be an annual report to the Chief Officers Management Team and Cabinet on the use of RIPA.*

(ix) It is good practice to make copies of the Home Office Codes of Practice available at the Council's offices for consultation by members of the public on request.

*Action: The Council does not believe that it is likely that members of the public will need to access a paper copy of the Codes of Practice and has not adopted this practice. It has however ensured that all officers who deal with investigations do have copies and this was confirmed during the inspection. It is worthy of note that whilst the interim Codes of Practice advocated this approach, the substantive Codes have not thought it necessary to re-iterate this advice.*

9. Whilst the actions taken by the Council have addressed many of the significant issues raised in the previous inspection report, more work needs to be done to fully rectify the previous deficiencies.

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**SIGNIFICANT ISSUES**

10. Central record

The record needs to be regularly updated on a day by day basis rather than the present quarterly arrangement and contain the record of reviews and any self authorised cases. It should be used more pro-actively as a central management tool to ensure full compliance across all departments. There is no corporate system for the issuing of a Unique RIPA Reference Number (URN) to the various documents.

11. Training

A training needs analysis is long overdue to help identify knowledge gaps and a corporate approach to the provision of appropriate training is needed.

12. Directed Surveillance

- Applications are being drafted to a reasonable standard but Applicants are still unaware of the need to properly explain the proportionality of their intended surveillance activity and to provide an action plan to minimise collateral intrusion.
- Applicants within the Anti Social Behaviour Team are mistakenly submitting multiple applications covering a single operation. Typically, if they wish to place a covert video camera watching the front of a particular property and another covering the rear, they are submitting two separate applications and obtaining two authorisations for the same operation. It was pointed out to them that a comprehensive application could cover a multitude of appropriate tactics which the Authorising Officer could then consider within a single authorisation statement. However, they were cautioned against using fresh tactics at a later date which had not been initially authorised.
- Authorising Officers are not providing a comprehensive authorisation statement, relying on the pre printed statement on the now outdated Home Office forms. Effective start and end times are not being recorded.
- Reviews of authorisations are not being called for or documented.
- Ordinary authorisations are being granted for less than the prescribed three months, in some cases one month.
- In one case an authorisation was renewed after it had time expired in contravention of paragraph 4.24 of the Code of Practice.

13. Forms

The Council has recently acquired the latest version of the Home Office forms but has not yet introduced them. The Inspector is satisfied that many of the imperfections found in the earlier applications and authorisations inspected will be corrected by the

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use of the new forms because they prompt the author to provide the relevant information.

14. At the commencement of the inspection, the Inspector was courteously welcomed to the Council by Mr Mark Reaney (Head of Legal and Member Services). At the conclusion, it was pleasing that the Chief Executive Mr Stephen Maddox found time in his busy schedule to receive feedback. The Chief Executive was extremely knowledgeable and showed considerable interest in all matters affecting RIPA. The Inspector is grateful for all the facilities made available to him both before and during the inspection by Mr Simon Goacher and for the co-operation and openness of all the staff he met.

**RECOMMENDATIONS**

15. The Head of Legal and Member Service, in his RIPA monitoring role should ensure that the latest version of the Home Office model forms are used for authorising all future Directed Surveillance applications and that through the use of such forms, the imperfections found in the earlier applications and authorisations are not repeated (paragraphs 3 and 13).

16. The central record should be regularly updated and capture all the information required by the Codes of Practice. It should be used more effectively in order to provide central oversight and monitoring of all authorisations (paragraphs 8(vii), 8(viii) and 10).

17. A training needs analysis should be undertaken to identify knowledge gaps and thereafter a corporate RIPA training event held to educate and inform all potential Applicants and Authorising Officers (paragraphs 8(iv) and 11).

18. The issues and imperfections discovered during this inspection should be included in the curriculum of any future corporate RIPA training event (paragraphs 8(v), 8(vi) and 12).



**Richard Allsopp  
Surveillance Inspector**

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# POLICY AND PROCEDURE ON THE USE OF POWERS UNDER THE REGULATION OF INVESTIGATORY POWERS ACT

## 1. INTRODUCTION

- 1.1 *"Surveillance plays a necessary part in modern life. It is used not just in the ~ targeting of criminals but as a means of protecting the public from harm and ~ preventing crime."*

From the Foreword to the Home Office's Code of Practice on Covert Surveillance

- 1.2 The use of covert surveillance by public authorities, particularly local authorities has been the subject of much recent debate. The use of covert surveillance is properly a matter of public concern. The purpose of this policy is set out exactly how the Council will use its surveillance powers and comply with best practice.
- 1.3 The Council uses cover surveillance to supports its enforcement activities. It has been used principally by the Regeneration Department in dealing with anti-social behaviour and trading standards cases. This has resulted in many successful cases being brought which might otherwise not have been possible bringing rogue traders to account and improving the lives of Wirral residents suffering from severe anti-social behaviour. In 2007/8 the Council used directed surveillance on 45 occasions, 35 in anti-social behaviour case and 9 in cases investigated by Trading Standards.
- 1.4 The Council approved a policy and procedure for the use of covert surveillance in 2004. The Council has been inspected twice by the Office of the Surveillance Commissioner in 2003 and 2007. The use of surveillance was also the subject of a review by the Council's Internal Audit Team in 2008. The need to revise and update the Council's Policy and Procedure was identified as part of that review.

## 2. RELEVANT LEGISLATION

### 2.1 The Human Rights Act 1998 (HRA)

- 2.1.2 The HRA gives effect to the rights and freedoms guaranteed under the European Convention on Human Rights and Fundamental Freedoms ("the Convention"). Article 8 of the Convention is relevant in the context of covert surveillance in that everyone has the right to respect for his/her private and

family life, home and correspondence. It is now clear from decided cases that this right extends to activities of a professional or business nature and so includes employees. Article 6 of the Convention is relevant in the context of covert surveillance in that everyone has the right to a fair trial, including internal procedures or hearings, and fairness extends to the way in which evidence is obtained.

2.1.3 Consequently, there is to be no interference with the exercise of these rights by any public authority including a local authority, except where:

Such interference is in accordance with the law and is necessary in a democratic society in the interests of:

- national security
- public safety
- the economic well-being of the country
- for the prevention of disorder or crime
- for the protection of health or morals
- the protection of the rights and freedoms of others.

2.1.4 The HRA can be found at:

[www.opsi.gov.uk/ACTS/acts1998/19980042.htm](http://www.opsi.gov.uk/ACTS/acts1998/19980042.htm)

**2.2 The Regulation of Investigatory Powers Act 2000 (“RIPA”) (and associated Regulations)**

2.2.1 RIPA was introduced shortly after the HRA to ensure that the use by public bodies of surveillance was codified. Prior to RIPA there was only limited regulation of the use by public bodies of surveillance. RIPA was passed to ensure a consistency of approach and to set in place safeguards to ensure that the use of surveillance is proportionate. RIPA was passed well before the terrorism attacks on September 11 and was not introduced to deal with terrorism. RIPA and its associated regulations also follow the philosophy of recent legislation in trying to strike a balance between community responsibilities, including effective law enforcement, and individual rights and freedoms.

### **3.0 COVERT SURVEILLANCE**

3.1 The term surveillance includes

- Monitoring, observing or listening to people, their movements, their conversations or their other activity or communication;

- Recording anything monitored, observed or listened to in the course of surveillance;
  - Surveillance by or with the assistance of a surveillance device.
- 3.2 **Covert** surveillance is surveillance that is carried out in a manner calculated to ensure that the persons subject to the surveillance are unaware that it is or may be taking place. This needs to be contrasted with the deployment of **overt** surveillance. The use of such surveillance in places to which the public has access is increasingly commonplace. The Council has employed it in the form of CCTV monitoring of its offices, car parks and the town centres. CCTV monitoring is undertaken in accordance with the Council's Code of Practice for the operation of CCTV. CCTV is usually clearly marked through the use of signage.
- 3.3 RIPA applies where any covert surveillance of an identifiable or named person is carried out by a public authority carrying out an investigatory function. RIPA includes a local authority within the description of public authority.
- 3.4 Covert surveillance can be either
- (a) **intrusive**, that is, carried out in relation to anything that is taking place on any residential premises or in any private vehicle by an individual or a surveillance device on the premises or in the vehicle; or
  - (b) **directed**, that is, undertaken for the purposes of a specific investigation or operation and involving the observation of a person or persons in order to gather information about them.
- 3.5 Local authorities are **not** authorised to conduct **intrusive** surveillance.
- 3.6 **Directed** covert surveillance that is likely to result in obtaining private information about a person is permitted by RIPA and its associated regulations **if** such surveillance has been authorised in the manner provided by the Act, the Home Office Code of Practice and the prescribed standard forms. Private information is any information relating to a person's private or family life.
- 3.7 An authorising officer for a public authority may only grant authorisation to carry out directed surveillance if it is necessary in the interests of:
- national security;
  - preventing or detecting crime or of preventing disorder;
  - public safety;
  - protecting public health;

- assessing or collecting any tax, duty, levy or other imposition, contribution or charge payable to a government department; or
  - is specified by regulations.
- 3.8 Local authorities may only authorise use of covert directed surveillance on the ground that it is necessary in the interests of **preventing or detecting crime or of preventing disorder**. The use of surveillance must also be proportionate to what is being sought to achieve.
- 3.9 Authorisation is not required to record things which are not planned but arise in the course of an investigation. For example if an enforcement officer is attending a property to visit a witness and observes a neighbour causing criminal damage he/she can record what they saw without authorisation.
- 3.10 Particular care needs to be taken when the surveillance may give rise to the obtaining of **confidential information**. In this context confidential information means:
- Where legal professional privilege applies;
  - Confidential personal information; or
  - Confidential journalistic material

**Legal professional privilege** will apply to oral and written communications between a professional legal adviser and his/her client made in connection with the giving of legal advice or in connection with or contemplation of legal proceedings.

**Confidential personal information** is information held in confidence about a person's physical or mental health or to spiritual counselling or assistance. The information must have been created or acquired in the course of a trade, business or profession or for the purpose of any paid or unpaid office.

**Confidential journalistic material** includes material acquired or created for the purposes of journalism and held subject to an undertaking to hold it in confidence.

If the purpose of the surveillance is to obtain confidential information then this will need to be approved by the Head of Legal and Member Services and the Chief Executive. If in the course of an operation confidential material is obtained through surveillance this must be notified immediately to the Head of Legal and Member services. It must be retained and provided to the inspector from the Office of the Surveillance Commissioner at the next inspection.

- 3.11 An applying officer wishing to use directed surveillance must complete **FORM RIPADS1** (all forms are attached to this policy). The applying officer must fully complete all parts of the form. The officer should refer as necessary to the Home Office Code of Practice, available as set out in paragraph 3.18 below.



- 3.12 The applying officer must consider the proportionality of the use of surveillance. The officer must consider the seriousness of the matter being investigated, the impact that any evidence obtained through the surveillance will have on the investigation and the level of intrusion which will be caused. The officer must take steps to ensure that any intrusion is kept to the minimum level necessary. Any intrusion in to the private life of persons not the subject of the investigation (e.g. family or visitors) should be kept to a minimum.
- 3.13 The completed form should be referred to an **authorising officer**. All Chief Officers may designate officers within their department as authorising officers for the purposes of RIPA. On receipt of the form the authorising officer will contact the Head of Legal and Member Services to obtain a unique reference number. The authorising officer must be a Head of Service or Service Manager. The authorising officer will place the form on the central register. The register is an electronic folder with access rights limited to authorising officers (for their area only) and the Head of Legal and Member Services or his/her nominated representatives (to all contents). When an authorising officer places a form on the register he/she will also separately notify the Head of Legal and Member Services by e-mail that this has been done. If the authorising officer does not have access to the register he or she will e-mail the form to the Head of Legal and Member Services who will arrange for it to be placed on the register. All forms for authorised applications shall be placed on the register immediately. All applications shall remain on the register for at least 3 years.

### 3.14 **Urgent Oral Applications**

- 3.14.1 It is possible to grant urgent oral authorisations. It is envisaged that this will be done very rarely, if ever. No authorisations have been granted in this way in the past 3 years. The Code of Practice states that this should not be done:

*unless the time that would elapse before the authorising officer was available to grant the authorisation would, in the judgement of the person giving the authorisation, be likely to endanger life or jeopardise the investigation or operation for which the authorisation was being given. An authorisation is not to be regarded as urgent where the need for an authorisation has been neglected or the urgency is of the authorising officer's own making.*

- 3.14.2 Where an urgent authorisation is granted the authorising officer must record as soon as is practicable the reasons for granting the authorisation urgently. An urgent authorisation will lapse after **seventy two hours**.

### 3.14 **Review/Cancellation**

- 3.15.1 Written authorisations will lapse automatically unless they are renewed after **3 months**. However, authorisations should be reviewed on a regular basis and cancelled when they are no longer required for the purpose for which they were granted. In each case the authorising officer within each public authority should determine how often a review should take place. This should be as

frequently as is considered necessary and practicable. On carrying out a review the authorising officer should complete a **Form RIPADS2**. Once completed the form should be placed on the central register immediately either by the authorising officer directly or via the Head of Legal and Member services. If the form is placed directly on the register the authorising officer must notify the Head of Legal and Member Services that this has been done by e-mail.

3.15.2 If upon review the need for directed surveillance no longer exists then the authorisation will be cancelled immediately. On cancellation the authorising officer shall complete **Form RIPADS3**. The completed form shall be placed on the central register either by the authorising officer directly or via the Head of Legal and Member services. If the form is placed directly on the register the authorising officer must notify the Head of Legal and Member Services that this has been done by e-mail.

### 3.16 **Renewal**

If the authorisation is due to lapse it may be renewed for a period of a further 3 months provided the need for the surveillance continues. If a renewal is required a **Form RIPADS4** shall be completed. If an authorisation is renewed for a further period of 3 months it should be reviewed during that period.

### 3.17 **Audit Checks**

The Head of Legal and Member Services shall carry out a regular audit of authorisations contained on the central register at least once every 3 months.

### 3.18 **Code of Practice**

The Home Office Code of Practice on the Use of Covert Surveillance can be viewed at: <http://security.homeoffice.gov.uk/ripa/publication-search/ripa-cop/>

## 4.0 **COVERT HUMAN INTELLIGENCE SOURCES (CHIS)**

4.1 The use of CHISs is also regulated by RIPA. A CHIS is a person who establishes or maintains a relationship with someone in order to obtain information, to provide another person with access to information or to disclose information as a consequence of that relationship. Should an officer consider the use of a CHIS as necessary, they must liaise with the Head of Legal and Member Services. If the use of a CHIS is deemed necessary, special arrangements will be made for their use in accordance with the Home Office Code of Guidance on Covert Human Intelligence Sources (see paragraph 4.5 below). It is not anticipated that CHISs will be used often by the Council. However, if professional witnesses are used they may fall within the definition of CHISs.

4.2 If an investigating officer does believe that the use of a CHIS is necessary in the course of an investigation he/she should complete **FORM RIPACHIS1**. The officer must consider the safety and welfare of a person acting as a

source and must carry out a risk assessment before authorisation is granted. The use must be proportionate to what is intended to be achieved. The authorisation will lapse automatically if not renewed after a period of **12 months**.

4.4 Special considerations apply if the person to be used as a source is **vulnerable** or a **juvenile**. In such circumstances advice should be sought from the Head of Legal and Member Services. Authorisation may only be granted by the Chief Executive, as Head of Paid Service, or in his/her absence a Chief Officer.

4.3 The same procedures outlined above in respect of directed surveillance of:

- Maintenance of a central register
- Confidential information
- Review
- Cancellation
- Renewal; and
- Audit checks

Shall also apply to the use of CHISs. The following forms shall be used **FORM RIPACHIS2** (review), **FORM RIPACHIS3** (cancellation) and **FORM RIPACHIS4** (renewal)

#### 4.4 Code of Practice

The Code of Practice relating to the use of CHISs can be found at: <http://security.homeoffice.gov.uk/ripa/publication-search/ripa-cop/>

## 5.0 COMMUNICATIONS DATA

5.1 Requests for communications data will be dealt with by **designated persons**. Those persons who are authorising officers for the purposes of directed surveillance and CHIS's shall also be designated persons for the purposes of obtaining communications data. Each local authority must have its own **Single Point of Contact (SPOC)**, to whom applicants can submit their requests for communications data. This is to ensure there is a specific point of accountability in each authority requesting data for reasons connected with RIPA and the HRA etc. The SPOC for Wirral Council is the Trading Standards Manager

5.2 It is important to note that we are not referring here to the interception of communications or the **content** of communications. The Council does not have power to intercept communications or acquire content.

5.3 There are 3 types of communications data;

- traffic data;
- service use data; and

- subscriber data.
- 5.4 More information on what constitutes these types of communication data is set out in the Home Office Code of Practice (see paragraph 4. 8 below). Advice can also be sought from the Head of Legal and Member Services. Local authorities are only able to seek disclosure under RIPA of service use data and subscriber data **not** of traffic data.
- 5.5 Applications may be made for service use data e.g. itemised bills or subscriber data e.g. whether a person uses a particular network, who is the user of a particular number. A request for such information can only be made where it is necessary for the purpose of preventing or detecting crime or preventing disorder. The request must be proportionate. The form for completion for disclosure of communications data including guidance on completion is attached as **FORM RIPACD 1**. An authorisation or notice remains valid for **one month**. A valid authorisation or notice may be renewed for a further period of one month.
- 5.6 An authorisation or notice must be cancelled as soon as it is no longer necessary for the service provider to comply with the notice or the conduct required by the notice is no longer proportionate to what was sought to be achieved.
- 5.7 The **Senior Responsible Officer** must be responsible for: the integrity of the process in place within the public authority to acquire communications data; compliance with Chapter II of Part I of the Act and with this code; oversight of the reporting of errors to the Interception of Communications Commissioners Office (IOCCO) and the identification of both the cause(s) of errors and the implementation of processes to minimise repetition of errors; engagement with the IOCCO inspectors when they conduct their inspections, and where necessary, oversee the implementation of post-inspection action plans approved by the Commissioner. In Wirral the Senior Responsible Officer is the Head of Legal and Member Services.
- 5.8 In Wirral there has been very limited use of these powers. In the year 01/01/08 – 31/12/08 there were only 2 requests made for subscriber data by the Council.
- 5.9 The Home Office Code of Practice on the use of Communications Data can be viewed at: <http://security.homeoffice.gov.uk/ripa/publication-search/ripa-cop/acquisition-disclosure-cop.pdf>

## 6.0 REPORTING AND REVIEW

- 5.1 The Council recognises the public interest in the use by it of these powers. It is essential that it regularly monitors and reviews the use of these powers. Therefore, this policy and procedure shall be subject to a review on at least an annual basis. The Head of Legal and Member Services shall report annually to the Chief Officers Management Team on the use of these powers and the

Director of Law, HR and Asset Management shall report annually to the Cabinet and the Audit and Risk Management Committee.

## 7.0 **COORDINATION AND TRAINING**

- 7.1 All Departments that use or may use the Council's powers under RIPA shall nominate a Departmental Coordinator under this Policy. The Departmental Coordinators shall meet at least once a quarter to review the operation of this policy, share best practice and consider training needs. Those meetings shall be chaired by the Head of Legal and Member Services or his/her nominated representative. Appendix 1 shows the list of Departmental coordinators.
- 7.2 The Council shall ensure that adequate training is provided to officers in the use of the powers. A training register shall be maintained and all authorising/designated officers will receive training at least every 2 years. A copy of the register is attached as Appendix 2. If an authorising/designated officer has not attended any training for a period of 2 years they shall **automatically cease** to be a responsible/authorised officer.

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**Appendix 1**

**RIPA CO-ORDINATORS GROUP**

Department

Representative

Department of Law, HR and Asset  
Management

Simon Goacher

Department of Finance

Malcolm Flanagan

Department of Regeneration

John Malone/Lucy

Pritchard

Department of Technical Services

Phil Black

Department of Children's Services

N/a

Department of Adult Social Services

N/a

Department of Corporate Services

N/a

## Appendix 2

### **RIPA REGISTER OF AUTHORISING AND APPLYING OFFICERS AND TRAINING**

#### **Authorising Officers**

<u>Department</u>	<u>Officer</u>	<u>Date Appointed</u>	<u>Most Recent Training*</u>
Regeneration	John Malone Caroline Laing Lucy Pritchard		
Finance	David Smith Malcolm Flanagan Stephen Rowley		
Technical Services	Dave Green		

#### **Applying Officers**

<u>Department</u>	<u>Officer</u>	<u>Date Appointed</u>	<u>Most Recent Training*</u>
Regeneration	Alison McFarland Jean Booth Andy Pike Andy O'Rourke Carolyn Richley Zhara Jones John Sebborn Louise Alexander Mike O'Brien Andy Bushell		
Finance	Kris Ng		
Technical Services	Lee Walsh		

\* - all authorising officers must have received training within the last 2 years

Last updated 19/03/09



Unique Reference Number	
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## Part II of the Regulation of Investigatory Powers Act 2000

### Authorisation Directed Surveillance

Form RIPADS1

<b>Public Authority</b> <i>(including full address)</i>	Wirral Council, Town Hall, Brighton Street, Wallasey, Wirral. CH44 8ED		
<b>Name of Applicant</b>		<b>Unit/Branch /Division</b>	
<b>Full Address</b>			
<b>Contact Details</b>			
<b>Investigation/Operation Name (if applicable)</b>			
<b>Investigating Officer (if a person other than the applicant)</b>			

<b>DETAILS OF APPLICATION</b>
<b>1. Give rank or position of authorising officer in accordance with the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2003; No. 3171.<sup>1</sup></b>
<b>2. Describe the purpose of the specific operation or investigation.</b>
<b>3. Describe in detail the surveillance operation to be authorised and expected duration, including any premises, vehicles or equipment (e.g. camera, binoculars, recorder) that may be used.</b>
<b>4. The identities, where known, of those to be subject of the directed surveillance.</b>
<ul style="list-style-type: none"> <li>• Name:</li> <li>• Address:</li> <li>• DOB:</li> <li>• Other information as appropriate:</li> </ul>
<b>5. Explain the information that it is desired to obtain as a result of the directed surveillance.</b>

---

<sup>1</sup> For local authorities: The exact position of the authorising officer should be given. For example, Head of Trading Standards.

**6. Identify on which grounds the directed surveillance is necessary under Section 28(3) of RIPA. Delete those that are inapplicable. Ensure that you know which of these grounds you are entitled to rely on.(SI 2003 No.3171)**

- In the interests of national security;
- For the purpose of preventing or detecting crime or of preventing disorder;
- In the interests of the economic well-being of the United Kingdom;
- In the interests of public safety;
- for the purpose of protecting public health;
- for the purpose of assessing or collecting any tax, duty, levy or other imposition, contribution or charge payable to a government department;

**7. Explain why this directed surveillance is necessary on the grounds you have identified [Code paragraph 2.4]**

**8. Supply details of any potential collateral intrusion and why the intrusion is unavoidable. [Bear in mind Code paragraphs 2.6 to 2.10.]**

**Describe precautions you will take to minimise collateral intrusion**

9. Explain why this directed surveillance is proportionate to what it seeks to achieve. How intrusive might it be on the subject of surveillance or on others? And why is this intrusion outweighed by the need for surveillance in operational terms or can the evidence be obtained by any other means? [Code paragraph 2.5]

10. Confidential information. [Code paragraphs 3.1 to 3.12]

INDICATE THE LIKELIHOOD OF ACQUIRING ANY CONFIDENTIAL INFORMATION:

Unique Reference Number	
-------------------------	--

<b>11. Applicant's Details.</b>			
<b>Name (print)</b>		<b>Tel No:</b>	
<b>Grade/Rank</b>		<b>Date</b>	
<b>Signature</b>			
<b>12. Authorising Officer's Statement. [Spell out the "5 Ws" – Who; What; Where; When; Why and HOW– in this and the following box. ]</b>			
<p>I hereby authorise directed surveillance defined as follows: [<i>Why is the surveillance necessary, whom is the surveillance directed against, Where and When will it take place, What surveillance activity/equipment is sanctioned, How is it to be achieved?</i>]</p>			
<b>13. Explain <u>why</u> you believe the directed surveillance is necessary. [Code paragraph 2.4]</b> <b>Explain <u>why</u> you believe the directed surveillance to be proportionate to what is sought to be achieved by carrying it out. [Code paragraph 2.5]</b>			

<b>Unique Reference Number</b>	
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**14. (Confidential Information Authorisation.) Supply detail demonstrating compliance with Code paragraphs 3.1 to 3.12**

--

<b>Date of first review</b>	
-----------------------------	--

**Programme for subsequent reviews of this authorisation: [Code paragraph 4.22]. Only complete this box if review dates after first review are known. If not or inappropriate to set additional review dates then leave blank.**

--

<b>Name (Print)</b>		<b>Grade / Rank</b>	
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<b>Signature</b>		<b>Date and time</b>	
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<b>Expiry date and time [ e.g.: authorisation granted on 1 April 2005 - expires on 30 June 2005, 23.59 ]</b>	
--------------------------------------------------------------------------------------------------------------	--

Unique Reference Number	
-------------------------	--

**15. Urgent Authorisation [Code paragraphs 4.17 and 4.18]: Authorising officer: explain why you considered the case so urgent that an oral instead of a written authorisation was given.**

--

**16. If you are only entitled to act in urgent cases: explain why it was not reasonably practicable for the application to be considered by a fully qualified authorising officer**

--

<b>Name (Print)</b>		<b>Grade/ Rank</b>		
<b>Signature</b>		<b>Date and Time</b>		
<b>Urgent authorisation Expiry date:</b>		<b>Expiry time:</b>		
<i>Remember the 72 hour rule for urgent authorities – check Code of Practice.</i>	e.g. authorisation granted at 5pm on June 1 <sup>st</sup> expires 4.59pm on 4 <sup>th</sup> June			

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Unique Reference Number	
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## Part II of the Regulation of Investigatory Powers Act 2000

### Review of a Directed Surveillance authorisation

Form RIPADS2

<b>Public Authority</b> <i>(including address)</i>	Wirral Council, Town Hall, Brighton Street, Wallasey, Wirral. CH44 8ED
-------------------------------------------------------	------------------------------------------------------------------------

<b>Applicant</b>		<b>Unit/Branch /Division</b>	
<b>Full Address</b>			
<b>Contact Details</b>			
<b>Operation Name</b>		<b>Operation Number*</b> <small>*Filing Ref</small>	
<b>Date of authorisation or last renewal</b>		<b>Expiry date of authorisation or last renewal</b>	
		<b>Review Number</b>	

**Details of review:**

1. Review number and dates of any previous reviews.	
Review Number	Date

2. Summary of the investigation/operation to date, including what private information has been obtained and the value of the information so far obtained.
-----------------------------------------------------------------------------------------------------------------------------------------------------------

<b>Unique Reference Number</b>	
--------------------------------	--

--

**3. Detail the reasons why it is necessary to continue with the directed surveillance.**

--

**4. Explain how the proposed activity is still proportionate to what it seeks to achieve.**

--

**5. Detail any incidents of collateral intrusion and the likelihood of any further incidents of collateral intrusions occurring.**

--

**6. Give details of any confidential information acquired or accessed and the likelihood of acquiring confidential information.**

--

**7. Applicant's Details**

<b>Name (Print)</b>		<b>Tel No</b>	
<b>Grade/Rank</b>		<b>Date</b>	

<b>Unique Reference Number</b>	
--------------------------------	--

<b>Signature</b>	
------------------	--

<b>8. Review Officer's Comments, including whether or not the directed surveillance should continue.</b>
----------------------------------------------------------------------------------------------------------

<b>9. Authorising Officer's Statement.</b>
--------------------------------------------

I, [insert name], hereby agree that the directed surveillance investigation/operation as detailed above [should/should not] continue [until its next review/renewal][it should be cancelled immediately].

<b>Name (Print)</b> .....	<b>Grade / Rank</b> -----
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<b>Signature</b> -----	<b>Date</b> -----
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<b>10. Date of next review.</b>	
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Unique Reference Number	
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## Part II of the Regulation of Investigatory Powers Act 2000

### Cancellation of a Directed Surveillance authorisation

Form RIPADS3

<b>Public Authority</b> <i>(including full address)</i>	Wirral Council, Town Hall, Brighton Street, Wallasey, Wirral. CH44 8ED
------------------------------------------------------------	------------------------------------------------------------------------

<b>Name of Applicant</b>		<b>Unit/Branch /Division</b>	
<b>Full Address</b>			
<b>Contact Details</b>			
<b>Investigation/Operation Name (if applicable)</b>			

**Details of cancellation:**

**1. Explain the reason(s) for the cancellation of the authorisation:**

--

<b>Unique Reference Number</b>	
--------------------------------	--

---

<b>2. Explain the value of surveillance in the operation:</b>

<b>3. Authorising officer's statement.</b>
--------------------------------------------

I, [insert name], hereby authorise the cancellation of the directed surveillance investigation/operation as detailed above.

**Name (Print)** .....

**Grade** .....

**Signature** .....

**Date** .....

<b>4. Time and Date of when the authorising officer instructed the surveillance to cease.</b>
-----------------------------------------------------------------------------------------------

<b>Date:</b>		<b>Time:</b>	
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<b>5. Authorisation cancelled.</b>	<b>Date:</b>	<b>Time:</b>
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CHIS Unique Reference Number (URN) (to be supplied by the central monitoring officer).	
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## Part II of the Regulation of Investigatory Powers Act (RIPA) 2000

### Application for authorisation of the conduct or use of a Covert Human Intelligence Source (CHIS)

**Form RIPACHIS1**

<b>Public Authority</b> <i>(including full address)</i>	Wirral Council, Town Hall, Brighton Street, Wallasey, Wirral. CH44 8ED		
<b>Name of Applicant</b>		<b>Service/Department /Branch</b>	
<b>How will the source be referred to? i.e. what will be his/her pseudonym or reference number</b>			
<b>The name, rank or position of the person within the relevant investigating authority who will have day to day responsibility for dealing with the source, including the source's security and welfare. (Often referred to as the Handler)</b>			
<b>The name, rank or position of another person within the relevant investigating authority who will have general oversight of the use made of the source. (Often referred to as the Controller)</b>			
<b>Who will be responsible for retaining (in secure, strictly controlled conditions, with need-to-know access) the source's true identity, a record of the use made of the source and the particulars required under RIP (Source Records) Regulations 2000 (SI 2000/2725)?</b>			

CHIS Unique Reference Number (URN) (to be supplied by the central monitoring officer).	
----------------------------------------------------------------------------------------	--

Investigation/Operation Name (if applicable)	
----------------------------------------------	--

<b>DETAILS OF APPLICATION</b>
<b>1. Give rank or position of authorising officer in accordance with the Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2003; No. 3171. <sup>1</sup> Where appropriate throughout amend references to the Order relevant to your authority.</b>
<b>2. Describe the purpose of the specific operation or investigation.</b>
<b>3. Describe in detail <u>the purpose</u> for which the source will be tasked or used.</b>
<b>4. Describe in detail the proposed covert conduct of the source or <u>how</u> the source is to be used.</b>
<b>5. Identify on which grounds the conduct or the use of the source is <u>necessary</u> under Section 29(3) of RIPA. Delete those that are inapplicable. Ensure that you know which of these grounds you are entitled to rely on. (eg. SI 2003 No.3171)</b>

<sup>1</sup> For local authorities: The formal position of the authorising officer should be given. For example, Head of Trading Standards.



CHIS Unique Reference Number (URN) (to be supplied by the central monitoring officer).

- In the interests of national security;
- For the purpose of preventing or detecting crime or of preventing disorder;
- In the interests of the economic well-being of the United Kingdom;
- In the interests of public safety;
- for the purpose of protecting public health;
- for the purpose of assessing or collecting any tax, duty, levy or other imposition, contribution or charge payable to a government department.

**6. Explain why this conduct or use of the source is necessary on the grounds you have identified [Code paragraph 2.4]**

**7. Supply details of any potential collateral intrusion and why the intrusion is unavoidable. [Bear in mind Code paragraphs 2.6 to 2.10.]**

**Describe precautions you will take to minimise collateral intrusion and how any will be managed.**

**8. Are there any particular sensitivities in the local community where the source is to be used? Are similar activities being undertaken by other public authorities that could impact on the deployment of the source? (see Code 2.9)**

CHIS Unique Reference Number (URN) (to be supplied by the central monitoring officer).	
----------------------------------------------------------------------------------------	--

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**9. Provide an assessment of the risk to the source in carrying out the proposed conduct. (see Code 2.9)**

--

**10. Explain why this conduct or use of the source is proportionate to what it seeks to achieve. How intrusive might it be on the subject(s) of surveillance or on others? How is this intrusion outweighed by the need for a source in operational terms, and could the evidence be obtained by any other means? [Code paragraph 2.5]**

--

**11. Confidential information. [Code paragraphs 3.1 to 3.12]  
Indicate the likelihood of acquiring any confidential information.**

References for any other linked authorisations:
-------------------------------------------------

**12. Applicant's Details.**

CHIS Unique Reference Number (URN) (to be supplied by the central monitoring officer).	
----------------------------------------------------------------------------------------	--

<b>Name (print)</b>		<b>Grade/Rank/Position</b>	
<b>Signature</b>		<b>Tel No:</b>	
<b>Date</b>			

**13. Authorising Officer's Statement. [Spell out the "5 Ws" – Who; What; Where; When; Why and HOW – in this and the following box.] THE AUTHORISATION SHOULD IDENTIFY THE PSEUDONYM OR REFERENCE NUMBER OF THE SOURCE, NOT THE TRUE IDENTITY.**

**14. Explain why you believe the conduct or use of the source is necessary. [Code paragraph 2.4]  
 Explain why you believe the conduct or use of the source to be proportionate to what is sought to be achieved by their engagement. [Code paragraph 2.5]**

**15. (Confidential Information Authorisation.) Supply details demonstrating compliance with Code paragraphs 3.1 to 3.12**

CHIS Unique Reference Number (URN) (to be supplied by the central monitoring officer).	
----------------------------------------------------------------------------------------	--

--

<b>16. Date of first review:</b>	
----------------------------------	--

<b>17. Programme for subsequent reviews of this authorisation: [Code paragraphs 4.19 and 4.20]. Only complete this box if review dates after first review are known. If not, or inappropriate to set additional review dates, then leave blank.</b>
-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

--

<b>18. Authorising Officer's Details</b>
------------------------------------------

<b>Name (Print)</b>		<b>Grade/Rank/Position</b>	
<b>Signature</b>		<b>Time and date granted*</b>	
		<b>Time and date authorisation ends</b>	

*\* Remember, an authorisation must be granted for a 12 month period, i.e. 1700 hrs 4<sup>th</sup> June 2006 to 2359hrs 3 June 2007*

<b>19. Urgent Authorisation [Code paragraphs 4.17 and 4.18]: Authorising Officer: explain why you considered the case so urgent that an oral instead of a written authorisation was given.</b>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

--

<b>20. If you are entitled to act only in urgent cases: explain why it was not reasonably practicable for the application to be considered by a fully designated Authorising Officer</b>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

CHIS Unique Reference Number (URN) (to be supplied by the central monitoring officer).	
----------------------------------------------------------------------------------------	--

--

21. Authorising Officer of urgent authorisation			
<b>Name (Print)</b>		<b>Grade/Rank/Position</b>	
<b>Signature</b>		<b>Date and Time</b>	
<b>Urgent authorisation expiry date:</b>		<b>Expiry time:</b>	

*Remember the 72 hour rule for urgent authorisations – check Code of Practice [Code Paragraph 4.18].  
e.g. authorisation granted at 1700 on 1<sup>st</sup> June 2006 expires 1659 on 4<sup>th</sup> June 2006*

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Unique Operation Reference Number* (*Filing Ref)	
--------------------------------------------------	--



## Part II of the Regulation of Investigatory Powers Act (RIPA) 2000

### Review of a Covert Human Intelligence Source (CHIS) authorisation

Form RIPACHIS2

<b>Public Authority</b> <i>(including full address)</i>	Wirral Council, Town Hall, Brighton Street, Wallasey, Wirral. CH44 8ED
------------------------------------------------------------	------------------------------------------------------------------------

<b>Applicant</b>		<b>Unit/Branch</b>	
<b>Full Address</b>			
<b>Contact Details</b>			
<b>Pseudonym or reference number of source</b>			
<b>Operation Name</b>		<b>Operation Number*</b> <small>*Filing Ref</small>	
<b>Date of authorisation or last renewal</b>		<b>Expiry date of authorisation or last renewal</b>	
		<b>Review Number</b>	

<b>Unique Operation Reference Number*</b> (*Filing Ref)	
---------------------------------------------------------	--

**Details of review:**

**1. Review number and dates of any previous reviews.**

<b>Review Number</b>	<b>Date</b>

**2. Summary of the investigation/operation to date, including what information has been obtained and the value of the information so far obtained.**

**3. Detail the reasons why it is necessary to continue with using a Covert Human Intelligence Source.**

**4. Explain how the proposed activity is still proportionate to what it seeks to achieve.**

**5. Detail any incidents of collateral intrusion and the likelihood of any further incidents of collateral intrusions occurring.**



<b>Unique Operation Reference Number*</b> (*Filing Ref)	
---------------------------------------------------------	--

**6. Give details of any confidential information acquired or accessed and the likelihood of acquiring confidential information.**

--

**7. Give details of the review of the risk assessment on the security and welfare of using the source.**

--

**8. Applicant's Details**

<b>Name (Print)</b>		<b>Tel No</b>	
<b>Grade/Rank</b>		<b>Date</b>	
<b>Signature</b>			

**9. Review Officer's Comments, including whether or not the use or conduct of the source should continue?**

--

**10. Authorising Officer's Statement. THE AUTHORISATION SHOULD IDENTIFY THE PSEUDONYM OR REFERENCE NUMBER OF THE SOURCE NOT THE TRUE IDENTITY.**

--

<b>Name (Print)</b>		<b>Grade / Rank</b>
<b>Signature</b>		<b>Date</b>

<b>Unique Operation Reference Number*</b> (*Filing Ref)	
---------------------------------------------------------	--

<b>Date of next review:</b>	
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Unique Operation Reference Number* (*Filing Ref)	
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**Part II of the Regulation of Investigatory Powers  
Act (RIPA) 2000**

**Cancellation of an authorisation for the use or conduct of a  
Covert Human Intelligence Source**

Form RIPACHIS3

<b>Public Authority</b> <i>(including full address)</i>	Wirral Council, Town Hall, Brighton Street, Wallasey, Wirral. CH44 8ED
------------------------------------------------------------	------------------------------------------------------------------------

<b>Name of Applicant</b>		<b>Unit/Branch</b>	
<b>Full Address</b>			
<b>Contact Details</b>			
<b>Pseudonym or reference number of source</b>			
<b>Investigation/Operation Name (if applicable)</b>			

<b>Unique Operation Reference Number*</b> (*Filing Ref)	
---------------------------------------------------------	--

**Details of cancellation:**

**1. Explain the reason(s) for the cancellation of the authorisation:**

**2. Explain the value of the source in the operation:**

**3. Authorising officer's statement. THIS SHOULD IDENTIFY THE PSEUDONYM OR REFERENCE NUMBER OF THE SOURCE NOT THE TRUE IDENTITY.**

<b>Name (Print)</b> .....	<b>Grade</b> .....
<b>Signature</b> .....	<b>Date</b> .....

**4. Time and Date of when the authorising officer instructed the use of the source to cease.**

<b>Date:</b>		<b>Time:</b>	
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Unique Operation Reference Number* (*Filing Ref)	
-----------------------------------------------------	--



## Part II of the Regulation of Investigatory Powers Act (RIPA) 2000

### Application for renewal of a Covert Human Intelligence Source (CHIS) Authorisation

(Please attach the original authorisation)

Form RIPACHIS4

<b>Public Authority</b> <i>(including full address)</i>	Wirral Council, Town Hall, Brighton Street, Wallasey, Wirral. CH44 8ED
------------------------------------------------------------	------------------------------------------------------------------------

<b>Name of Applicant</b>		<b>Unit/Branch</b>	
<b>Full Address</b>			
<b>Contact Details</b>			
<b>Pseudonym or reference number of source</b>			
<b>Investigation/Operation Name (if applicable)</b>			
<b>Renewal Number</b>			

**Details of renewal:**

<b>1. Renewal numbers and dates of any previous renewals.</b>
---------------------------------------------------------------

**Unique Operation Reference  
Number\*** (\*Filing Ref)

<b>Renewal Number</b>	<b>Date</b>

**2. Detail any significant changes to the information as listed in the original authorisation as it applies at the time of the renewal.**

**3. Detail why it is necessary to continue with the authorisation, including details of any tasking given to the source.**

**4. Detail why the use or conduct of the source is still proportionate to what it seeks to achieve.**

**5. Detail the use made of the source in the period since the grant of authorisation or, as the case may be, latest renewal of the authorisation.**

<b>Unique Operation Reference Number*</b> (*Filing Ref)	
-------------------------------------------------------------	--

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**6. List the tasks given to the source during that period and the information obtained from the conduct or use of the source.**

--

**7. Detail the results of regular reviews of the use of the source.**

--

**8. Give details of the review of the risk assessment on the security and welfare of using the source.**

--

**9. Applicant's Details**

<b>Name (Print)</b>		<b>Tel No</b>	
---------------------	--	---------------	--

<b>Unique Operation Reference Number*</b> (*Filing Ref)	
---------------------------------------------------------	--

<b>Grade/Rank</b>		<b>Date</b>	
<b>Signature</b>			

<b>10. Authorising Officer's Comments. <u>This box must be completed.</u></b>

<b>11. Authorising Officer's Statement. THE AUTHORISATION SHOULD IDENTIFY THE PSEUDONYM OR REFERENCE NUMBER OF THE SOURCE NOT THE TRUE IDENTITY.</b>
------------------------------------------------------------------------------------------------------------------------------------------------------

--

<b>Name (Print)</b> .....	<b>Grade / Rank</b>
<b>Signature</b>	<b>Date</b>
<b>Renewal From:</b>	<b>Time:</b>
	<b>Date:</b>
	<b>End date/time of the authorisation</b>

***NB. Renewal takes effect at the time/date of the original authorisation would have ceased but for the renewal***

<b>Date of first review:</b>	
<b>Date of subsequent reviews of this authorisation:</b>	



# Acquisition and Disclosure of Communications Data

Guidance for the Layout of a  
Chapter II Application Form and  
Guidance for Applicants and  
Designated Persons Considering  
Necessity and Proportionality

**HOME OFFICE**  
November 2007

**DATA COMMUNICATIONS GROUP**  
November 2007

## Introduction

This paper has been produced jointly by the Home Office and the Data Communications Group (DCG)\*, in consultation with the Interception of Communications Commissioner's Office (IOCCO), to clarify what information should be included in an application for the acquisition of communications data in accordance with the Regulation of Investigatory Powers Act 2000 ("the Act") and the code of practice approved by Parliament under section 71 ("the code").

Where appropriate, the **GUIDANCE** set out in this paper should be included within a public authority's application process to assist applicants and designated persons.

The layout of this specimen document is for a paper based administration and has been prepared in **Microsoft Word 2002** using **Verdana** text.

Sections of the form can be amended to suit the working practice of the public authority whether managed on paper or on a database. However, changes must be in accordance with the Act and the code.

If you are viewing the specimen form in something other than Microsoft Word 2002, the colours and pagination may differ from the original.

\*The Data Communications Group comprises representatives of ACPO, ACPO(S), HMRC, SOCA, other public authorities and senior members of communication service providers and their trade associations.

# Application

An application, comments by the single point of contact (SPoC), considerations of the designated person, authorisations and notices may be made in writing (“paper”) or electronically (“database”).

---

***Insert name of your public authority here***

**Chapter II of Part I of the Regulation of Investigatory Powers Act 2000**

## **Application for Communications Data**

<b>1) Applicant's Name</b>		<b>4) Unique Reference Number</b>	
<b>2) Office, Rank or Position</b>		<b>5) Applicant's Telephone Number</b>	
<b>3) Applicant's Email Address</b>		<b>6) Applicant's Fax Number</b>	
<b>7) Operation Name (if applicable)</b>		<b>8) STATUTORY PURPOSE</b>	
		<b>Click here for options:-</b>	

Subject to the restrictions upon public authorities, the Statutory Purposes for which communications data can be required are as follows (see paragraph 2.2 of the code);

- In the interests of National Security S22 (2)(a)
- For the prevention and detection of crime or preventing disorder S22 (2)(b)
- Economic well being of the United Kingdom S22 (2)(c)
- In the interests of public safety S22 (2)(d)
- For the purpose of protecting public health S22 (2)(e)
- For the purpose of assessing or collecting tax, duty levy or other imposition, contribution of charge payable to a government department S22 (2)(f)
- For the purpose, in an emergency, of preventing death or injury or damage to a persons physical or mental health or of mitigating any injury or damage to a persons physical or mental health S22 (2)(g)
- To assist investigations into alleged miscarriages of justice Article 2(a)
- For the purpose of assisting in identifying any person who has died otherwise than as a result of crime or who is unable to identify himself because of a physical or mental condition, other than one resulting from crime Article 2(b)(i)

- For the purpose of obtaining information about the next of kin or other connected persons of such a person or about the reason for his death or condition Article 2(b)(ii)

The police may use all the statutory purposes listed except for S22 (f) and Article 2(a).

Some of the statutory purposes have restrictions as to when it may be appropriate to use them (see footnotes 13, 14 and 15 of the code)

The drop down menu **STATUTORY PURPOSE** has been drafted for police use - other public authorities must amend the drop down menu appropriate to the statutory purposes permitted for their authority.

There is a restriction on the acquisition of communications data for S22 (d), S22 (e) & S22 (f). Only communications data within the meaning of S21 (4) (c) may be acquired for these purposes (see paragraph 2.3 and 2.4 of the code).

---

#### **9) COMMUNICATIONS DATA**

**Describe the communications data required, specifying, where relevant, any historic or future date(s) and, where appropriate, time period(s)**

*This text box can be made bigger or smaller, it is not set out to indicate how much should be written*

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It may be appropriate for the section **COMMUNICATIONS DATA** to include 'text boxes' to enable the applicant to set out the:

- telephone number, email address, etc;
- where appropriate the 'between times / dates' of the data set required;
- type of data required, for example subscription details, outgoing calls, incoming calls.

An application may contain several requests for various 'data sets' relating to a specific investigation or operation. However, consideration should be given as to how this may affect the efficiency of the public authority's processes and the impact of managing disclosure issues before, during and after a criminal trial.

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## 10) NECESSITY

### State the nature of the investigation or operation and how it relates to a purpose at question 8

Give a short explanation of the crime (or other purpose), the suspect, victim or witness and the phone or communications address and how all these three link together.

*This text box can be made bigger or smaller, it is not set out to indicate how much should be written*

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## GUIDANCE

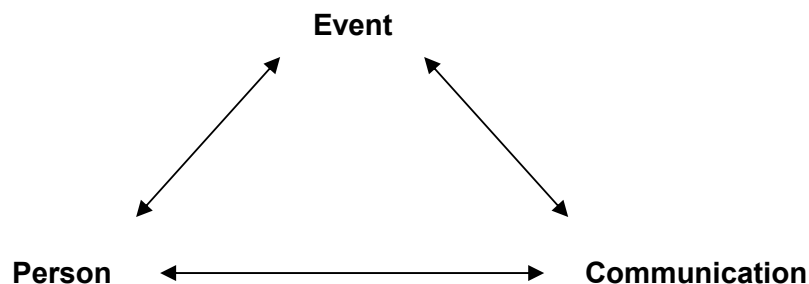
**NECESSITY** – In order to justify the application is necessary the applicant needs to cover three main points:

- crime / offence / circumstances (“the **event**”) under investigation;
- suspect(s) / offender(s) / witness(es) / victim(s) (“the **person**”) and how the person(s) is/are linked to the event;
- telephone number(s), IP Address(es) etc (“the **communication**”) and how this/these relate or link the person and the event.

Sensitive sources of intelligence or covert investigation techniques may be referred to in the application but the applicant must be mindful of the appropriate security handling of the application once completed. It may be sufficient to refer to an intelligence reference number within the body application dependant on the security issues involved.

The information given by the applicant (which includes ‘background information’ or the ‘intelligence case’) should be set out within an application under the headings of **Necessity** and **Proportionality** (which includes the consideration of meaningful collateral intrusion). This will minimise the need to repeat information within an application and enable the process to be streamlined.

In essence, necessity should be a short explanation of the a) **event**, b) the **person** and c) the **communication** and how these three link together.



The applicant must establish a link (which may, where justified, include an inferential link) between the three aspects to be able to demonstrate the acquisition of communications data is necessary for the statutory purpose specified.

A brief description of the investigation or operation may assist the designated person better understand the reason for the application.

In a long term or complex investigation or operation it is important to set the application in context with the overall investigation or operation and set the scene and background, which then leads into the applicant's specific investigative or operational requirements (which should be covered in the proportionality section).

Necessity does not entail explaining, 'what will be achieved by acquiring the data' or 'why specific time periods have been requested' – these points are relevant to proportionality and should be covered in the relevant section to stop repetition.

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### 11) PROPORTIONALITY

**State why obtaining the communications data is proportionate to what you are seeking to achieve**

*Outline what is expected to be achieved from obtaining the data and explain how the level of intrusion is justified when taking into consideration the benefit the data will give to the investigation. When considering the benefits to the investigation or operation, can the level of intrusion be justified against the individual's right to privacy? Explain why you have requested the specific date/time periods i.e. how these are proportionate.*

*This text box can be made bigger or smaller, it is not set out to indicate how much should be written*

### 12) COLLATERAL INTRUSION

*Consider and, where appropriate, describe any meaningful collateral intrusion – the extent to which the privacy of any individual not under investigation may be infringed and why that intrusion is justified in the circumstances*

*If you have identified any meaningful degree of collateral intrusion, explain what it is.*

*This text box can be made bigger or smaller, it is not set out to indicate how much should be written*

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## GUIDANCE

**PROPORTIONALITY** - Applicants should outline how obtaining the data will benefit the investigation or operation. The two basic questions:

- “What are you looking for within the data to be acquired?”
- “If the data contains what you are looking for, what will be your next course of action?”

The relevance of any time periods requested must be explained outlining how these periods are proportionate to the event under investigation.

An explanation as to how communications data will be used, once acquired, and how it will benefit the investigation or operation will enable the applicant to set out the basis of proportionality.

An investigation or operation which is seeking to acquire several sets of traffic data or service use data should engage with the SPoC to develop strategies (or collection plans) to obtain the communications data and the detail of that strategy may be included within the application (see paragraph 3.17 of the code).

**COLLATERAL INTRUSION** forms part of the **PROPORTIONALITY** considerations and becomes increasingly relevant when applying for traffic data or service use data and applicants should outline specifically what collateral intrusion may occur, how the time periods requested impact on the collateral intrusion, whether they are likely to obtain data which is outside the realm of their investigation and outline their plans for managing it, for example during the course of an investigation and to establish certain facts it may be necessary and proportionate for an investigator (applicant) to require access to communications data that relates to witnesses as well as the associates of a suspect or target.

The question to be asked is, “Will the data set to be acquired result in collateral intrusion to persons outside the line of enquiry the data is being obtained for? For example, due to the very specific nature of telephone subscriber check/s, collateral intrusion on a person other than the subscriber detail/s will be consistently absent whereas itemised billing on the subject’s family home will be likely to contain calls made by the family members.

Applicants should not write about a potential or hypothetical ‘error’ and if the applicant can not identify any meaningful collateral intrusion that factor should be recorded in the application i.e. “none identified”.

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<b>13) TIMESCALE</b> Identify and explain the timescale within which the data is required	
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## GUIDANCE

**TIME SCALE** - Completion of this section assists the SPoC to prioritise the request.

DCG has an agreed Grading System that indicates to the CSP any urgent timescales, which is synchronised with the Urgent Oral Process (see footnote 40 and paragraph 3.56 of the code).

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**14) APPLICANT**

**I undertake to inform the SPoC of any change in circumstances that no longer justifies the acquisition of the data**

<b>Applicant's Signature</b>		<b>Date</b>	
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**GUIDANCE**

If the application is being recorded within a database (or other electronic format), and is attributable to the applicant, a signature is not required.



## Considerations of the SPoC

An application, comments by the single point of contact (SPoC), considerations of the designated person, authorisations and notices may be made in writing (“paper”) or electronically (“database”).

15) ASSESSMENT BY ACCREDITED SPoC.	
<b>How much will the acquisition of the data cost?</b>	
<b>Are there other factors the DP should be aware of?</b> <i>For example, the requirement:</i> <ul style="list-style-type: none"> <li>• <i>is NOT reasonably practical for the CSP to do;</i></li> <li>• <i>will cause an adverse cost or resource implication to either your public authority or the CSP (for instance does the investigation or operation have the analytical capacity to undertake analysis of the communications data once acquired);</i></li> <li>• <i>will produce excess data to that required.</i></li> </ul>	
<b>Name of Accredited SPoC</b>	

16) AUTHORISATION (Completed by Accredited SPoC when appropriate)	
Specify the reason why the collection of communications data by means of an authorisation is appropriate:	
<input type="checkbox"/> There is an agreement in place between the public authority and the CSP relating to the appropriate mechanisms for the disclosure of the data ♦	
<input type="checkbox"/> The designated person considers there is a requirement to identify to whom a service is provided (for example subscriber check) but a CSP has yet to be conclusively determined as the holder of the communications data ♦	
<input type="checkbox"/> CSP is not capable of obtaining or disclosing the communications data ▲	
Describe the communications data to be acquired specifying, where relevant, any historic or future date and/or time periods sought.*	
Describe the course of conduct required to obtain the data.	<input type="checkbox"/> ♦Traffic or Service Use data – acquisition by SPoC directly from CSP <input type="checkbox"/> ♦Subscriber Information – acquisition by SPoC or, where SPoC can not acquire data directly from CSP, serve assurance of the Authorisation on CSP <sup>1</sup> <input type="checkbox"/> ▲Other conduct – specify
<i>The statutory purpose for which the conduct may be authorised is set out at section 8 of this form.</i> <i>The office, rank or position of the designated person should be recorded within section 17 of this form together with a record of the date &amp; time the granting of an authorisation is made.</i>	

\*The question, “Describe the communications data to be acquired specifying, where relevant, any historic or future date and/or time periods sought”, is appropriate where

<sup>1</sup> See paragraph 3.30 of the code

the communications data sought by the applicant may need refinement by the SPoC, for example incoming calls to a telephone number held by a CSP that does not keep a data set that can reveal such calls. The SPoC would state that several Authorisations and Notices will need to be undertaken with CSPs that can reveal calls instigating from their networks to the telephone number in question.

The designated person, having considered the comments of the SPoC, may decide the acquisition is not justified because of the significant resources required by the CSP to retrieve and disclose the data or it will be impractical for the public authority to undertake an analysis of the data.

It will also be appropriate for the SPoC to comment where the data sought by the applicant will require the acquisition of excess data, specifically where it is not practicable for the CSP to edit or filter the data, for example a specific incoming call in a data set with outgoing calls and cell site contained in it. If the designated person considers this to be necessary and proportionate for the acquisition of the specific incoming call then the Authorisation or Notice must specifically include the acquisition of the outgoing call, incoming calls and cell site.

# Considerations of the Designated Person

An application, comments by the single point of contact (SPoC), considerations of the designated person, authorisations and notices may be made in writing (“paper”) or electronically (“database”).

<b>17. DESIGNATED PERSON</b>			
<b>The designated person considers the application and if approved records their considerations:</b>			
<ul style="list-style-type: none"> <li>• Why do you <b>believe</b> acquiring the communications data is necessary for one of the purposes within section 22(2) of the Act;</li> <li>• Why do you <b>believe</b> the conduct involved in obtaining the data is proportionate to the objective(s)? In making that judgement you should take in consideration any additional information from the SPoC. If the applicant has identified any <u>meaningful degree of collateral intrusion</u>, why you <b>believe</b> the request remains justified and proportionate to the objective(s)?</li> </ul>			
<b>My considerations in approving / not approving this application are:</b>			
<i>This text box can be made bigger or smaller, it is not set out to indicate how much should be written</i>			
<input type="checkbox"/> I authorise the conduct to be undertaken by the SPoC as set out in section 16 of this form.			
<input type="checkbox"/> I give Notice and require the SPoC to serve it on (insert name of CSP) . The Notice* bears the unique reference number			
<b>Name</b>		Office, Rank or Position	
<b>Signature</b>		<b>Time and Date</b>	

## GUIDANCE

The **DESIGNATED PERSON** must be able to show he or she has understood the need for the application and considered necessity and proportionality to a standard that will withstand scrutiny.

The designated person should tailor their comments to a specific application as this best demonstrates the application has been properly considered.

If the designated person having read the application considers the applicant has met all the requirements then he or she should simply record that fact. In such cases a simple note by the designated person should be recorded.

There may be circumstances where the designated person having read the case set out by the applicant and the considerations of the SPoC will want to comment why it is still necessary and proportionate to obtain the data despite excessive data being acquired.

If the designated person does not consider the case for obtaining the data has been met the application should be rejected and referred back to the SPoC and the applicant.

\*A Notice must include a unique reference number that also identifies the public authority. This can be a code or an abbreviation. For police services it will be appropriate to use the Police National Computer (PNC) force coding. See also paragraph 3.37 (and footnote 53) of the code.

If the designated person is recording their considerations within a database (or other electronic format) and is attributable to the designated person, a signature is not required.

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE – 31<sup>ST</sup> MARCH 2009

REPORT OF THE DIRECTOR OF LAW, HR AND ASSET MANAGEMENT

## **REPORTS SUBMITTED AFTER DEADLINES**

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### **EXECUTIVE SUMMARY**

At its meeting on 26<sup>th</sup> January 2009, Audit and Risk Management Committee considered a report produced by the Audit Commission on data quality. As a result of the discussion on this item, the Committee resolved as follows:

*Resolved –*

*(1) That the report be noted.*

*(2) That a report be presented to the next meeting with regard to the extent of the submission of late reports to the Cabinet, regulatory committees and overview and scrutiny committees.*

*(3) That the officers be requested to liaise with the Chair with regard to the submission of late reports to the Audit and Risk Management Committee*

This report provides information in relation to resolution (2) above.

### **1.0 Background**

1.1 Appendix 1 to this report sets out the number of late reports, by Committee received by Committee Services. The Committee cycle that ended with Council on 9<sup>th</sup> February has been used to provide this information. In some instances the reports will have been received after the agenda has been published and therefore a supplementary agenda is produced.

1.2 Deadlines for all Committees are circulated at the beginning of the Municipal Year to all Chief Officers and report authors and are available on the Council's Intranet site.

1.3 It should be noted that the number of meetings scheduled by the Council necessitates a large number of reports to be generated across the democratic process as a whole. The Cabinet will consider a report at its meeting on 19<sup>th</sup> March 2009 on reviewing the scrutiny structure and the scheme of delegation.

### **2.0 Financial implications**

There are no financial implications.

### **3.0 Staffing implications**

There are no staffing implications.

#### **4.0 Equal opportunities implications**

There are no equal opportunity implications.

#### **5.0 Community safety implications**

There are no community safety implications.

#### **6.0 Local Agenda 21 implications**

There are no Local Agenda 21 implications.

#### **7.0 Planning implications**

There are no planning implications.

#### **8.0 Anti-poverty implications**

There are no anti-poverty implications.

#### **9.0 Social inclusion implications**

There are no social inclusion implications.

#### **10.0 Background Papers**

There are no background papers.

#### **RECOMMENDATION**

That the report be noted.

## Appendix 1

### LATE REPORTS RECEIVED BY COMMITTEE

COMMITTEE	DATE	LATE REPORTS
Planning Committee	8 <sup>th</sup> January 2009	1/19 (5%)
Licensing & General Purposes Committee	12 <sup>th</sup> January 2009	0
Corporate Services OSC	12 <sup>th</sup> January 2009	4/7 (57%)
Children's Services and Lifelong Learning OSC	13 <sup>th</sup> January 2009	2/12 (16%)
Pensions Committee	14 <sup>th</sup> January 2009	2/20 (10%)
Cabinet	15 <sup>th</sup> January 2009	4/21 (19%)
Housing and Community Safety OSC	15 <sup>th</sup> January 2009	0
Regeneration and Planning Strategy OSC	19 <sup>th</sup> January 2009	0
Social Care and Health OSC	20 <sup>th</sup> January 2009	1/10 (10%)
Finance and Best Value OSC	21 <sup>st</sup> January 2009	3/13 (23%)
Audit and Risk Management Committee	26 <sup>th</sup> January 2009	10/13 (77%)
Standards Committee	27 <sup>th</sup> January 2009	2/8 (25%)
Culture, Tourism and Leisure OSC	27 <sup>th</sup> January 2009	0
Employment and Appointments Committee	28 <sup>th</sup> January 2009	9/14 (64%)
Environment OSC	28 <sup>th</sup> January 2009	7/11 (64%)
Planning Committee	29 <sup>th</sup> January 2009	1/22 (5%)
Corporate Services OSC	4 <sup>th</sup> February 2009	0
Community & Customer Engagement OSC	4 <sup>th</sup> February 2009	0
Cabinet	5 <sup>th</sup> February 2009	3/36 (8%)
Council	9 <sup>th</sup> February 2009	0

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