



Audit and Risk Management Committee

Date:	Monday, 29 June 2009
Time:	6.15 pm
Venue:	Committee Room 1 - 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 31 March 2009.

3. APPOINTMENT OF VICE-CHAIR

The Committee is requested to consider the appointment of a vice-chair for the ensuing municipal year.

4. STATEMENT OF ACCOUNTS

To be circulated separately

5. CORPORATE RISK AND INSURANCE MANAGEMENT (Pages 9 - 14)

6. INTERNAL AUDIT UPDATE (Pages 15 - 24)

7. INTERNAL AUDIT ANNUAL REPORT (Pages 25 - 48)

8. ETHICAL GOVERNANCE - AUDIT COMMISSION REPORT (Pages 49 - 72)

9. **GOVERNANCE OF PARTNERSHIPS - AUDIT COMMISSION REPORT (Pages 73 - 90)**
10. **AUDIT COMMISSION REPORTS (Pages 91 - 96)**
11. **ANNUAL AUDIT INSPECTION LETTER (Pages 97 - 124)**
12. **ANNUAL AUDIT FEE 2009/2010 (Pages 125 - 130)**
13. **MERSEYSIDE PENSION FUND - AUDIT COMMISSION FEE 2009/2010 (Pages 131 - 136)**
14. **AUDIT COMMISSION - STATEMENT OF RESPONSIBILITIES OF AUDITORS (Pages 137 - 156)**
15. **MEMBERS TRAINING (Pages 157 - 158)**
16. **AUDIT AND RISK MANAGEMENT COMMITTEE - SELF ASSESSMENT CHECKLIST (Pages 159 - 168)**
17. **2008/2009 PERFORMANCE AND FINANCIAL REVIEW (Pages 169 - 202)**
18. **DATA QUALITY ACTION PLAN AND PROGRESS REPORT (Pages 203 - 206)**
19. **ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR**

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 31 March 2009

Present: Councillor P Southwood (Chair)
Councillors S Mountney C Povall
J Crabtree S Quinn

60 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.

61 MINUTES

The Director of Law, HR and Asset Management presented the minutes of the meeting held on 26 January 2009.

In response to a question from a member with regard to the progress of the investigation into issues related to the Adult Social Services PIDA Disclosure, the Director of Law, HR and Asset Management reported that although the Internal Audit report had been completed, his advice was that it should not be presented to members until associated disciplinary matters had been concluded insofar as the Council's procedures were concerned. He anticipated being in a position to present an update to the next meeting of the Committee.

Resolved – That the minutes of the meeting held on 26 January 2009 be approved.

62 ANNUAL GOVERNANCE STATEMENT

The Director of Finance reported that the preparation and publication of an Annual Governance Statement was necessary to meet the statutory requirement set out in the Accounts and Audit Regulations 2006. He commented that governance was about how the Authority ensured that it was doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. The CIPFA/SOLACE Delivering Good Governance Framework provided a structure to assist local authorities with their approach to governance and the Director set out the six core principles contained within the Framework that were required to be considered when defining good practice.

He commented that within the Council there was a well established process for the review of the control system, collation of information and compilation and monitoring of the Annual Governance Statement that was managed by the Internal Audit Section and reported through the Corporate Improvement Group. However, whilst Internal

Audit was responsible for undertaking the assurance work and the production of the Annual Governance Statement it was important to recognise that it was not a document owned by the audit function, but an Authority statement on the effectiveness of its governance processes. Therefore commitment was required by all services and senior officers involved with the process. He presented for consideration the Annual Governance Statement for 2008/2009, which included detailed comment regarding the effectiveness of the governance arrangements in operation and he circulated a number of proposed amendments to it, which would be incorporated prior to it being signed by the Chief Executive and Leader of the Council and included with the Statement of Accounts. A final version of the document would be included in the Statement of Accounts to be presented to the next meeting of the Committee.

Resolved – That subject to the inclusion of the various amendments, the Annual Governance Statement for 2008/2009 be approved for inclusion with the Financial Statements and be signed by the Chief Executive and Leader of the Council.

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

Further to minute 40 (1 December 2008), the Director of Finance reported upon progress on the implementation of the action plan which had been formulated to deliver the recommendations contained within the Audit Commission Annual Governance Report. He submitted the action plan for consideration, and indicated that all of the outstanding items would be completed by the next meeting of the Committee. The action plan would also be reflected in the Statement of Accounts to be presented to the next meeting.

Resolved – That progress on delivering the action plan be noted.

64 **FINANCIAL AND PERFORMANCE MONITORING**

The Chief Executive presented 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 was for the quarter-ended 31 December 2008. The report had been presented to the Cabinet on 19 March 2009 (minute 410 refers) and having noted the report, the Cabinet agreed upon the need to present information in a concise and timely fashion in a manner easily accessible to members. It therefore asked for a short and to the point report to be placed in the electronic library within two weeks of the end of the quarter and a presentation made by the Director of Corporate Services to the next available Cabinet meeting.

Resolved – That the report, and the views expressed by the Cabinet in relation to revisions to future financial and performance monitoring reports, be noted.

65 **INTERNAL AUDIT PLAN 2009/2010**

The Director of Finance reported that the Internal Audit section of the Finance Department planned and completed audits to review all areas of risk and he presented for approval the Internal Audit Plan for 2009/2010, which had been produced by the Chief Internal Auditor following consultation with the Chief Executive

and Chief Officers of the Council. It had been prepared using a 'risk based' method, which was recognised as best practice and was recommended by the Audit Commission. He outlined the planned coverage for 2009/2010 and he set out the areas identified as high risk together with the key areas for audit during the year.

Resolved – That the Internal Audit Plan for 2009/2010 be approved.

66 **REVIEW OF THE SYSTEM OF INTERNAL AUDIT**

The Director of Finance reported upon a review of the system of internal audit, which had been conducted in compliance with the requirements of the Accounts and Audit (Amendment) (England) Regulations 2006. He reported that as this was still a relatively new requirement there was as yet no established good practice, prescribed action or recommendations. However, he set out the CIPFA advice and commented that the review had 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.

Resolved –

(1) That the report be noted.

(2) That the Chair be authorised to complete the self assessment checklist on behalf of the Committee and it be presented to the next meeting for consideration.

67 **INTERNAL AUDIT WORK - JANUARY TO FEBRUARY 2009**

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. He provided a summary of the audit work completed during January and February 2009 and reported that during the period, 59 audit reports had been produced with 50 high and 101 medium priority recommendations identified. He provided a detailed analysis of high priority recommendations and reported that management had agreed to implement all of the recommendations made within a satisfactory timescale.

In response to a question from a member in relation to Data Transfer Security, the Director commented that the audit report had been completed and a number of issues were being addressed by management.

Resolved – That the report be noted.

68 **COMPREHENSIVE PERFORMANCE ASSESSMENT (CPA) - USE OF RESOURCES 2008**

The Director of Finance reported upon the Comprehensive Performance Assessment (CPA) Use of Resources (UoR) assessment for 2008, which had recently been released by the Audit Commission. It was the last assessment to be made under the CPA framework and related to the 2007/2008 financial year. The Director was pleased to report that as a result of improvement during the assessment period, Wirral had scored a level three, an increase on the 2007 overall score of 2. He provided an analysis of the scores over the key lines of enquiry (KLOE) and he set out future work to be undertaken to secure continuous improvement.

From 2009, the UoR would be assessed under the Comprehensive Area Assessment (CAA) and previous reports to the Cabinet had outlined the changes in the UoR assessment framework in accordance with the move to the CAA. This would be a harder test and would involve a wider view of resources reflecting people, IT, data and environmental resources as well as financial resources. He commented that it was clear that the arrangements would present authorities with increased challenges to retain their current scores.

Resolved –

(1) That the 2008 Use of Resources assessment be noted.

(2) That regular reports be presented on progress on the 2009 Use of Resources assessment.

(3) That the thanks of the Committee be accorded to those officers involved in the securing the improved UoR rating.

69 **CORPORATE RISK AND INSURANCE MANAGEMENT**

The Director of Finance reported upon recent progress made against the objectives for Corporate Risk and Insurance Management and he set out anticipated developments in the coming months.

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

70 **RISK REGISTER ASSESSMENT CRITERIA**

Further to minute 52 (26 January 2009), the Director of Finance reported upon the criteria used in the scoring and evaluation of risks and he presented the existing assessment criteria and table that were contained within the current Risk Management Strategy, approved by the Cabinet (minute 156 (23 July 2008) refers). He commented that best practice was for all risks to be assessed in relation to their likelihood as well as their potential impact. Numerical values were usually allocated to both the likelihood and impact so that the significance of an individual risk could be expressed as a figure, or total risk score, by way of a 5 x 5 scoring matrix. In addition to the scoring criteria, the risk assessment framework would often also contain a table which enabled each risk to be placed into an overall category according to its total risk score. Commonly they were categorised as high, medium or low in order to

assist in identifying risks which needed to be reported to different levels within the organisation.

Resolved –

(1) That the report be noted.

(2) That the completed Risk Register be presented to the next meeting of the Committee.

71 **ACCESS TO SERVICES - ACTION PLAN UPDATE**

Further to minute 58 (26 January 2009), the Director of Finance provided an update on the work being undertaken following the Audit Commission report on Access to Services. The report had identified a number of service strengths as well as areas for ongoing improvement and the inspectors recommended the Council to 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; and
- consolidate existing plans for improving access within an overall strategy.

The Director presented an action plan which had been produced to respond to those specific recommendations and to build upon the success of the many areas identified in the inspection. He commented also that the work linked to other key corporate initiatives such as the Change Programme, the Strategic Asset Review (SAR) and the ongoing development of the Customer Access Strategy. In response to a question from the Chair in relation to the impact on access to services of the Strategic Asset Review, the District Auditor indicated that although access had been a key consideration of the SAR, an impact assessment would need to be undertaken at a future date.

Resolved – That the report be noted.

72 **PARTNERSHIPS FRAMEWORK AND TOOLKIT**

The Director of Law, HR and Asset Management reported that the Council, like other bodies, increasingly provided services through partnerships with other bodies. Although partnership working brought great opportunities, there were also risks, particularly in terms of possible lack of clarity over governance arrangements and accountability and he set out actions that had been taken as a result of an action plan developed following an Audit Commission review of the Council's governance arrangements for partnerships in 2003/2004. He reported that a further review had now been undertaken and the outcome would form the basis of a report to a future meeting of the Committee. He anticipated that the report would highlight the need for the Council to strengthen its arrangements for ensuring that the council's partnership arrangements were strong and he presented a draft Partnership Framework and Toolkit.

The document provided a framework for ensuring that the Council's partnership arrangements were clear and transparent and it would ensure that the Council would

only enter in to partnerships or remain in them where there was clear added value and the benefits outweighed any risks or drawback. Furthermore, it recognised that the Council should focus its limited resources on those partnerships which would contribute towards meeting the Council's LAA improvement targets, strategic objectives or statutory responsibilities. He reported that the framework required that the Council identify for each partnership a link officer and a responsible Head of Service and that all officers involved in partnership working would have sufficient training to operate the framework and toolkit effectively. There would be a review of all existing partnerships to ensure that there was a business case in respect of each and a risk assessment would also be carried out in respect of each. He proposed that the reviews would be completed within 6 months and that all partnerships would then be reviewed at least annually. There would also need to be a business case made out before the Council entered in to any new partnership and the process identified in the framework would need to be followed in each case.

Following consideration of the document by Cabinet and the Council, it was intended that it be included within the constitution of the Council to reinforce the importance of governance within partnerships. In response to comments from members, the Director indicated that any gaps in the document as a result of officers having left the employment of the Council would be filled prior to its submission to the Cabinet. In response to a comment from the Chair, the Director indicated that the role of the Audit and Risk Management Committee would be to monitor the effectiveness of the framework, having regard to the views of internal audit.

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

73 **USE OF POWERS UNDER THE REGULATIONS OF INVESTIGATORY POWERS ACT (RIPA)**

The Director of Law, HR and Asset Management reported that the Regulation of Investigatory Powers Act 2000 ("RIPA") governed how public bodies used surveillance methods and that Wirral Council, like other local authorities was entitled to use directed surveillance where doing so was in the public interest for the purpose of preventing or detecting crime or preventing disorder. The Office of the Surveillance Commissioner ("OSC") was responsible for overseeing the operation of RIPA and the Council had to account to the OSC on an annual basis on its use of RIPA. The Council had been the subject of 2 inspections by the OSC in July 2003 and July 2007 and the use of RIPA was also the subject of a recent review by the Internal Audit Section. He reported that one of the recommendations of the review was that the Council's Policy and Procedures on the use of RIPA be updated. The Policy was most recently reviewed in 2004.

He commented that unfortunately, there had been a large degree of misreporting on the subject of surveillance and he presented a Home Office document on some of the misconceptions. The Council had used directed surveillance to support its enforcement activity since the passing of RIPA and in the year 2007/2008 the Council granted 45 authorisations. Those related to cases investigated by the Wirral Anti-social Behaviour Team (36) and the Trading Standards team (9) and the use of the powers had assisted in legal action to tackle rogue traders and to obtain court orders to tackle anti-social behaviour.

The Director presented a copy of the latest OSC inspection report and he outlined the actions taken by the Council in response to recommendations contained within it. He presented also a revised policy and procedure on the use of powers under RIPA, which had been considered by the Chief Officers Management Team and would also be presented to the next meeting of the Cabinet. He reported also that the Council would be subject to a further OSC inspection this year, which would test the adequacy of the arrangements that were in place.

In response to comments from members, the Director reported that authorising officers had to be satisfied that the use of covert surveillance was as a last resort. All responsible/authorised officers of the Council involved in such activity were required to be trained at least every two years and risk assessments would always be undertaken.

Resolved –

(1) That the Policy and Procedure on the Use of Powers under the Regulation of Investigatory Powers Act be endorsed.

(2) That regular update reports be presented to future meetings of the Committee, setting out the reasons for the use of directed surveillance under RIPA, and to include details of the outcome of such operations.

74 **REPORTS SUBMITTED AFTER DEADLINES**

Further to minute 56 (26 January 2009) the Director of Law, HR and Asset Management provided information in relation to the number of late reports, by Committee, received by Committee Services during the cycle that ended with Council on 9 February 2009. In some instances the reports would have been received after the agenda had been published and therefore a supplementary agenda was produced.

He commented that deadlines for all Committees were circulated at the beginning of the Municipal Year to all Chief Officers and report authors and were available on the Council's Intranet site. The large number of meetings scheduled by the Council necessitated a large number of reports to be generated across the democratic process as a whole. He anticipated that the reduction in the number of Overview and Scrutiny Committees agreed by the Cabinet would reduce the number of late reports.

Resolved –

(1) That the report be noted.

(2) That further monitoring reports be presented to the next two meetings of the Committee.

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WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

29 JUNE 2009

REPORT OF THE DIRECTOR OF FINANCE

CORPORATE RISK AND INSURANCE MANAGEMENT

1. EXECUTIVE SUMMARY

1.1. This report provides information on the corporate risk and insurance management objectives for 2009/10, details recent progress made against the existing objectives and the anticipated developments in the coming months.

2. OBJECTIVES FOR 2009/10

2.1 The principal areas of responsibility remain as the following:-

- (i) Procuring appropriate and cost effective external insurance cover and claims handling service.
- (ii) Managing the Insurance Fund.
- (iii) Handling internally insured claims.
- (iv) Managing the performance of claims handlers and legal providers.
- (v) Producing the insurance budget.
- (vi) Facilitating and providing training to Members and officers
- (vii) Supporting Members Chief Officers and the Local Strategic Partnership in improving the approach to managing risk and opportunity.
- (viii) Supporting Council Departments and the Local Strategic Partnership in the identification, analysis and management of risk.

2.2 In relation to the above there are a number of significant tasks which need to be addressed during 2009/10. The tasks and target dates for completion are:-

Tasks	Target date
Review of funding for insured liabilities	May 2009
Negotiate renewal of Property insurance contracts	June 2009
Review of Corporate Risk Register	June 2009
Review of Corporate Risk Management Strategy	July 2009
Audit of external liability claims handlers' performance	August 2009
Support Chief Officers reviewing the Corporate Risks	Autumn 2009
Production of 2010/11 Insurance Fund budget	November 2009
Review of key departmental risks for 2010/11	February 2010
Procurement exercise for Liability insurance claims handling and legal defence	March 2010
Support the Corporate Improvement Group in managing the Corporate Risk Register	Ongoing
Embed a defined approach to managing risk in Council partnerships	Ongoing

2. **INSURANCE MANAGEMENT PROGRESS**

- 2.1. Annual and quarterly liability claim statistics up to the end of 2008/09 have been compiled. Overall performance remains good, with historic low levels in terms of numbers of new claims submitted and the cost remains below comparative peer authority levels. Around 85% of all claims submitted and 90% of highway claims are being successfully defended. No significant new claims trends have been noted.
- 2.2. Since the last report four standard liability cases have proceeded to a court hearing. Three cases were successfully defended and all associated legal costs recovered. An important historic abuse test case involving Wirral, but conjoined with other similar matters, also progressed to the Court of Appeal where it was heard by The Master of the Rolls himself alongside two other senior judges. Their decision is expected shortly.
- 2.3. The Risk & Insurance Team has noted an increase in the number of new historic Employers Liability claims being brought against Wirral Council and its predecessors. The claims can date back to situations that arise from the 1950's.. Whilst often speculative they are more difficult to deal with than other claims as records are often unavailable, numerous insurers can be involved and some periods are uninsured. The administration of these claims places a significant administrative burden on the team.
- 2.4. The Insurance Fund Annual Report was presented to Cabinet on 25 June 2009. This incorporated the annual assessment of the sums needed to fund Liability claims for years up to and including 2008/09. This year it was performed as a self-evaluation assessment
- 2.5. An initial meeting was held with the appointed insurance brokers Griffiths & Armour to begin planning for the Liability, Claims Handling Legal Defence Services procurement exercise. The current contracts expire on 31 March 2010 and it is intended to conclude the exercise by December 2009 to allow time for transition if the contracts are not awarded to the current suppliers.
- 2.6. The Team continues to liaise with the Department of Law, Human Resources and Asset Management over changes to insurance arrangement in relation to the building portfolio having particular regard to the implications of the Strategic Asset Review.
- 2.7. The recovery of significant legal costs in the long running case of Kelly –v- Wirral following the successful defence of the unfounded misfeasance allegations is progressing. As no offers have been forthcoming from the claimant enforcement action has been commenced.
- 2.8. The 2008/09 Insurance Fund accounts were compiled and completed within the prescribed timescales in order to support the production of the Annual Statement of Accounts.

- 2.9. Negotiations for renewal of the Liability and Computer insurance policies were concluded. This process resulted in improved terms; a reduction in the self-insured limit for Liability from £4.25 million to £3.60 million and a £37,000 saving in the claims handling cost.

3. CORPORATE RISK MANAGEMENT – PROGRESS

- 3.1. The Corporate Risk Register agreed by Cabinet on 10 December 2008 was updated to reflect controls implemented in the final quarter of 2008/09. An exercise to rationalise the Register is taking place and the outcome of this review will be reported to Cabinet on 23 July 2009.
- 3.2. The sustainability appraisal of the Local Area Agreement (LAA) was reported to the Local Strategic Partnership (LSP) Executive Board on 1 April 2009. This document identified how success in one priority area presents opportunities and risks for the others and highlights those initiatives and activities which can capitalise on opportunities or mitigate risks.
- 3.3. On 1 May 2009 a review was undertaken of the process followed for creating and managing the risk registers for existing LAA priorities. Output from this will be used to make further improvements to how such risks are recorded and reported in future.
- 3.4. The Risk & Insurance Officer continues to assist with the implementation of the Strategic Change Programme. This includes working with the Department of Adult Social Services on the risk management arrangements for the Design & Viability Project and with the Department of Law, Human Resources and Asset Management by facilitating workshops to help develop a baseline risk register for the new HR and Payroll system project.
- 3.5. Evidence has been collated and provided to the Audit Commission on risk management processes and outcomes in connection with the Use of Resources Assessment for 2008/09.
- 3.6. An analysis has been undertaken of good practice in risk management arrangements to inform the annual review of the Risk Management Strategy which is due to be reported to Cabinet on 23 July 2009.

4. INSURANCE MANAGEMENT – ISSUES FOR NEXT PERIOD

- 4.1. Liability claims statistics to June 2009 will be compiled.
- 4.2. Renewal negotiations for the Property, Personal Accident and Fidelity Guarantee will be concluded prior to the expiry of these policies on 30 June 2009.
- 4.3. A final audit of the current liability claims handlers will be undertaken ahead of the Liability insurance procurement exercise.

- 4.4. Further preparations will be made for the tender of the Liability insurance claims handling and legal defence contracts. In relation to claims handling and legal defence quality will once again be the dominant factor in selecting the suppliers.
- 4.5. In respect of Schools the specialist training to implement the second phase of the school risk ranking project will commence. This follows the presentations made to the Head teachers' Groups about the changes to School insurance charges.

5. RISK MANAGEMENT – ISSUES FOR NEXT PERIOD

- 5.1. The Corporate Improvement Group will carry out the quarter 1 review of the Corporate Risk Register. This will inform the Financial and Performance Monitoring Report.
- 5.2. The Risk Management Strategy is being reviewed and a draft will be presented to the Corporate Improvement Group before being reported to Cabinet on 23 July 2009.
- 5.3. The Risk & Insurance Officer will attend the Association of Local Authority Risk Managers (ALARM) conference in June 2009. Lessons learned from the workshops and seminars will help inform future improvements to risk management policy and practices.
- 5.4. The Risk & Insurance Officer continues to assist with the implementation of the Strategic Change Programme in working with both the Department of Adult Social Services and the Department of Law, Human Resources and Asset Management.
- 5.5. The Risk & Insurance Officer will continue to work with the Policy and Performance Team in the Department of Corporate Services to further embed risk management arrangements in the governance of the Local Strategic Partnership.

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 the plans for 2009/10 and progress to date be noted.

IAN COLEMAN
DIRECTOR OF FINANCE

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WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

29 JUNE 2009

REPORT OF THE CHIEF INTERNAL AUDITOR

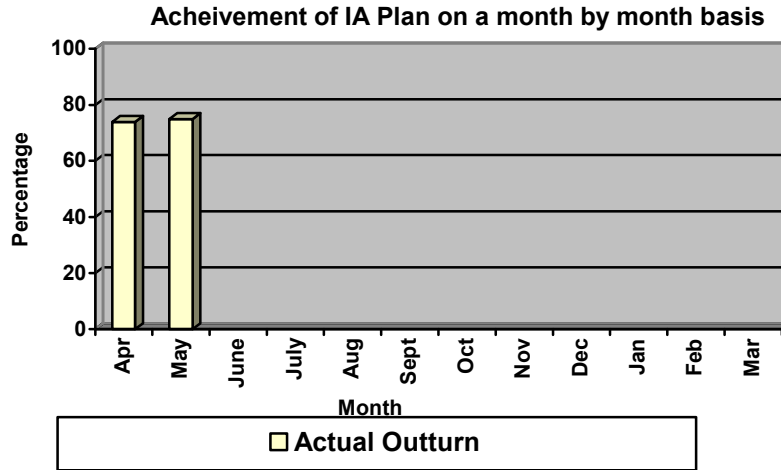
INTERNAL AUDIT WORK: APRIL TO JUNE 2009

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 at 2. and includes details of the actual work undertaken over the period and the number of 'High' risk recommendations identified in reports at 3. There are no items of significance identified during the audit process that require action by the Members for this period although attention is drawn to 4. where measures are being taken by management to improve systems of control over Data Security and Removable Media following audits.

2. INTERNAL AUDIT – PERFORMANCE

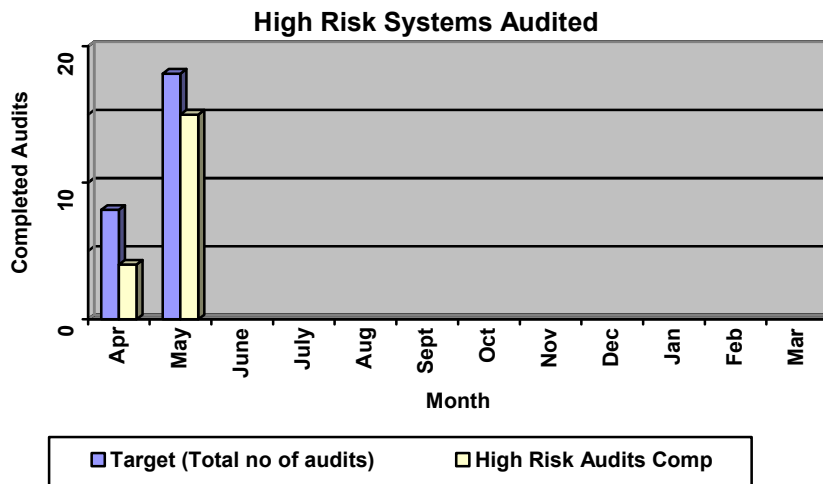
- 2.1. This report summarises the audit work completed between 1 April 2009 and 10 June 2009. The specific nature of the work that has been undertaken or is currently ongoing is identified in Appendix I. 26 audit reports were produced during this period. 33 high and 31 medium priority recommendations 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 Section constantly evaluates the effectiveness of its performance including a number of performance indicators in key areas as identified for the period 1st April 2009 to 10th June 2009:
 - 2.2.1. To ensure that 90% of the Internal Audit plan is completed by the 31 March 2010.



- 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%. 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.

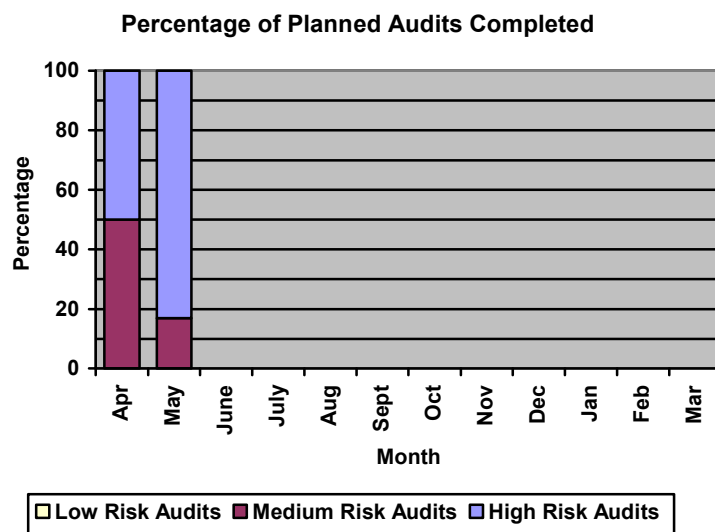
2.2.2. High Risk systems audited as a percentage of total audits completed.

- a. To ensure that all of the key risks identified in the Internal Audit Plan are reviewed, we 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 chart below.



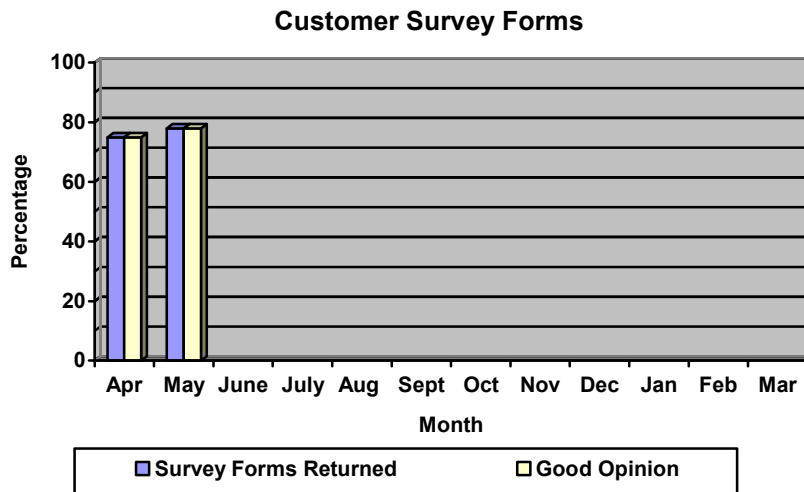
- b. The chart clearly identifies that the number of high risk audits undertaken is a significant proportion of the total number of audits completed each month, and reflects the deliberate policy of the Internal Audit Section to complete as many of these audits as early as possible. Of the 226 high risk audits, which include 113 follow ups, identified in the audit plan, 19 have now been completed representing 50% of the proportionate total. This figure is lower than would be expected however it does not reflect the significant amount of work of this nature that is currently ongoing and is scheduled for completion during June 2009. Once these are included the performance figure remains on target.

2.2.3. Planned audits completed.



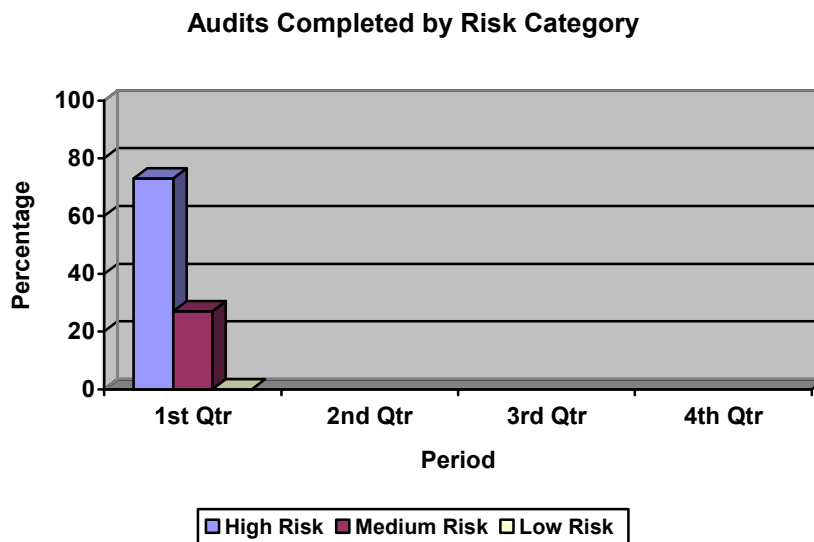
- a. I measure the estimated number of planned audit reports which will be completed each month. It is expected that 561 audit reports including follow ups, some of which relate to the 2008/09 Audit Plan, will be issued this year. To date 26 reports have actually been produced, representing a proportionate figure of 28% of the total number of reports for the period. This figure does not though include a significant number of audits that are currently ongoing and scheduled for completion later this month.
- b. The performance is however below target for this time of the year and is directly related to the ongoing staffing issues which the Section has been experiencing. In addition to this, the loss of a number of members of staff studying for examinations and a number on long term sick leave have effected output. Various measures have been introduced to increase output over this period and a number of job advertisements recently placed in a further attempt to recruit suitably experienced staff.

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 re-occurrence.

2.2.5. The percentage of 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. 19 audits

representing 50% of the proportionate high risk audits have now been completed and a significant number are currently ongoing. It is anticipated that all of these and a significant proportion of the medium risk 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 20010/11 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 complete this period relate to work undertaken in the previous year. 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 asterix.

Audit	Total Recs Agreed	Recs Not Agreed
Review - FMSIS - Bedford Drive Primary School	13	-
Review - FMSIS - Foxfield School	5	-
Review - FMSIS - Kilgarth School	5	-
Follow Up FMSIS - Town Lane Infants School	2	-
Review – Annual Governance Statement 2008/09	5	-
Review - FMSIS - Gilbrook School	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. ITEMS OF NOTE

- 4.1. Audit reviews have been completed to examine and evaluate the effectiveness of controls in systems in operation over Data Security and the use of Removable Media, covering every department of the Council.
- 4.2. Audit Reports have been prepared for the Information Strategy Group (ISG) that identify findings to ensure that recommended best practice is being complied with and that the risks to the Council are minimised. An Action Plan has been prepared for ISG to help facilitate the implementation of identified recommendations required to effectively identify and manage risks across all departments of the Council, in the following areas:
- Responsibility for Information Security.
 - Risk Assessments of individual data transfer arrangements.
 - Council Policy and Guidance for the management and storage of data.
 - Relevant Training.
 - Uncontrolled Media (CD's, USB Flash Drives and SD Cards) usage.
- 4.3. Follow up audit work is scheduled for later in the year and Members of this Committee will be notified of the outcome of this and any progress being made to address identified risks.

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 2009/10.

11.2. Audit Reports.

12. **RECOMMENDATION**

12.1. That the report be noted.

DAVID A. GARRY
CHIEF INTERNAL AUDITOR

INTERNAL AUDIT PLAN 2009/10

WORK CONDUCTED/ONGOING – 1 APRIL to 10 JUNE 2009

1. SYSTEMS

- (a) Finance
 - Liscard One Stop Shop
 - C.Tax Collection & Refunds
 - Student Support
 - Creditors
 - Pensions Administration
 - Risk Management
 - Housing Benefits
 - NNDR
 - Debtors
 - Document Retention

- (b) Law, HR and Asset Management
 - Contracts
 - Corporate Governance
 - Members ICT
 - Car Mileage
 - RIPA
 - Hard to Fill Posts

- (c) Children & Young People
 - Schools
 - Financial Management Standard in Schools
 - Schools – Statement on Internal Control
 - Children’s Centres
 - Instrumental Music Service
 - Social Care Contract
 - Child Protection
 - Contact Point

- (d) Technical Services
 - Final Accounts
 - Capital Contracts
 - Building Control
 - Car Parking
 - Contracts Register
 - Tendering Procedures

- (e) Regeneration
 - Community Patrol
 - Library Book Fund
 - Landlord Accreditation Scheme
 - Environmental Health – Food Safety
 - Environmental Health – Pest Control

- (f) Adult Social Services
 - Charging Policy (PIDA)
 - Deferred Charges
 - Individual Budgets
- (g) Corporate Services
 - Performance
 - Local Area Agreement
- (h) Corporate Systems
 - Corporate Governance
 - Annual Governance Statement
 - Risk Management
 - Performance Management
 - National Fraud Initiative
 - Health and Safety
 - Car Mileage
 - Strategic Change Program
 - Partnerships
 - Complaints

2. **SCHOOLS**

- (a) 14 FMSIS Schools (incl Follow Ups)

3. **ICT**

- (a) Removable Media
- (b) Data Transfer Security
- (c) Schools ICT Governance
- (d) Oracle Account Management
- (e) Network Controls

4. **PERFORMANCE AND BEST VALUE**

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

5. **ANTI-FRAUD**

- (a) National Fraud Initiative
- (b) CIPFA Anti Fraud Self Assessment Exercise
- (c) Regulation of Investigatory Powers (RIPA)

6. **INVESTIGATIONS**

- (a) PIDA – Adult Social Services
- (b) Procurement

7. **OTHER**

- (a) Wirral Methodist/Family Housing Association's
- (b) 4 Final Accounts (totalling £1million examined)

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WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

29 JUNE 2009

REPORT OF THE CHIEF INTERNAL AUDITOR

INTERNAL AUDIT ANNUAL REPORT

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 Reports, including recommendations produced following audits are presented to managers. An overall report is produced annually.
- 1.3 This report presents the Annual Audit Report for 2008/09.

2. BACKGROUND

- 2.1 The Accounts and Audit Regulations require that a local authority “shall maintain an adequate and effective system of internal audit”.
- 2.2 In order to meet the statutory requirements the Internal Audit Section has conducted audits to review the operation of the internal control systems. The work has been conducted in accordance with professional standards set by the Audit Practices Board, CIPFA and the Institute of Internal Auditors.
- 2.3 The Audit Commission has reviewed the operation of Internal Audit and indicated satisfaction with the service and concluded that there are no major issues to be reported

3. ANNUAL INTERNAL AUDIT REPORT 2008/09

- 3.1 The Internal Audit Annual Report attached at Appendix 1 specifies the Internal Audit opinion on key areas of the Council’s activity in 2008/09.
- 3.2 The audits conducted during the year were principally planned to review the financial control systems in compliance with the requirements of the Accounts and Audit Regulations. However significant attention was paid to the following areas:

Performance Management,
Comprehensive Performance Assessment,
Local Public Service and Area Agreements,
Anti Fraud and Corruption
Corporate Governance,
Risk Management,

Financial Management Standards In Schools,
Service Delivery aspects.

3.3 The Audit Plan was compiled on a risk assessment basis that included consideration of the sensitivity and complexity of all risks identified. Client requests, systems being developed and the availability of resources were also other factors also taken into account during the year (Appendix 1A).

3.4 The Internal Audit Plan for 2009/10 was approved by this Committee on the 31 March 2009 (Appendix 1B).

4 FINANCIAL AND STAFFING IMPLICATIONS

4.1 There are no financial and staffing implications.

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 OPPORTUNITY IMPLICATIONS

8.1 There are no equal opportunity 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 Code of Practice for Internal Audit in Local Government: CIPFA

12. RECOMMENDATION

12.1 This report should be noted.

DAVID A. GARRY
CHIEF INTERNAL AUDITOR

FNCE/133/06

ANNUAL INTERNAL AUDIT REPORT 2008/09

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INTERNAL AUDIT ANNUAL REPORT 2008/09

1. EXECUTIVE SUMMARY

1.1 INTRODUCTION

- 1.1. This report presents the Internal Audit opinion on key areas of the Council's activity in 2008/09. Audits were conducted during the year to review control systems in compliance with the Accounts and Audit Regulations 2006.
- 1.2. The Audit Plan was compiled on a risk assessment basis that included consideration of the sensitivity and complexity of all risks identified.
- 1.3. The Section has continued to deliver a much valued service during the year whilst at the same time developing many new initiatives to increase efficiency and effectiveness in line with best professional practice.
- 1.4. Over 300 audit reports were produced for management during the year identifying more than 700 recommendations to improve systems and alleviate control weaknesses.

2. ACHIEVEMENTS

- 2.1. The Section has performed well under very difficult conditions to maintain its very high standard of service delivery during the year and this is reflected in the feedback received.
- 2.2. The changing role and emphasis of the work of the Section clearly continues to be very well received by clients, the Audit Commission, Members and the Chief Executive.
- 2.3. The Section is compliant with CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006.
- 2.4. To comply with the new Accounts and Audit Regulations 2006, an Annual Governance Statement for the Council has been prepared by the Section and included with the Financial Statements. This has involved significant work by the Section to identify, evaluate and test various controls over the multitude of governance arrangements in operation across the Council and includes an evaluation of the effectiveness of the 'system of internal audit'.
- 2.5. The Section continues to meet its internal quality standards identified. A review of the effectiveness of the system of internal audit undertaken during the year concluded that the service is performing effectively and that the Internal Audit Service is making a good contribution to the control environment of the Council.

- 2.6. The Section continues to add value to the organisation by providing management with assistance in achieving departmental and corporate objectives through delivery of the Internal Audit Plan and production of reports identifying the effectiveness of performance and management systems in operation.

3. AUDIT ASSURANCE OPINION

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

4. AUDIT PLANNED WORK COMPLETED

4.1. Financial

All systems were assessed as having either good or satisfactory controls or being capable of achieving this provided the recommendations made following audits, were implemented.

4.2. Performance Management

Audit work has again concentrated on reviewing the systems in operation to produce output for measuring performance against targets in accordance with an approach agreed with the Audit Commission, the Deputy Chief Executive and Chief Officers. The systems in operation were assessed as being adequate and improving, provided agreed recommendations were implemented.

4.3. Local Area & Public Service Agreements / CPA

Internal Audit has had significant involvement in the Local Area Agreement and Local Public Service Agreements during the year, particularly in completing the audit of the remaining LPSA Targets; the second (and final) LPSA claim; and in the ongoing review of LAA National Indicators.

The control systems in operation have been assessed as "adequate", with scope for improvement.

4.4. Corporate Governance

Corporate governance arrangements and processes in operation were assessed against the CIPFA/Solace "Delivering Good Governance in Local Government" Framework and Guidance. Findings of work conducted

concluded that the governance arrangements currently in place are adequate to satisfy these requirements, although some recommendations were made to relevant officers to advise them of actions required to improve systems and ensure continued compliance.

4.5. Risk Management

The overall opinion is that significant and continuing progress has been made towards embedding risk management in the Authority. However, there is still further progress to be made to ensure that this continues.

4.6. Anti-Fraud and Corruption

Reviews were conducted of areas where it is known that there are risks of fraud or corrupt practice. Arrangements in place were assessed as being adequate and no material cases were detected, although, assistance was provided on several investigations into cases of irregularity.

4.7. I.C.T.

Reviews were conducted of systems identified in the ICT Audit Plan that included Data Transfer, Removable Media, Members use of ICT and the Management of ICT Security Incidents. The overall opinion of the control systems in operation is that systems are adequate to deliver the service at present, however improvements are required in some key areas.

5. PROBLEM AREAS

- 5.1. The shortfall in the level of staffing resource available during the year has resulted in the Section being unable to achieve all of its targets, although the key target of completing all of the high risk audits was achieved.
- 5.2. Extreme difficulties are still being experienced retaining existing audit staff and recruiting replacements in what has been a very difficult employment market.

6. 2009/10 AUDIT PLAN

- 6.1. The 2009/10 Audit Plan has been compiled with regard to all of the risks to the Authority.

It considerably widens the scope of Internal Audit to comply with legislation and professional best practice and makes the plan more dynamic, ensuring that planned work is reviewed more frequently following requests for audits and that these are undertaken according to the nature and ranking of the overall risks to the Authority.

INTERNAL AUDIT ANNUAL REPORT 2008/09

2. INTRODUCTION

- 2.1 This report specifies the Internal Audit opinion on key areas of the Council's activity in 2008/09. The audits conducted during the year were principally planned to review financial control systems in compliance with the requirements of the Accounts and Audit Regulations 2006. However significant attention was also paid to many systems of control that were not of a financial nature that included Performance Management, Comprehensive Performance Assessment, Local Agreements, Corporate Governance, Risk Management and many other aspects of service delivery.
- 2.2 The Audit Plan was compiled on a risk assessment basis that included consideration of the sensitivity and complexity of all risks identified including those identified in the corporate and departmental risk registers. Client requests, systems being developed and the availability of resources were other factors also taken into account during the year. (Appendix 1A).
- 2.3 The percentage of the planned audit days completed was 77%, representing a significant achievement considering that the Section has continued to experience severe problems retaining and recruiting staff during the year and has struggled to replace a significant number of key members of staff. However, the target for completion was identified as 90%, the national average and minimum level of achievement normally acceptable to the Audit Commission and this has not been achieved.

The staffing problems identified have required the Section to re-prioritise delivery of the Internal Audit Plan, however it is important to note that all of the business critical and high risk systems identified in the plan for 2008/09 have been audited during the period.

- 2.4 Despite this though, the Section has continued to deliver a much valued internal audit service whilst at the same time developing many new initiatives to constantly increase the efficiency and effectiveness in line with current professional best practice and in direct response to a number of external reviews. Particular attention has been paid to ensuring that the Section complies with the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom and the International Auditing Standards.
- 2.5. The Section has continued to develop new structures, policies and procedures to achieve compliance with all best professional practice that includes a revised Internal Audit Charter and Terms of Reference, updated Working Papers, Internal Audit Manual and Annual Report format, and a new radically changed Audit Report and Quality Assurance programme to ensure continuous improvement.
- 2.6. Full compliance with the Internal Audit Strategy in all aspects of service delivery has been achieved that includes the achievement of internal quality

standards to demonstrate the provision of an efficient, effective and continuously improving internal audit service that adds value and assists the Council in the achievement of its corporate objectives.

Significant achievements and initiatives developed during the year include:

- (a) Favourable comment by the Audit Commission, who have indicated that the Section is currently meeting the required standard and “providing an effective service that makes a good contribution to the Council’s systems of internal control”
- (b) 320 audit reports on systems were produced for management during the year identifying over 700 recommendations to alleviate control weaknesses in systems examined. Of these more than 300 were found to be of a high-risk nature requiring immediate action.
- (c) 98% of Survey forms returned from a wide a range of customers indicate a positive opinion of the service delivered, which is assessed as always adding value and very often exceeding client expectations.
- (d) A number of high profile reviews were conducted of systems identified in the ICT Audit Plan that included Data Security, Removable Media, Members ICT and the Management of Security Incidents.
- (e) Sickness levels have improved over the previous twelve months with a total of 141 days lost for the Section. The average days lost per person was 6 comparing very favourably to the target for the Council. The Section also recorded a significant proportion of individuals with a nil absence for the period with nearly 27% of all FTE’s.

FTE	25
Staff in Post	22
Days Lost	141
Average Days per person	6
Average Occurrence	1.5

- (f) The qualification and experience mix of staff within the Section is good. Enthusiasm for training and qualifications is high. Many staff have one or more qualifications and those currently studying have already obtained qualifications e.g. A.A.T.,P.I.I.A., H.N.C., Degree etc.

Success in exams were:

- 2 members of staff completed C.I.P.F.A examinations.
- 1 member of staff completed C.I.M.A. examinations.
- 2 members of staff completed I.I.A examinations.
- 1 member of staff completed QICA examinations.

- 1 member of staff completed A.A.T exams

A total of 9 members of staff within the Section are currently studying for C.I.P.F.A, M.I.I.A, QICA, C.I.M.A and A.A.T qualifications with examinations scheduled to take place later this year. The successful completion of these will result in a number of individuals qualifying in their respective professional disciplines.

It is encouraging that such a significant proportion of staff are eager to commit to professional training, however whilst acknowledging the benefits for the Section, in the long term some problems are still being experienced due to the success in this area.

Experience suggests that upon individuals becoming either part or fully qualified they immediately become highly marketable and invariably leave Wirral Council for other similar organisations. This would not necessarily prove to be a major problem under normal circumstances and would almost certainly be expected under the standard recruitment and retention cycle. However, some difficulties have been experienced attracting relevantly qualified and experienced replacements during the year.

3. ACHIEVEMENTS

The Section has continued to develop the way in which it delivers its service in a very dynamic environment both internally and externally where the amended Accounts and Audit Regulations, the International Auditing Standards and the CIPFA Code of Practice for Internal Audit in Local Government continue to have a dramatic impact upon the work of the Section. In addition to this, increasing demands placed upon the service resulting from increased expectation levels amongst Chief Officers and clients has resulted in even greater pressure being placed upon the Section. Changes in legislation and best professional practice has also required the Section to undertake a significant amount of work on behalf of the Council in such areas as Anti-Fraud, Corporate Governance and ICT, including the production of the Annual Governance Statement and has required some fairly fundamental changes to the way in which the audit service is managed and controlled in these areas. The implementation of the Financial Management Standards in Schools continues to have a major impact on the Section and has involved assessments being undertaken at 46 Primary and Special Schools during the year with a requirement for all Schools to be assessed by 2010.

The increased demands placed upon the Section have undoubtedly caused significant problems for management delivering the service when one considers the resource problems that have continued to be experienced during the year. However, it should be noted that the Section has again performed admirably under very difficult conditions to maintain its very high standards and only marginally failed to deliver the target for completion of the Audit Plan, despite a substantial number of additional requests for work being received from the Chief Executive and Chief Officers during the year.

The changing role and emphasis of the work of the Section however, continues to be well received by clients, the Audit Commission, Members of the Audit and Risk Management Committee and the Chief Executive. The Section is quite clearly viewed in all quarters as an important corporate resource that adds value at all levels of the organisation and complies with the current professional best practice and Audit Commission requirements.

The topics of particular interest are described below:

- (a) The Chief Executive continues to express his extreme satisfaction with the work of the Section and the contribution that has been made during the year to improving financial and management control systems as well as providing advice, guidance and input to many of the key corporate initiatives with which the Council is currently involved.
- (b) The Section has been successful in developing its role to meet professional best practice and the feedback from clients to date has been very positive. The views of Chief Officers and Members continue to be sought at regular programmed meetings with them and their departmental management teams to discuss the Internal Audit service provided and composition of the Annual Audit Plan.

- (c) Audits have been conducted during the year of Performance Management systems in operation, including the utilisation of Performance Indicators to improve service delivery, in accordance with an approach agreed with the Audit Commission, the Deputy Chief Executive and Chief Officers. This approach involves utilising audit resources in a more proactive and consultative role, assisting managers in the identification of areas for improvement.
- (d) Agreement was reached with the Deputy Chief Executive concerning Internal Audit's role in the implementation of the many Local Agreement initiatives now in operation. Work has been undertaken during the year to review and evaluate progress towards the achievement of these corporate targets and feedback delivered through reports and presentations to various Corporate Improvement groups at which Internal Audit were represented.
- (e) The Section successfully co-ordinated the National Fraud Initiative exercise to identify and prevent potential fraudulent activity against the Council. The process for managing this initiative was again evaluated by the Audit Commission during the year and found to operating in an effective manner.
- (f) To comply with the Accounts and Audit Regulations 2006, an Annual Governance Statement was prepared by the Section to accompany the Authority's Financial Statements. Although the requirement is in the Accounts and Audit Regulations, it has a much wider implication than simply finance, as a review of the whole system of governance across the Council was required. The statement includes an opinion on the effectiveness of the system of internal audit that is provided by the Deputy Director of Finance following an assessment of the service against the CIPFA Code of Practice for Internal Audit in Local Government. The statement has been prepared in compliance with the 'CIPFA Rough Guide for Practitioners' to meet the requirements of the Act, and as with last years, is more evidence-based with managers required to produce annual assurance statements regarding the internal control and governance systems in operation. This has again proven to be quite resource intensive as the completion of these statements has had to be co-ordinated, evaluated and tested and consequently at times, difficult to manage. The deadline for the completion of this work was brought forward three months for 2008/09 to comply with an Audit Commission recommendation and was achieved by the Section without to many problems arising.
- (g) The automated planning and management system (APACE) was updated during the year and is now providing officers with much more detailed management information on a day to day basis regarding the progress of individual audits and achievement of the audit plan and associated performance targets. This has allowed managers to develop

a number performance improvement initiatives and continue to increase the efficiency and effectiveness of the audit service delivery.

- (h) Audits have been completed of all business critical systems as agreed with the Audit Commission and include Housing Benefits, Pensions, Payroll and Payments, Council Tax, NNDR and Treasury Management and reports prepared for the relevant clients.
- (i) 46 of the Council's Primary and Special Schools were assessed for compliance with the Financial Management Standards in Schools of the Education Act 2002.
- (j) A significant amount of work has again been undertaken by the Section to ensure that the Council continues to implement sound systems of Corporate Governance. Various audits have been conducted and reports prepared for Chief Officers and the Audit and Risk Management Management Committee, evaluating compliance with the CIPFA/SOLACE Delivering Good Governance in Local Government publication.
- (k) Several requests for audits to be completed that were included within the Audit Plan and are of a performance/management nature were received from the Chief Executive and work undertaken as required.
- (l) The Section has retained the contracts for the provision of internal audit services to the Wirral Methodist and Family Housing Associations for a further twelve-month period. The work has been well received and is viewed as adding value to systems in operation.
- (m) The Section has been involved in a number of special high profile reviews during the period including the Adult Social Services PIDA investigation and the Procurement PIDA investigation that have required extensive resource and culminated in high level reports being prepared for Members and Chief Officers.
- (n) Various ICT reviews were conducted of systems that included Data Security, Removable Media, Members ICT and the Management of ICT Security Incidents.
- (o) Input to the risk management process throughout the Council via detailed reviews of the process and regular liaison with the Risk Management Officer for the Council and direct involvement in the area of strategy revision.
- (p) A number of high profile systems were reviewed that focussed upon the effectiveness of governance arrangements in operation for compliance with the new CIPFA/SOLACE Framework that culminated in reports for Chief Officers and contained significant recommendations to alleviate risks to the Council.

- (q) The Section has provided specialist input to a number of investigations that have been conducted involving members of staff.
- (r) 36 final accounts with a total value of nearly £8 million were audited during the year for accuracy, correctness and validity.
- (s) Following feedback from clients a revised audit report format was introduced during the year that included an updated and more modern assurance opinion assessment rating and much more details of areas of good working practice identified during audits.

4. INTERNAL AUDIT ASSURANCE OPINION

From the work undertaken in 2008/09 Internal Audit is 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 in place 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 and appropriate actions taken.

5. AUDIT PLANNED WORK COMPLETED

Internal audit work has been undertaken during the year in each of the following areas to comply with the requirements of the Internal Audit Plan and to provide evidence to support the Annual Governance Statement for 2008/09. The Statement has been prepared by the Section for inclusion with the Financial Statements of the Council to comply with the requirements of the Accounts and Audit Regulations 2006. The Statement provides an opinion on the effectiveness of the systems of governance and internal control in operation throughout the Council and identifies significant weaknesses and actions being undertaken to alleviate them. The Section is required to undertake an extensive exercise to ensure that effective evidence to support the opinion is provided by Chief Officers and managers in the form of individual assurance statements and that any disclosures made within are adequately and independently tested. Included within this exercise is a requirement for the Council to provide a comment regarding the effectiveness of its 'system of internal audit'. This has been provided by the Deputy Director of Finance following a detailed assessment of the internal audit service against the 'CIPFA Code of Practice for Internal Audit in Local Government 2007', direct feedback from clients and the findings of external assessments. A report on this was provided to the Audit and Risk Management Committee in March 2009:

- (a) Financial Control
- (b) Performance Management
- (c) Corporate Governance
- (d) Risk Management
- (e) Anti-Fraud and Corruption
- (f) ICT

5.1 Financial Control

An extensive programme of reviews of financial systems in Departments, Schools and other establishments was completed, together with a significant amount of consultancy requested by clients to assist them in their work.

<u>System</u>	<u>Opinion</u>
Council Tax	Good
Housing Benefit	Good
Debtors	Good
Creditors	Satisfactory
Payroll	Good
NNDR	Good
Pension Fund	Satisfactory
Treasury Management	Satisfactory
Schools	Satisfactory

All of the key systems were assessed as having satisfactory or good controls in operation providing the recommendations made following audits were implemented.

5.2 Performance Management

Audit work has concentrated on reviewing the systems in operation to produce output to measure performance against targets in accordance with an approach agreed with the Audit Commission, Deputy Chief Executive and Chief Officers. This work has been conducted during the year rather than as an end of year verification exercise; although a sample of high risk Performance Indicators were again selected for testing following work undertaken by our colleagues in Corporate Services. Overall, systems are assessed as being adequate and improving, particularly in the area of data quality where proactive work undertaken by officers is starting to take effect.

5.3 Local Area Agreements / CPA

Internal Audit has again had a significant involvement with the implementation of the CPA action plan during the year. The service was represented on a number of corporate improvement groups and worked very closely with colleagues in Corporate Services to review and evaluate progress towards the achievement of agreed corporate targets. Senior management from within the Section will continue to be available for any further work of this nature during 2009/10.

A review was undertaken of the National Indicators comprising the refreshed Local Area Agreement that sought to provide assurance for managers that targets were appropriate and reasonable, data sources existed and that baseline information was accurate. The work was well received by management and a number of areas for improvement identified.

In addition work was undertaken of the Local Area Agreement Reward targets, reviewing systems in operation for calculating performance indicators and providing assurances of the likelihood that targets would be met.

The overall opinion on the systems in operation was that they were adequately delivering this initiative with scope for further improvement to be made.

5.4 Corporate Governance

A review of the Corporate Governance arrangements in operation at Wirral Council was completed as part of the Annual Governance exercise and reports prepared for the Chief Executive and Chief Officers identifying progress to date and recommending actions to be taken in respect of specific weaknesses in systems of compliance.

The overall opinion is that current systems are satisfactory and that progress continues to be made by the Authority to implement effective corporate governance arrangements that comply with the principles formulated in the new CIPFA/SOLACE Delivering Good Governance Framework. However, some improvements are still required to enhance the governance process and ensure that the arrangements remain effective and continue to comply with the Framework.

In addition to this, the Section is active at a strategic level with the Chief Internal Auditor and Deputy Chief Internal Auditor representing the Section on a number of the Council's Corporate Governance Implementation and Communication Groups.

5.5 Risk Management

Work has been undertaken throughout the year to assess the implementation of the Risk Management Framework within all departments and confirm the implementation of recommendations to mitigate risks identified previously. As this is a continuous process more work of this nature is scheduled for 2009/10.

The overall opinion of the framework, assessed against the CIPFA five point recommended risk maturity model is a mid point score of 'Risk Defined' with good prospects for improvement. It is acknowledged that significant work has been undertaken in this area during the year, specifically in relation to the new Partnerships Toolkit which was assessed against CIPFA best practice Guidance for efficiency and effectiveness.

5.6 Anti-Fraud and Corruption

The Anti Fraud section of the Audit Plan was prepared in accordance with the CIPFA Guidance publication "Managing the Risk of Fraud" (Red Book 1) and incorporates reviews of areas where it is known that there are risks of fraud or corrupt practice i.e. creditor payments and contract awarding. No material cases were detected, but assistance was provided on several investigations into cases of irregularity. CIPFA have developed this approach and produced more detailed guidance in the form of Red Book 2, which was released in August 2008, and has been utilised to prepare this element of the Audit Plan for 2009/10.

The Audit Commission National Fraud Initiative (NFI) was also undertaken during the year and co-ordinated at Wirral by Internal Audit. A considerable number of data matches from a variety of sections and departments were investigated and reports prepared for Chief Officers and Members. The NFI exercise for 2008/09 was expanded and now includes additional data for matching relating to Council Tax, Insurance, Electoral, Blue Badges, Parking Permits and Licensing.

Arrangements in place were assessed as being adequate and no material cases were detected, although, assistance was provided on a number of investigations into cases of irregularity.

5.7 **ICT**

The ICT Audit Plan was prepared in compliance with best professional practice and through discussions with Chief Officers, Clients, external agencies, colleagues in other Councils and the Audit Commission. Items identified for inclusion in the Plan were assessed, evaluated and assigned a risk score in accordance with the CIPFA model.

A significant number of the high and medium risk audits were completed for the year and included reviews of Data Security, the use of Removable Media, Members ICT, Management of ICT Security Incidents and Network Management Controls.

The overall opinion provided of the effectiveness of systems of control across the Council is that they are adequate to deliver the service at present; however significant improvements are required in specific areas including Information Security and the implementation of technological and procedural controls to support corporate ICT policies.

6. PROBLEM AREAS

6.1 The continued development of the Internal Audit role to comply with ever changing best professional practice, the CIPFA Code of Practice, the requirements of the Better Governance Framework and the amended Accounts and Audit Regulations is very wide-ranging and given its nature has not been achieved without some difficulty. Changing the culture, perception and profile of Internal Audit amongst officers has been very challenging, however, the feedback from Chief Officer's remains very positive and real benefits with this approach are now clearly being identified. Audit involvement in some of the more non-traditional audit areas is now actively encouraged now that managers can see the value added. The workforce are extremely enthusiastic and have excelled in this environment, although as with any change there have been some difficulties experienced mainly in the following areas:

- (a) The Section has continued to experience staffing resource problems during the year with a significant number of staff leaving and not being able to be replaced, a number of these at a senior management level. This shortfall in the level of staffing resource available during the year has resulted in the Section being unable to achieve all of its targets, although following a re-allocation of existing resource during the year the key target of completing all of the high risk audits was achieved. However, if this situation continues then it will undoubtedly impact upon the Section's ability to deliver the Audit Plan for 2009/10 and more re-prioritisation of work will be required.
- (b) Changes in professional best practice and legislation has dramatically increased the amount of resource required to complete many audits in these areas and involved the completion of more detailed documentation. In some areas this has also increased the expectation levels amongst Members and Chief Officers regarding audit input to many of the new initiatives that the Council is involved with. This has, and will continue to stretch already limited resource to the point where some of the more traditional audits will continue to suffer. We have over the previous twelve months, with the agreement of Chief Officers and the Audit Commission, again been able to re-prioritise the Audit Plan to accommodate all of the new demands and now have systems in place to manage this process more effectively that include the ongoing involvement of the Audit and Risk Management Committee, the Section 151 Officer, Chief Officers and the Audit Commission.

7. 2009/10 AUDIT PLAN

- 7.1 The 2009/10 Audit Plan has been prepared using the “risk based” method, which is recognised best practice within the profession, recommended by the Audit Commission and includes detailed consideration of the Council’s Corporate and Departmental Risk Registers. To ensure that all risks have been considered the plan has been compiled after taking the following into consideration:

Risks of known systems
Departmental and Corporate Risk Registers
Views of Chief Executive, Chief Officers and Members
Independent review of Committee reports
Views of internal and external auditors

As the Section is now receiving an ever increasing number of requests during the year for ‘high risk’ complex audits to be undertaken it is proposed to continue to increase the effectiveness and efficiency of the Section through the increased utilisation of new technology and working methods that will assist the more timely delivery of these audits wherever possible. In addition to this, and as with previous years, it will almost certainly be necessary to ensure that the plan delivery is ‘dynamic’ by nature, reviewing planned work more frequently following requests for work and undertaking audits according to the nature and ranking of the risks to the Authority.

The Audit Plan for 2009/10 was prepared and approved by the Audit and Risk Management Committee in March 2009 (Appendix 1B).

- 7.2 Emphasis will be placed on the main Financial Management Systems of the Council, production of the Annual Governance Statement, Performance Management systems, Local Agreements, Management Projects and systems identified by Chief Officers as being high-risk areas. Also included are the Corporate Governance arrangements in operation as detailed in 7.4 below.
- 7.3. The Section will ensure that adequate resource is made available within the plan to enable Wirral Council to comply with the requirements of the revised Education Act, specifically the Financial Management Standards for Schools which must be fully implemented by March 2010. The Act has considerable resource implications for the Section.
- 7.4. Corporate Governance systems and procedures will also remain a priority ensuring that not only does the Council have effective corporate governance arrangements in place but that the workforce are aware of the requirements and comply fully with all relevant policies, procedures and guidance. This will be achieved by undertaking audits across the six corporate governance principles identified in the CIPFA/SOLACE Framework for Delivering Good Governance in Local Government, and through active involvement at a strategic level via the Council’s Corporate Governance Groups.

- 7.5. A detailed self assessment exercise and compliance audit review is scheduled to be conducted against the CIPFA Managing Fraud publication during the year. In addition to this the Section is to continue evaluating a number of online training packages for possible use across the Council, to educate and alert members of staff to current threats posed and appropriate actions to take in response to these.
- 7.6. The revised approach to auditing Management Performance developed in conjunction with colleagues in Corporate Services will continue to be delivered following the success of this initiative during 2008/09 and the reduced pressure that this approach places upon existing resources.
- 7.7. Additional work is again scheduled for those areas where fundamental changes in service delivery are proposed following corporate initiatives or Departmental re-structuring. A good example of this is the Strategic Change Programme, where Internal Audit, in addition to routine audit work scheduled in this area, are to undertake a major project during the year to provide senior management and the Programme Board with assurance regarding the effectiveness of arrangements in place to deliver this significant corporate initiative.
- 7.8. Major ICT control and management audits planned include reviews of the overall ICT Governance arrangements in place, procedures for ensuring that corporate systems have adequate Backup Solutions in operation to ensure resilience, and a detailed evaluation of the Third Party Access to Wirral networks and ICT systems. Significant input to the Strategic Change Programme is also scheduled, providing the Programme Board with an 'assurance' evaluation regarding progress in key ICT areas during the year.
- 7.9. Further development of ICT in the internal audit process is planned for 2009/10 that includes the increased automation of many manual processes, further utilisation of the audit planning and management system (APACE) for preparing working papers and more utilisation of specialist auditing software which should ensure that the effectiveness and efficiency of the audit service increases dramatically and continues to be of a very high quality.
- 7.10. Audits are scheduled to be undertaken to evaluate the effectiveness of the developing Risk Management Framework following on from work undertaken during 2008/09.
- 7.11. Major reviews of the following systems are scheduled following specific requests from Chief Officers.
- DASS Debt Management,
 - CYPD ContactPoint initiative,
 - Housing Market Renewal Initiative,
 - Working Wirral Grant regime,
 - HESPE Contract,
 - Transport.

Internal Audit Plan Outturn 2008-2009

		Audits	Actual Hours	
1.	CORPORATE RISK			8,498
1.a.	Corporate Governance/AGS	10	3,969	
1.b.	Risk Management	1	154	
1.c.	Anti Fraud	17	2,583	
1.d.	Works Contracts	60	1,792	
2.	PERFORMANCE			,1855
2.a.	Performance Management	2	1,134	
2.b.	Projects	1	721	
3.	DEPARTMENT SYSTEMS			12,054
3.a.	Adult Social Services	5	1,659	
3.b.	Children and Young Peoples Services	6	1,673	
3.c.	Corporate Services	3	868	
3.d.	Finance	44	4,809	
3.e.	Regeneration	14	2,184	
3.f.	Technical Services	6	861	
4.	I.C.T.	8		1,827
5.	EXTERNAL CONTRACTS	49		3,066
6.	DEVELOPMENT/TRAINING			7,581
	TOTALS	226		34,881

Internal Audit Plan Summary 2009-2010

		Audits	Estimate Hours	
1.	CORPORATE RISK			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	
2.	PERFORMANCE			808
2.a.	Performance Management	4	419	
2.b.	Local Area Agreements	4	389	
3.	DEPARTMENT SYSTEMS			18,224
3.a.	Adult Social Services	22	1781	
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	
4.	I.C.T.	36		3,658
5.	EXTERNAL CONTRACTS	84		2,461
6.	DEVELOPMENT/TRAINING			2,737
	TOTALS	561		34,655

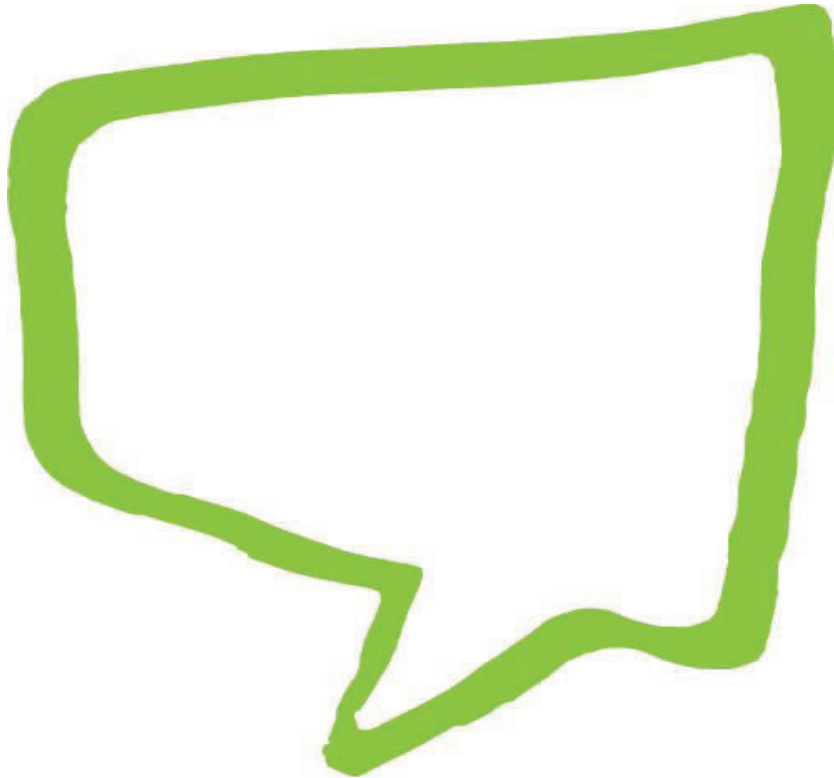
Ethical

Governance

Wirral Council

Audit 2008/09

June 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.

Summary report

Introduction

- 1 Confidence in local democracy is a cornerstone of our way of life. It can only be achieved when elected and co-opted members of local authorities are seen to live up to the high standards the public has a right to expect from them.
- 2 In recent years there has been an increased emphasis on standards and conduct in public life. The findings of the Committee on Standards in Public Life, the Local Government Act 2000 and the introduction of the Standards Board for England (SBE) are all factors in the current weighting being given to the need for strong ethical governance in local councils. This was also reinforced by the Chief Executive of the SBE in his November 2006 letter to local authority Chief Executives where he stressed the roles of Chief Executives and leading members in influencing organisational culture and supporting the ethical environment.
- 3 High ethical standards are the cornerstone of good governance. They are an integral part of good corporate governance arrangements and can lead to increased confidence in local democracy and better public services. Setting high ethical standards is an important building block for councils in developing their community leadership role and improving services to the community. Councils are also becoming involved in increasingly complex partnerships and poor ethical standards may adversely affect these arrangements.
- 4 Ethical governance is an area of great interest to the national and local press, particularly when things go wrong. Local authorities and individual members face a number of risks, including investigation for alleged breaches of the Code of Conduct, sometimes leading to the disqualification of members, loss of confidence and trust in individual members, councils and local democracy and poor decision making.
- 5 On average nationally, one member a week was removed from office in 2006. Other sanctions have included formal censure and suspension from using council facilities. Issues included bullying behaviour, misuse of council resources, bringing a council into disrepute and using the position as a member for personal gain. The high number of disqualifications has now reduced but it is important that the spotlight stays on high ethical governance standards. The economic recession, for example, has placed added pressure on members and officers to proactively manage the Council's finances and other resources, particularly where costs and demands for services are increasing.
- 6 One of the common aspects of governance failures is not the absence of frameworks, controls and arrangements but the absence of appropriate behaviours and values amongst members and officers. This audit therefore looks at Wirral Council's compliance with statutory requirements and also at behaviour, culture and values.

Background

- 7 This work is based on the requirements of Part III of the Local Government Act 2000 and the Local Government and Public Involvement in Health Act 2007. Every local authority is required to adopt a Members' Code of Conduct that sets out the rules governing the behaviour of its members. A new model Code of Conduct was issued by the government in April 2007. Wirral Council adopted the revised Code in its model form in May 2007. The Code covers areas of individual behaviour such as members not abusing their position or not misusing the Council's resources. In addition, it includes rules governing disclosure of interest and withdrawal from meetings where members have relevant interests. Members must also record their financial and other interests.
- 8 All councils were required to establish, by May 2002, a Standards Committee to promote and maintain high standards of conduct for members. One of their roles is to create a sense of 'ethical well-being' in the authority. A new locally based system for dealing with complaints about local authority members' conduct came into force in May 2008. The new framework gives Standards Committees responsibility for the initial assessment of all allegations that a member of their authority may have breached the Code of Conduct. It also gives them responsibility for any subsequent investigations, decisions and sanctions. This is except where cases cannot be handled locally because of their highly sensitive nature.
- 9 Wirral Council has 66 councillors. The Conservative Group is the largest party with 24 seats; Labour has 21 and the Liberal Democrat Group has 20, with 1 Independent councillor. A Leader and Cabinet of Labour and Liberal Democrat Councillors govern the Council. The governance arrangements also include ten Overview and Scrutiny Committees and a Standards Committee whose terms of reference cover the model framework.
- 10 The Council's net revenue budget (2008/09) was £298.7 million. Services are delivered by seven departments: Adult Social Services; Children and Young People; Corporate Services; Finance; Law, Human Resources and Asset Management; Regeneration; and Technical Services.

Audit approach

- 11 The aim of this work is to assess how far:
 - the Council complies with Part III of the Local Government Act 2000 and the relevant sections of the Local Government and Public Involvement in Health Act 2007;
 - the Council ensures that the Standards Committee has access to the right information and support to enable it to do its job properly;
 - members and officers understand and are aware of ethical issues;
 - members abide by the Code of Conduct; and
 - members and officers have training needs in this area.

Summary report

12 This work covers four key lines of enquiry.

- Balancing rules and trust: supporting the genuine motivation of people while ensuring that those who do breach the rules are challenged.
- Independent overview: monitoring, developing and promoting the Council's approach to the ethical agenda and how far this is delivering improvement.
- Leadership: encouraging good conduct in the Council, including in relation to the equalities and diversity agenda.
- Transparency: ensuring transparency in the way that the Council carries out its business.

13 The work comprised:

- an electronic survey of members, senior managers and Democratic Services officers in the Council; and
- an assessment of how well the Council's ethical governance arrangements are working - including document review, interviews and focus groups.

Main conclusions

14 The Council has a good understanding of the key ethical governance issues that it faces and the action needed to promote and maintain standards. Positive features include:

- the Members' Code of Conduct is generally operating effectively and the behaviour of members and officers is mostly appropriate;
- members and officers work well together to achieve the Council's common goals;
- the membership of the Standards Committee complies with the legislation - the Chair and Vice-chair are independent members;
- the Council has a good approach to promoting equality and diversity in its policies and services;
- both the Leader and Chief Executive are considered to be role models in promoting the ethical agenda; and
- the Council is taking active steps to encourage good conduct by members and officers and to improve transparency in the way that it carries out its business.

- 15 Although the survey findings are encouraging - and more positive than the average in many areas - they also pinpoint issues where further work and clarity is needed. In particular the findings suggest that some members and officers could be helped to develop a better understanding of ethical governance in the Council. For example, members and officers have different perceptions about how members abide by the Code of Conduct and the extent to which communication between them is constructive. The survey results suggest that greater communication about the ethical framework and a wider understanding of each other's role would strengthen working relationships and improve delivery of the ethical agenda.
- 16 Other areas for development include:
- raising the profile of the Council's Standards Committee through proactive work and ensuring that all members of the Committee have access to the right information to carry out all its functions effectively;
 - reviewing the level of training for members and officers on the ethical agenda;
 - creating a culture in which members and officers can:
 - make allegations of misconduct by a member or an officer without fear of reprisal and be confident in the action they should take;
 - challenge member recommendations and council decisions to improve openness and transparency; and
 - be assured that inappropriate behaviour is suitably dealt with.
 - clarifying the use of council resources for political and non-political purposes;
 - raising trust and confidence in local government and democracy; and
 - increasing awareness of the Whistleblowing Policy and re-enforcing assurances that reporting through this mechanism can be done without fear of reprisal.
- 17 The Council also needs to consider whether it is satisfied with results that are more generally positive than the other comparator councils or whether it aspires to higher standards.
- 18 An action plan has been agreed with council officers (Appendix 2) to address the issues arising from this review. The report and action plan are presented to the Standards Committee to agree the content and comment on the action plan before being finalised. The report, survey results and action plan provide the members of the Standards Committee with a baseline assessment of where the Council is now and a positive framework for strengthening ethical governance arrangements to result in increased confidence in local democracy and better outcomes for local people.

Detailed report

Balancing rules and trust

- 19 The Members' Code of Conduct is generally operating effectively. Our surveys show that around 90 per cent of members report that they 'always or usually' abide by the Code. Officers' perception is much less - at 67 per cent - although a third of officers don't know.
- 20 The behaviour of members and officers is mostly appropriate and consistent with findings from other surveys. Around 85 per cent of members, compared with 68 per cent of officers report that members perform their duties with honesty, integrity and impartiality. A small number of complaints about members' behaviour also suggest that the Code is generally working effectively. Only in isolated instances have allegations been made that - if substantiated - could reasonably be regarded as behaviour bringing their office or authority into disrepute.
- 21 The relationship amongst members is similar to that in other councils. Forty nine per cent of members say that members always or usually trust each other and 39 per cent say 'sometimes'. Sixty eight per cent of members say that they treat other members fairly. Occasionally insulting comments are made by members about other members in a public meeting. It is important that members recognise a balance between proper, political debate and forthright exchange of views and how their behaviour is perceived.
- 22 The behaviour of officers is generally appropriate and well regarded. The Council has approved a code of conduct for officers. This code covers honesty, integrity, impartiality and objectivity; accountability; respect for others; personal interests; openness; and the use of the internet and electronic mail facilities. Our survey found that 88 per cent (above average) of members and 96 per cent (average) of officers say that officers perform their duties with honesty, integrity, impartiality and objectivity. Eighty four per cent of officers say that officers always or usually trust each other. Where behaviour is allegedly not appropriate action is generally taken, including internal or external investigations.
- 23 The Council has integrated the Members' Code of Conduct in its equality policies and schemes. The Code - in line with the model Code and the ten general principles of public life - requires members not to do anything which may cause the Council to breach any of the equality enactments. They should promote equality by not discriminating unlawfully against any person, and by treating people with respect, regardless of their race, age, religion, gender, sexual orientation or disability. These principles are reflected in the Council's Equality and Diversity Policy and Strategy.

- 24 The trust between members and officers is about average. Both groups agree on how fairly officers treat members but how members treat officers, uphold their impartiality and listen to their advice is perceived differently. The Council has adopted a protocol on member and officer relations. In particular it defines the roles of officers and members, officer advice to party groups, briefings for Cabinet and committees and members' access to information. Our survey also found that:
- 63 per cent of members and 59 per cent of officers say that officers and members trust each other but a quarter say only 'sometimes';
 - 88 per cent of members compared with 76 per cent of officers say that members always or usually listen to the advice of officers;
 - 85 per cent of members compared with 76 per cent of officers say that members treat officers fairly; and
 - 88 per cent (above average) of members and 76 per cent of officers (above average) say that members always or usually uphold the officers' impartiality.
- 25 Appropriate confidences are mainly considered to be kept by officers and members but to varying degrees. Seventy five per cent of members compared with 59 per cent of officers say that they are always or usually kept by members. Seventy six per cent of members and 84 per cent of officers say that they are kept by officers. However, occasional leaks of confidential information to the media do occur. In certain circumstances such disclosure of, for example, a potential development can create a risk of public anxiety and compromise negotiations with the Council.
- 26 Members and officers work well together to achieve the Council's common goals. But, again, working together and amongst each other are perceived differently:
- 64 per cent (above average) of members and 79 per cent (average) of officers say they work well together to achieve common goals, but 31 per cent of members say 'sometimes';
 - 44 per cent (below average) of members and 52 per cent (above average) of officers say that members always or usually work well together, but 44 per cent of members and 32 per cent of officers say 'sometimes'; and
 - 70 per cent (average) of members and 90 per cent (average) of officers say officers work well together to achieve common goals.

Whilst members will have differing political opinions and priorities, a high level of collaboration means that it is more likely that councils will improve outcomes and the quality of life for local people.

Detailed report

- 27 Members are not totally convinced that they make allegations of member or officer misconduct appropriately or can do so without fear of reprisal. Our survey found that understanding was similar to that in other councils and that always or usually:
- 61 per cent of members make allegations of member misconduct appropriately;
 - 56 per cent make such allegations without fear of reprisal but 23 per cent don't know; and
 - 54 per cent of members consider that they can make an allegation of officer misconduct without fear of reprisal but 32 per cent don't know.
- 28 These findings are consistent with how confident officers consider that they can make an allegation of member misconduct without fear of reprisal. Officers are more confident (79 per cent) about making an allegation about misconduct by another officer than by a member making such an allegation against another member (56 per cent). However, 34 per cent of officers don't know if they can make an allegation of member misconduct without fear of reprisal.

Recommendation

R1 Emphasise to members and officers that they can:

- make allegations of misconduct by a member or an officer without fear of reprisal; and
- be confident in the actions they should take as individuals if they become aware of such misconduct.

Independent overview

- 29 The Standards Committee is operating appropriately and members are keen to develop arrangements to ensure it operates more proactively. Guidance, information and training are provided for councillors on the Committee but have been limited for Independent members.
- 30 The membership of the Standards Committee complies with the requirements of the Local Government Act 2000 and the Standards Committee (England) Regulations 2008. It has 12 members including 3 independent members - 2 of which are the Chair and Vice-chair of the Committee - and 3 members from each political party. Independent members are important for increasing public confidence in local government. They bring a wider perspective from their own experiences and can provide a clear signal that the Committee acts fairly, impartially.

- 31 Independent members were appointed following an advertisement in a local newspaper. In addition, vacancies were drawn to the attention of local people who receive the Wirral Governor newsletter, are on the Older People's Parliament distribution list and are members of the Wirral Council for Voluntary Services and the Chamber of Commerce. Applicants were asked to declare any political interests - this is good practice and helps to increase public confidence in the fairness of the Committee. They were interviewed by the spokespersons of all three political parties and the Council approved their recommendation. The recruitment process helps to attract members with a keen interest in standards in public life and a wish to serve the local community and uphold local democracy.
- 32 The terms of reference of the Standards Committee are included in the Council's Constitution, which is published on its website. They include:
- promoting and maintaining high standards of conduct by members;
 - assisting them to observe the Members' Code of Conduct, advising the Council on the adoption or revision of the Code and monitoring its operation;
 - advising, training or arranging training for members on the Code;
 - dealing with reports from a case tribunal, the Monitoring Officer and Local Government Ombudsman; and
 - monitoring and reviewing the operation of whistleblowing procedures.
- 33 The terms of reference of the Standards Committee are set out in full at Appendix 1. The Constitution also details the terms of reference and membership of the Standards Initial Assessment, the Standards Review and the Standards Hearings panels. It specifies the assessment criteria - for considering whether or not a complaint should be investigated or no further action should be taken - and the protocol for dealing with complaints of an alleged breach of the Members' Code of Conduct.
- 34 The Committee's governance role also includes, for example, receiving reports from the Local Government Ombudsman and advising the Council on the appointment of independent members. Giving the Committee wider-reaching responsibilities is a positive step. It also provides a workload which is regular and interesting and should aid the retention and recruitment of independent members.

Detailed report

- 35** Members of the Standards Committee demonstrate a commitment and willingness to maintain and enhance ethical standards across the Council. But much work needs to be done to raise awareness of the Committee. Opportunities exist for development particularly in explaining how its role supports the ethical agenda and ensuring the required standards of behaviour by members and officers. Our survey shows that more than three quarters of officers and members say that the work of the Committee adds value to the Council:
- 39 per cent of members and 52 per cent of officers don't know if it is making a positive difference to the way people outside the Council view the organisation; and
 - 22 per cent of members and 40 per cent of officers don't know if the Standards Committee or Monitoring Officer monitors member behaviour against the Members' Code of Conduct.
- 36** Further opportunities exist for the Committee to be proactive. It could, for example, undertake an assessment of standards in the Council and consider the effectiveness of the codes of conduct and complaints and whistleblowing policies. Its work has largely been to receive officers' reports and - in a few instances - to consider alleged inappropriate behaviour by members. However, the Chair is currently attending Council and committee meetings to observe member behaviour. This is a positive step. It is intended that the Monitoring Officer will discuss with the Chair if any action is needed to improve compliance with the Code. Periodic ethical audits highlight any systemic weaknesses.
- 37** The Committee does not have a workplan, nor does it produce an annual report on the ethical health of the Council and on its work. It does not consider how, for example, the work of internal audit and scrutiny and select committees, reports on complaints and whistleblowing cases and from external bodies like the Audit Commission, could inform its own agenda. A work programme prevents ethics slipping off the agenda. The Committee can provide a useful structure for learning from the experiences and cases in other authorities. In particular it can provide support to officers when faced with a highly politicised environment.

Recommendation

- R2** Raise the profile of the Standards Committee by:
- developing a work programme and action plan;
 - undertaking an annual assessment of standards of conduct of members and officers and taking action as appropriate;
 - learning from and using the findings of the allegations it receives, reviews, determinations and reports from the Local Government Ombudsman, internal and external audit, complaints and whistleblowing to plan and evaluate its work; and
 - communicating its work to a wider public.

- 38 Standards, codes of conduct and ethical protocols are regularly reviewed or updated following new legislation or revised national guidance. The terms of reference of the Standards Committee were amended in July 2008 and the member and officer protocol was amended in 2007. The revised Members' Code of Conduct allows greater participation by members with prejudicial interests. Other changes included:
- allowing the disclosure of confidential information if it is reasonable and in the public interest to do so, and if disclosure is made in good faith and in compliance with the reasonable requirements of the Council;
 - strengthening the obligation to have regard to any relevant advice given by the Monitoring Officer and the Section 151 Officer; and
 - adding a new personal interest where it is likely to affect the interests of any person from whom at least £25 worth of gift or hospitality has been received.
- 39 The Standards Committee has a limited role in ensuring that members and officers receive appropriate guidance, including training and information on the requirements of the ethical agenda. One of its terms of reference is 'to advise, train or arrange to train councillors' but training and guidance on ethical behaviour are provided by officers. Members have received written statements and guidance of how they should perform their duties, the ethical standards to which they are required and expected to adhere and examples of possible transgressions that could precipitate problems. A commentary on the Code is included in the Members Handbook.
- 40 Members of the Standards Committee are provided with guidance issued by the SBE. Training has included a presentation from the Monitoring Officer, a question and answer session and a seminar on constitutional issues and the Member's Code of Conduct. The Chair of the Standards Committee and the party spokespersons have attended the SBE Annual Conference. However, our survey found the majority of officers don't know if guidance and training on ethics and conduct is mandatory or included in induction for members. Similarly, half of members don't know if such guidance is included in induction for officers.
- 41 Training and guidance for independent members of the Standards Committee has been limited. As a result they are not as well-informed and supported as they could be to fulfil their roles effectively.

Recommendation

- R3** Review the level of training for members and officers on the ethical agenda and:
- use information obtained through feedback and monitoring processes of individuals/groups/panels/committees and from other sources to plan training, development and support for individual members, groups of members and members of the Standards Committee and for officers; and
 - introduce for independent members an induction programme that includes training on the members' and officers' codes of conduct and the function of the Standards Committee and attendance at meetings of, for example, Cabinet, overview and scrutiny, planning and licensing committees and the full Council.

- 42** The Council has the resources needed for carrying out local investigations supported, where appropriate, by an external, independent case officer. Processes are in place to:
- receipt and assess complaints such as the alleged inappropriate behaviour of a member;
 - review decisions to take no action over complaints;
 - consider the Monitoring Officer's final investigation reports considering determination hearings; and
 - consider whether any allegation of misconduct should be referred to the SBE for investigation.

Leadership

- 43** Overall members are seen as a focus for positive change. Sixty six per cent (average) of members and 51 per cent (above average) of officers say so, although 29 per cent of members and 27 per cent of officers say 'sometimes'.
- 44** An integrated approach to equality, diversity and human rights is reflected in decision making, policies and practices for both service delivery and employment. The Council is developing a new Single Equality Scheme and action plan, which incorporates all six equality strands. It uses its statutory duties well to promote equality. Equal opportunities and human rights implications are considered in reports to members. Work is in progress to achieve level 3 of the Equality Standard for Local Government ('achieving') and the Council is due to be externally assessed in March 2009.

- 45 Progress towards equal opportunities in employment is demonstrated by the Council's workforce profile. The percentages of the top-paid five per cent of staff who are women or who have a disability are amongst the highest 25 per cent of councils. However, top earners and all employees from an ethnic minority community and employees with a disability are below the medians. Our survey also found that:
- over 90 per cent of members and officers say that the Council seeks to meet the needs of its diverse communities;
 - 69 per cent of members, compared with 81 per cent of officers say that the Council seeks to attract officers from diverse backgrounds, although almost a quarter of members don't know; and
 - 73 per cent of members and 81 per cent of officers say that the Council ensures that staff are appropriately skilled to meet the needs of its diverse communities.
- 46 Members and officers have a different perception and understanding about guidance that is provided on equalities and human rights issues. Eighty nine per cent of members, compared with 64 per cent of officers, say that the guidance is appropriate, but 31 per cent of officers don't know if it is appropriate. Although 93 per cent of officers compared with 65 per cent of members say that appropriate guidance is provided for officers, 32 per cent of members don't know.
- 47 Communication of ethical standards is considered to be good. But again members and officers do not have a full understanding about the information that each receives to promote high standards:
- 73 per cent of members and 86 per cent of officers say that the Council's approach to promoting high ethical standards is encouraging appropriate behaviour;
 - 83 per cent of members and 62 per cent of officers say that the importance of high ethical standards is always or usually communicated to members; and
 - 66 per cent of members and 90 per cent of officers say that it is communicated to officers, but 32 per cent of members don't know.
- 48 The Council's Chief Executive is considered to be a positive role model and proactive - by 88 per cent of members and 92 per cent of officers - in promoting the ethical agenda both inside and outside the Council. Eighty three per cent of members and 85 per cent of officers say that the Chief Executive always or usually promotes the importance of the ethical agenda. These figures are above average. He sets high personal standards, promotes appropriate behaviour and takes action where an issue could potentially undermine the reputation of the Council.

Detailed report

- 49 The Leader of the Council is also considered to be a positive role model. Sixty per cent of members and 81 per cent of officers replied 'always or usually' to this question. The Cheshire Lines Public Interest Report - published by the Audit Commission in 2005 - followed a request by the Leader for a review of the events surrounding the acquisition and subsequent development of this building and to make appropriate recommendations to improve the Council's procedures. Sixty one per cent of members and 71 per cent of officers say that the Leader always or usually promotes the importance of the ethical agenda. All these findings are above average
- 50 The Monitoring Officer gives proactive advice both to individual members and corporately. Both the Monitoring Officer and Deputy Monitoring Officer and other officers are available to advise them at all reasonable times. Seventy eight per cent of members and 66 per cent of officers say that the Monitoring Officer promotes the ethical agenda but a third of officers don't know. Providing guidance proactively helps to avoid potential infringements and resolve misunderstandings.
- 51 The Council could do more to promote confidence and trust in local government and local democracy beyond treating users of services fairly. A high percentage of members (95 per cent) and officers (73 per cent) say that members always or usually treat users of Council services fairly. Eighty seven per cent of members and 94 per cent of officers say that officers treat users fairly. Our survey found:
- 46 per cent (average) of members and 66 per cent (above average) of officers say that the Council's approach to promoting high ethical standards is helping to build public confidence in the Council but 22 per cent of members don't know; and
 - 68 per cent (above average) of members and 62 per cent (above average) of officers say that the importance of high ethical standards is communicated to local communities, but 20 per cent of members and 28 per cent of officers don't know.
- 52 Partners are not convinced that the importance of ethical standards is communicated to local partnerships. Three out of five partners who responded to the survey replied 'never' and one replied 'don't know'. In contrast 68 per cent (above average) of members and 66 per cent (average) of officers say that it is communicated to local partnerships although 22 per cent of members and 25 per cent of officers don't know. The partners were less complimentary about how the Council encourages good conduct.

Recommendation

- R4** Ensure that information on the Council's ethical governance arrangements and its expectations about high ethical standards by all is widely disseminated, both internally and externally.

Transparency

- 53** The Council's Publication Policy and Access to Information Procedure Rules are included in the Constitution and are published on its website and Intranet. The website includes an introduction to the Freedom of Information Act, classes of information and individuals' rights. The wide availability through the website - with free access available at the borough's libraries - means that the public do not need to make a specific request under the Act.
- 54** The members' and officers' codes of conduct and Standards Committee papers can also be accessed via the website. Alternatively users can obtain information at the Council's one stop shops and information points across the borough:
- 82 per cent of members and officers say that the public can access the Members' Code of Conduct, but 18 per cent of members and 28 per cent of officers don't know; and
 - 53 per cent of members and 70 per cent of officers say that the public can access the Officers' Code of Conduct, but 30 per cent of officers don't know;
- 55** Member protocols are generally clear. Members must, when using or authorising the use by others of the Council's resources (for example, ICT equipment), act in accordance with its reasonable requirements. They should do whatever they are able to do to ensure that the Council uses its resources prudently and lawfully:
- 92 per cent per cent of members compared with 72 per cent of officers say that council policies on the use of its resources by members are clear; and
 - 92 per cent of members compared with 65 per cent of officers say that the guidelines for members on their personal conduct are clear;
- 56** The use of council resources is not entirely clear. For example, the Members' Code of Conduct states that such resources should not be used improperly for party political purposes. Thirty five per cent of members and 20 per cent of officers say that members usually or sometimes use the Council's resources for party political purposes. Members would benefit from clear guidance on what constitutes improper use in such circumstances.

Recommendation

- R5** Clarify the circumstances in which the use of council resources would constitute improper use for party political purposes within the Members' Code of Conduct.

Detailed report

- 57 The register of member interests is kept up to date and complete. Members are aware of the need to make appropriate disclosures of gifts, hospitality and pecuniary interests. They make appropriate disclosures in the register which is regularly reviewed. An annual reminder - to be replaced by a quarterly reminder - is sent to members to complete the information. They are also required to make a declaration even if there is 'no change' to their circumstances. Progress is being made in implementing and making available an electronic version of the register that is directly accessible via the Council's website. It is important that such disclosures are registered to avoid any perception by members of the public that decision makers could be unduly influenced when making a decision concerning a particular organisation.
- 58 Members are proactive in declaring personal and prejudicial interests at meetings. The Members' Handbook contains an explanation that a dispensation can be sought, allowing them to take part in meetings where they have a prejudicial interest. The minutes of Council, Cabinet and committee meetings show that interests are regularly declared by members and the rules appear to be well understood. They are recorded in the minutes and a record of each member's declaration is accessible on the website. No allegations of impropriety have been made with regard to the declaration of interests.
- 59 Not all members and officers are confident about challenging inappropriate behaviour although most say that the process for reporting is clear:
- 72 per cent (average) of members say that they feel able to challenge other members' inappropriate behaviour, but 20 per cent say 'sometimes';
 - 45 per cent of officers say that officers feel able to challenge members' inappropriate behaviour, but 37 per cent don't know;
 - 76 per cent of members (above average) say that they feel able challenge officers' inappropriate behaviour; and
 - 69 per cent (above average) of officers say that officers feel able to challenge other officers' inappropriate behaviour.
- 60 Most members and officers do not consider that inappropriate behaviour by members is addressed. Only 43 per cent (below average) of members and 28 per cent (average) of officers say that such behaviour is suitably dealt with. Officers are more confident (77 per cent) than members (47 per cent) that inappropriate behaviour by officers is tackled. Members and officers have differing views on how bullying is tolerated in the Council:
- 60 per cent (below average) of members and 67 per cent (average) of officers say that bullying by members is not tolerated, but 29 per cent of members say 'sometimes'; and
 - 71 per cent (above average) of members and 88 per cent (above average) of officers say bullying by officers is not tolerated.

- 61** The Council listens to and learns from constructive challenge, internally or externally, from the public or from official bodies. Ombudsman's reports and actions arising are reported to the Standards Committee. External and Internal Audit reports and actions arising are reported through the Corporate Governance Group and the Audit and Risk Management Committee as appropriate. However, one in five members and officers consider that members only sometimes respond to constructive, external criticism. Furthermore, less than half of members and officers say that the Council learns from other councils to ensure that its ethical arrangements are appropriate.
- 62** Communication between members is mostly open and constructive. Seventy six per cent of members say that communication between members is open and 63 per say that it is constructive, although a third say that it is only sometimes constructive. Over 82 per cent of officers say that communication between them is open and constructive. Members and officers agree that communication between each other is open but members (84 per cent) consider that it is more constructive than officers (70 per cent). About one in five say that communication is sometimes open and constructive.
- 63** Members are more confident than officers and partners about challenging member recommendations. Two thirds of members and officers say that there is a culture in the Council which allows members to challenge Council decisions without fear of reprisal. But only 55 per cent of officers say that the culture allows officers to challenge without fear of reprisal compared with 65 per cent of members. More than a fifth of officers and members replied 'don't know' to these questions and to how the culture allows the public and partners to challenge council decisions without fear of reprisals - only one out of five partners gave a positive response to this question.

Recommendation

- R6** Consider the implications of the survey results relating to communication between officers and members, challenging member recommendations and council decisions and tackling inappropriate behaviour to create a culture of openness and transparency.

- 64** The Council's complaints system is accessible via the website and through One Stop Shops and Information Points. The website details the procedure for dealing with complaints about schools, social services, other council services and councillors. Users can download and complete a form to complain about an alleged breach of the Members' Code of Conduct. Members and officers both say that they treat complaints from the public seriously but their perceptions are different:
- 97 per cent of members and 85 per cent of officers say that members take complaints from the public seriously; and
 - 87 per cent of members and 99 per cent of officers say that officers take complaints from the public seriously.

Detailed report

- 65 The Council's Whistleblowing Policy is accessible to members and officers but it is not widely publicised to users. It cannot be easily accessed via the website - it is in fact included in a report to the Cabinet meeting of 3 April 2008. Following an internal governance review and subsequent comments by the Audit Commission a revised policy was introduced in 2008. The policy gives employees clear guidance on how to proceed if they have a concern and provides for more named officers within the Council that they will be able to approach in order to discuss their concerns.
- 66 During the last year the Audit Commission received details of an individual's concerns about contracts and charging in adult social services. Our review under the Public Interest Disclosure Act found the individual's concerns to be largely justified and we highlighted the failure of the Council's own systems for dealing with complaints and such concerns, including the whistleblowing procedure. A culture where employees can disclose allegations of malpractice internally is more likely to uphold the reputation of the Council, maintain public confidence and result in better outcomes for local people, than either such malpractice being disclosed to the public or it otherwise continuing to fester and harm the organisation.
- 67 But our survey did highlight some concerns about confidence in the whistleblowing arrangements. A third of members and officers don't know if the policy is being used appropriately or without fear of reprisal. This is a major gap in knowledge and weakens the ethical framework and the Council's approach to ensuring high standards of ethical governance.

Recommendation

- R7** Increase awareness of the Whistleblowing Policy and re-enforce assurances that reporting through this mechanism can be done without fear of reprisal.

Appendix 1 – Standards Committee - terms of reference

The terms of reference of the Standards Committee are:

- promoting and maintaining high standards of conduct by Councillors, co-opted members and church and parent governor representatives;
- assisting the Councillors and co-opted members and church and parent governor representatives to observe the Members' Code of Conduct;
- advising the Council on the adoption or revision of the Members' Code of Conduct;
- monitoring the operation of the Members' Code of Conduct;
- advising, training or arranging to train Councillors, co-opted members and church and parent governor representatives on matters relating to the Members' Code of Conduct;
- granting dispensations to Councillors and co-opted members and church and parent governor representatives from requirements relating to interests set out in the Members' Code of Conduct;
- dealing with any reports from a case tribunal or interim case tribunal, and any report from the Monitoring Officer on any matter which is referred by an Ethical Standards Officer to the Monitoring Officer;
- monitoring and reviewing as necessary the operation of whistleblowing procedures;
- considering reports arising from external inspections, audit investigations, Ombudsman investigations where maladministration is found, legal challenges and other sources which cast doubt on the honesty or integrity of the Council or its members;
- to consider and make recommendations on such other matters as the Committee itself thinks appropriate or which are referred to it by Council, which further the aim of promoting and maintaining the highest standards of conduct within the Authority;
- approve the payment of compensation involving sums in excess of £5,000 (or less, if considered appropriate) to settle complaints of maladministration; and
- establishing such sub-committees as are required or allowed by the Standards Committee (England) Regulations 2008 to deal with the initial assessment, review and hearing of complaints made alleging that an elected or co-opted Member of the Council has failed, or may have failed, to comply with the Council's Code of Conduct for Members.

Appendix 2 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
9	R1 Emphasise to members and officers that they can: <ul style="list-style-type: none"> • make allegations of misconduct by a member or an officer without fear of reprisal; and • be confident in the actions they should take as individuals if they become aware of such misconduct. 	3	Director of Law, HR and Asset Management	Yes	To be addressed as part of the training to be delivered in response to R3 below.	September 2009
11	R2 Raise the profile of the Standards Committee by: <ul style="list-style-type: none"> • developing a work programme and action plan; • undertaking an annual assessment of standards of conduct of members and officers and taking action as appropriate; • learning from and using the findings of the allegations it receives, reviews, determinations and reports from the Local Government Ombudsman, internal and external audit, complaints and whistleblowing to plan and evaluate its work; and • communicating its work to a wider public. 	2	Director of Law, HR and Asset Management	Yes		December 2009

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
13	<p>R3 Review the level of training for members and officers on the ethical agenda and:</p> <ul style="list-style-type: none"> use information obtained through feedback and monitoring processes of individuals/groups/panels/committees and from other sources to plan training, development and support for individual members, groups of members and members of the Standards Committee and for officers; and introduce for independent members an induction programme that includes training on the members' and officers' codes of conduct and the function of the Standards Committee and attendance at meetings of, for example, Cabinet, overview and scrutiny, planning and licensing committees and the full Council. 	3	Director of Law, HR and Asset Management	Yes	Both the Standards Committee and members and officers generally have identified the need for training on the ethical agenda.	September 2009
15	R4 Ensure that information on the Council's ethical governance arrangements and its expectations about high ethical standards by all is widely disseminated, both internally and externally.	2	Director of Law, HR and Asset Management	Yes		December 2009
16	R5 Clarify the circumstances in which the use of council resources would constitute improper use for party political purposes within the Members' Code of Conduct.	2	Director of Law, HR and Asset Management	Yes	Guidance to be disseminated to all Members.	September 2009
18	R6 Consider the implications of the survey results relating to communication between officers and members, challenging member recommendations and council decisions and tackling inappropriate behaviour to create a culture of openness and transparency.	2	Director of Law, HR and Asset Management	Yes	To be addressed as part of the training to be delivered in response to R3 above.	September 2009
19	R7 Increase awareness of the Whistleblowing Policy and re-enforce assurances that reporting through this mechanism can be done without fear of reprisal.	3	Director of Law, HR and Asset Management	Yes	Need to raise awareness with all managers as well as Members.	September 2009

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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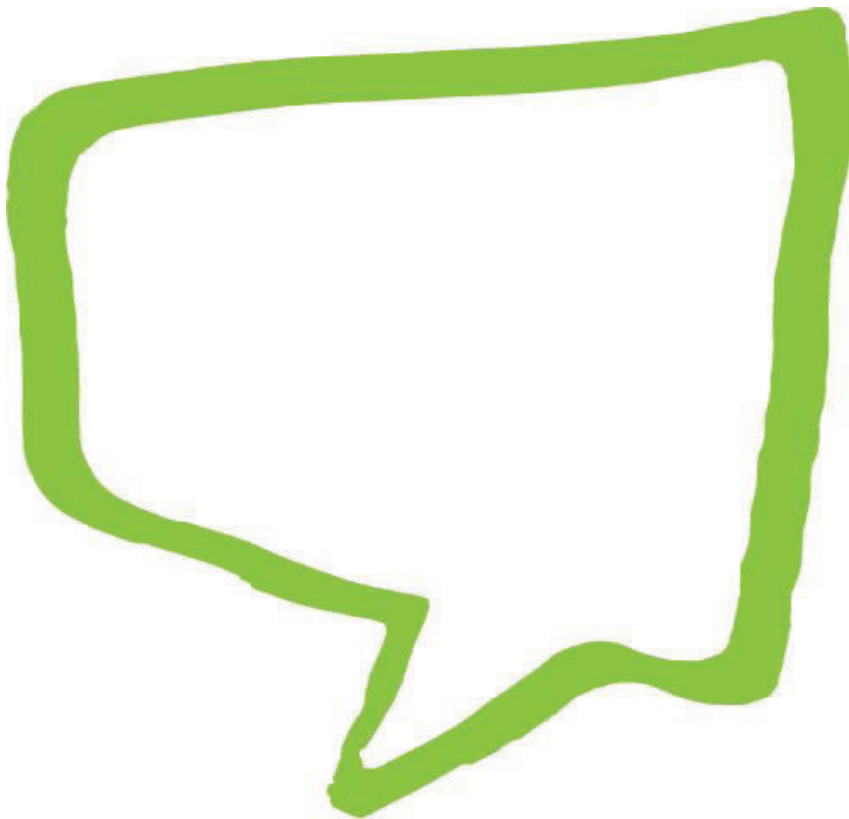
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Governance of Partnerships

Wirral Council

Audit 2008/09

June 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.

Introduction

- 1 Partnership working is a key undertaking for all modern organisations. The Audit Commission publication 'Governing Partnership' asserts that strong corporate governance is needed to support partnerships effectively, and to create a clear and shared focus on users and on value for money.
- 2 It recommends that public bodies should:
 - know the partnerships they are involved in, and how much money and other resources they invest in them;
 - review each partnership to strengthen accountability, manage risks and rationalise working arrangements;
 - establish clear criteria against which partnerships can be evaluated to determine that they help to achieve partners' corporate objectives cost- effectively;
 - take hard decisions to scale down their involvement in partnerships if the costs outweigh the benefits, or if the added risks cannot be managed properly;
 - agree and regularly review protocols and governing documents with all partners; and
 - tell service users and the wider public about how key partnerships work, where responsibility and accountability lie and how redress can be obtained through joint complaints procedures.
- 3 There is no single definition of 'partnership'. The word is often used loosely to describe a number of different types of groupings from a long term relationship with a supplier to a networking or knowledge sharing forum. It is also used more precisely to describe partnerships which are statutory, resulting from top down Government initiatives and others which are developed locally, perhaps to meet the requirements of, or to obtain access to Government funding streams.
- 4 In 'Governing Partnerships' the Audit Commission defines 'partnerships' as an agreement to work collectively between two or more independent bodies to achieve a common objective. This definition encompasses a wide range of collaborative arrangements, varying in size, service area, membership and function. They include voluntary and statutory partnerships, executive and non-executive partnerships, strategic service delivery partnerships, and strategic partnering for private sector procurement including Private Finance Initiative (PFI), Public Private Partnerships (PPP) and joint ventures. Some partnerships attract dedicated funding, others do not. Some are strategic, others operational in focus. Some are limited companies, others are charitable trusts, and still more are unincorporated associations.

- 5 Research shows that effective partnership working is very difficult, time consuming and during the outset, difficult to achieve. In particular, partnerships require more commitment and a higher level of time from senior managers than is needed for delivery through mainstream programmes. There is a risk that:
 - if this leadership is not provided, partnerships will not achieve their objectives, and partners will not accept responsibility; and
 - even where there is leadership, the results may take undue effort if accountability is unclear or systems ineffective.
- 6 There is no 'one size fits all' governance structure for partnerships. Governance arrangements in partnerships should be proportionate to the risks involved. The right balance needs to be struck between the need to protect the public pound and ensure value for money, with the innovation and flexibility that exists when organisations collaborate. The governance of partnerships should promote good internal accountability between partners and better external accountability to service users. Shared responsibility should not mean diminished accountability.
- 7 The Government has established Local Area Agreements (LAAs) in local authority areas to encourage public, private and community and voluntary sector bodies to pool their efforts and financial resources in order to improve services and quality of life for local people. This initiative builds on the experience of partnership working that has developed over recent years, particularly through Local Strategic Partnerships.

Background

- 8** The Council is involved in a significant number of partnerships, often with the additional responsibilities of 'accountable body' status which brings added risks, raising the importance of strong governance further. Our Annual Audit and Inspection Letter 2007/08 highlighted a number of areas where the Council works well with partners to deliver better outcomes for local people.
- 9** Our previous review of partnerships during 2005 found there was scope to strengthen the Council's corporate arrangements for establishing, monitoring and control of partnerships. An action plan was agreed in October 2006 to strengthen the Council's arrangements.
- 10** In previous audit years we have undertaken work relevant to partnership working; reviews of Social Services, Budgetary Control and Working in Partnership, and Health Improvement. These reviews have identified improvement opportunities and have been included within this review as a follow up of all our work with this area.
- 11** The Council and its partners negotiated and agreed Wirral's first LAA with Government Office in March 2006. This has recently been re-visited. In addition to a set of outcomes, indicators and targets, the agreement sets out plans to develop governance, financial management and performance management arrangements within the partnership.
- 12** Following our previous audit, 'Probity in Partnerships', the Executive Board decided on 4 October 2006 that the Head of Legal & Members Services within Corporate Services be appointed as the officer with overall responsibility for partnership issues. In September 2008, the new Director of Law, Human Resources and Asset Management took over this responsibility with the Head of Legal Services as the lead officer.

Audit approach

- 13** Our review has considered whether the recommendations from our previous work have been implemented. Also, we have considered whether relevant aspects of the VFM Conclusion and Key Lines of Enquiry (KLOEs) within the Use of Resources (UoR) assessment for 2009 are likely to be satisfied. Where appropriate we have used supporting guidance contained in the Audit Commission report 'Governing Partnerships'.
- 14** As agreed in our Audit & Inspection Plan for 2007/08 we have undertaken a review of aspects of the Council's partnership working. This is to inform our UoR work which supports the VFM Conclusion. Our approach included using two current partnerships - Connexions and Integrated Community Equipment Services - as 'tracers' to review arrangements and a follow-up of governance and financial management issues previously identified across the LAA and in our previous work.
- 15** Our work involved:
- a review of a sample of existing partnerships;
 - document reviews; and
 - interviews with key officers.

Main conclusions

- 16** The Council generally works well with partners and there are some examples of positive outcomes noted in our previous reports.
- Wirral Local Strategic Partnership demonstrates a number of key strengths.
 - Good use of partnerships to provide access to public services that are helping to improve the quality of life for local people and enables local people to access services at a single point of contact.
 - Some excellent work is being done by the Council and its partners around youth sport and leisure to promote positive attitudes and behaviour.
 - The Council and its partners have been successful in attracting and supporting new business in the borough, and strategic frameworks for driving economic regeneration and tackling worklessness are now in place.
 - Good progress has generally been made in reducing crime and anti-social behaviour.
 - The Council and its partners are effective in balancing the borough's housing market and responding to the needs of homeless people.
 - The Council and its partners have made good use of intelligence and adopted a robust and systematic approach to identify local priorities which is embedded in the sustainable community strategy formally adopted in March 2009.
 - Wirral Local Strategic Partnership has a good understanding of local cohesion issues.
 - There is a genuine commitment to addressing health inequalities through partnership working, and good use is being made of available data to identify priorities for action.
- 17** However, the Council needs to do further work to strengthen its corporate arrangements for governing partnerships. Action has been taken since we reported our previous work and since our fieldwork and the Council is making progress. Most importantly action is currently on-going to roll out the recently approved Partnership Toolkit. Internal Audit has also carried out work which maps the proposed arrangements within the toolkit against best practice and the toolkit has been updated to reflect this.
- 18** At the time of our fieldwork, the Council's definition of a 'partnership' was not clear and roles and responsibilities with regard to the governance of partnerships still needed to be clarified. Officers expect this to be addressed by the implementation of the Partnership Toolkit.
- 19** A clear corporate picture of the partnerships the Council is involved in and how much money and other resources it invests in them is being developed but was not available at the time of our fieldwork. Some partnerships are being reviewed to strengthen accountability, manage risks and rationalise working arrangements but this is not consistent across the Council.

- 20** With the exception of the LAA, our review found limited evidence of monitoring and evaluation of the contribution of partnerships to the achievement of the Council's and partners' objectives and value for money. Information is currently not sufficient for robust decision making and reporting to members.
- 21** A basic corporate framework with integrated supporting arrangements still needs to be established and launched effectively throughout the Council, with partners, service users and the wider public. A Partnership Risk Management Toolkit has been established. This is based on a proprietary package purchased externally and tailored to Wirral's circumstances.
- 22** There are also continuing significant capacity issues which have delayed action to improve the framework and maintain existing systems which could cause further delays if not addressed promptly.

Detailed report

Corporate framework

- 23** The Council still needs to strengthen the corporate arrangements for the governance of partnerships. The definition of a partnership is not clear, and, roles and responsibilities need to be clarified. The Council does not have a clear corporate picture of the partnerships it is involved in and how much money and other resources it invests in them. Some partnerships have been reviewed to strengthen accountability, manage risks and rationalise working arrangements but this is not consistent across the Council. The review found limited evidence of monitoring and evaluation of whether partnerships continue to achieve the Council's and partners' objectives and value for money and information is currently not sufficient for robust decision making and reporting to members. A basic corporate framework with integrated supporting arrangements still needs to be established.
- 24** Since our previous work in 2005 the Council has established a list containing details of its current partnerships. The Partnership Index was created in 2007 but only lists basic details such as organisation name, internal contact, external contact, address or comments. The Index is not routinely kept up to date although it is supported by a questionnaire for each partnership completed by the lead officer within departments or details obtained direct from the partnership. There is no process to routinely keep the Index and questionnaires up to date nor to determine whether new partnerships have been established. The Index and questionnaires are only held in hardcopy form, hence information is not readily available and on-going maintenance and access to data is made more difficult than if held electronically.
- 25** The Partnership Index is supported by a further document entitled the Partnership Analysis. This list holds details of complexity, governance risks, finance, impact of failure, and overall assessment of risk. The Partnership Analysis is still a working document and not yet complete. For instance there are no details recorded to show what action is being taken to mitigate risk. Also, there is no supporting guidance on criteria and scoring to ensure standards are adequate and help to provide consistency. Hence, the current risk assessments are subjective.
- 26** The risk associated with partnerships is included in the Council's corporate risk register. The Deputy Chief Executive is recorded as the responsible officer. This is not consistent with the decision of the Executive Board to appoint the Head of Legal & Members Services as the officer with overall responsibility for partnership issues, as stated above. An action plan is in place to address the corporate risk associated with partnerships, with the Head of Legal Services responsible for most actions. Timescales in the action plan are recorded as on-going (rather than showing an agreed completion date) or have not been met.

- 27** Since our last review a Partnership Risk Management Toolkit has been established. This is based on a proprietary package purchased externally and tailored to Wirral's circumstances. The Toolkit was placed on the intranet around 18 months ago with details included in the 'News Bulletin'. However, there was no proactive action to launch or support the toolkit, such as targeted training for officers and members. Also, the toolkit does not support the Partnership Analysis.
- 28** Senior officers in the Law, HR and Asset Management Directorate fully recognise the need for more work to develop the Council's arrangements for governance of partnerships and acknowledge that progress has been slow due to lack of capacity, an issue that is also having an adverse impact on the maintenance of existing systems.
- 29** Action is being taken to develop the partnership arrangements further and we are awaiting details of the new Partnership Toolkit. As part of this work the Council is looking at other councils' arrangements with a view to identifying good practice which can be tailored to Wirral's circumstances. Once the arrangements have been agreed they will be placed on the Council's intranet site to provide easy access and enable easy updating. Internal Audit has also carried out work which maps the proposed arrangements within the toolkit against best practice and the toolkit is being updated to reflect this.
- 30** Following our previous review, the Executive Board decided on 4 October 2006, that periodic checks be carried out to ensure partnerships comply with the Council's governance requirements, including standing orders, ethical framework, declarations of interest etc. To date these compliance checks have not been routinely undertaken. The intention is to undertake these checks as part of an annual review of the partnership register once the Partnership Toolkit is implemented.

Recommendations

- R1** Establish a Corporate Framework for governing partnerships, including the following.
- Roles and responsibilities of corporate and service based officers and councillors.
 - Establishing effective links between Council departments particularly the Legal Department (governance), Finance Department (risk and financial accounting) and Corporate Services (corporate policy).
 - Establishing effective links between the Partnership Toolkit and the Partnership Risk Management Toolkit as well as the Council's overall governance and risk management arrangements, such as the risk register and standing orders.
 - Policy and guidance for relevant officers, including those in service departments.
 - Developing clear criteria against which partnerships can be evaluated to determine that they help to achieve the Council's and partners' corporate objectives cost effectively.
 - Review and challenge of partnerships to ensure value for money is achieved and risks are manageable.
 - Developing appropriate reporting processes, including reporting to members, partners, service users and the wider public.
 - Ensuring the current Internal Audit work is completed on a timely basis and includes mapping the proposed implementation of a partnership toolkit against good practice.
- R2** Launch the Corporate Framework with relevant training and support for officers and members and ensure all stakeholders are aware of where responsibility and accountability lie.
- R3** Create a partnership database to ensure the following are satisfied.
- Completeness of details of existing partnerships.
 - Accurate and up to date records including review of protocols and governing documents with partners.
 - All relevant information captured, in compliance with good practice.
 - Facility to enable drill down to supporting records, including risk assessment and accounting treatment.

Roles and responsibilities

- 31** Roles and responsibilities for partnerships and the governance of those partnerships are not clear and need to be re-assessed. There are also continuing significant capacity issues which have delayed action to improve the corporate arrangements and maintain existing systems which could cause further delays if not addressed promptly.

- 32** Following our previous review, the Executive Board nominated the Head of Legal & Members Services within Corporate Services as the officer with overall responsibility for partnership issues. In October 2006, the Executive Board also approved an action plan and subsequently agreed in principle to the creation of additional resources. However, these resources were not obtained and capacity issues have continued. In particular, the Head of Legal and Member Services left the Council in 2007 and although there were interim arrangements to cover the post, there were no additional resources until recently.
- 33** In September 2008, the corporate centre was reorganised and a new Director of Law, Human Resources and Asset Management was appointed. The Head of Legal Services transferred from Corporate Services to the new directorate, taking the responsibility for governance of partnerships with him.
- 34** The Council should consider whether the roles and responsibilities assigned by the previous Executive Board remain fit for purpose. There should be clear leadership for governance of partnerships within the Corporate Team, in conjunction with support from key officers within corporate policy services, finance and legal. Partnerships must help to achieve the Council's and partners' corporate priorities and ensure value for money, and it is vital that clear roles and responsibilities for corporate and service officers and clear leadership are established within the new framework.
- 35** All corporate work related to governance of partnerships is channelled through the Head of Legal Services and other departments rely on Legal Services to take responsibility for governance of partnerships. This is despite Partnership Guidance and a Checklist being issued to all Chief Officers in December 2006. This included a series of self-assessment questions, including governance. The guidance was not comprehensive or supported by targeted training for officers or members and compliance with the guidance has not been reviewed and refreshed.
- 36** Legal Services are aware of the need for better awareness and guidance so that there is less reliance on them by lead officers. However, resources and capacity to address this work have not been sufficient which has resulted in delay. It was planned to have a partnership toolkit and updated register in place by the end of October 2008 but this was not completed. A revised target date of 9 February 2009 was planned for presenting proposals to the Council but was not achieved. Revised timescales are now being agreed.
- 37** The Head of Legal Services and other senior members of the team involved in partnerships will shortly be leaving the Council and it is important to ensure that there is sufficient capacity and continuity going forward to avoid a repeat of the previous delay.

Recommendation

- R4** Review the adequacy of the capacity to establish and take forward robust corporate arrangements and provide subsequent maintenance and support once established.
- R5** Review whether the roles and responsibilities assigned by the previous Executive Board remain fit for purpose and establish clear corporate leadership.

Local Area Agreement (LAA)

- 38** The Council's most significant partnership is in connection with the LAA. The Council has recognised the need to review the governance arrangements for the LAA. At the LAA Programme Board in June 2008, the Head of Policy and Performance and the Head of Legal Services were asked to undertake the review and this is now in progress.
- 39** Training has been carried out for partnership risk management associated with the LAA. This included partnership and governance fundamentals, and the role of risk management in good governance.

Recommendation

- R6** Ensure the review of the governance arrangements for the LAA is completed in line with the requirements of the LAA Programme Board in June 2008.

Service department arrangements

- 40** As part of the review we chose two current partnerships for testing the arrangements for governance of partnerships - Connexions and the Integrated Community Equipment Service (ICES). We also followed up three previous Audit Commission Reports that required working with partners: Probity in Partnerships; Social Services Budgetary Control; and Working in Partnership - Health Improvement.
- 41** The partnership arrangements regarding Connexions were rolled over in April 2008 pending implementation of new arrangements from September 2009. A specification for service delivery based on a commissioning model is currently being drafted. The Lead Officer is placing reliance on Legal Department to ensure governance arrangements are satisfactory.
- 42** The Lead Officer for Connexions is involved in the departmental risk assessment exercise but was not consulted on the specific assessment of risk associated with Connexions. Proposed changes to current arrangements could increase risk due to the new model for service delivery.
- 43** The governance arrangements for the Integrated Community Equipment Service (ICES) partnership are historic. These arrangements were not fully reviewed when a

two year rollover from 1 April 2007 was agreed by Cabinet. This was to allow time for an alternative service delivery model to be assessed as part of a 'retail market model' pilot exercise. As with Connexions the Lead Officer is placing reliance on the Legal Department to ensure governance is satisfactory. The Lead Officer for ICES is not consulted on the specific assessment of risk associated with the ICES.

- 44** The role for follow-up of audit recommendations is now assigned to the Audit and Risk Management Committee which was formed in June 2006. Governance is also monitored by the Corporate Governance Monitoring Group which was set up in 2005. This framework for follow-up has not been used consistently for formally tracking progress on issues raised and for ensuring that all recommendations are considered together at a corporate level.
- 45** Our request for updated action plans and dates of presentation to the Audit and Risk Management Committee were difficult for the Council to respond to. Departments could not provide a timely response for the Probity in Partnerships and Social Services Budgetary Control reports, and we have not yet received an update for all recommendations arising from the 'Working in Partnership, Health Improvements' audit. This demonstrates that there is no effective procedure to ensure members are routinely advised of progress on a consistent basis.

Recommendation	
R7	Ensure lead officers are clear about their responsibility for the risk assessment of partnerships for which they are accountable, taking advice from colleagues where appropriate.
R8	Establish a tracking system to monitor the implementation of audit and other review agency recommendations and ensure all action plans are routinely monitored at corporate level and by members.

Appendix 1 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
11	<p>R1 Establish a Corporate Framework for governing partnerships, including the following.</p> <ul style="list-style-type: none"> • Roles and responsibilities of corporate and service based officers and councillors. • Establishing effective links between Council departments particularly the Legal Department (governance), Finance Department (risk and financial accounting) and Corporate Services (corporate policy). • Establishing effective links between the Partnership Toolkit and the Partnership Risk Management Toolkit as well as the Council's overall governance and risk management arrangements, such as the risk register and standing orders. • Policy and guidance for relevant officers, including those in service departments. • Developing clear criteria against which partnerships can be evaluated to determine that they help to achieve the Council's and partners' corporate objectives cost effectively. • Review and challenge of partnerships to ensure value for money is achieved and risks are manageable. • Developing appropriate reporting processes, including reporting to members, partners, service users and the wider public. • Ensuring the current Internal Audit work is completed on a timely basis and includes mapping the proposed implementation of a partnership toolkit against good practice. 	3	Head of Legal and Member Services	Yes	Partnership Toolkit approved by Cabinet in April 2009.	November 2009

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
11	R2 Launch the Corporate Framework with relevant training and support for officers and members and ensure all stakeholders are aware of where responsibility and accountability lie.	3	Head of Legal and Member Services	Yes	Need to publicise Partnership Toolkit approved by Cabinet in April 2009.	November 2009
11	R3 Create a partnership database to ensure the following are satisfied. <ul style="list-style-type: none"> Completeness of details of existing partnerships. Accurate and up to date records including review of protocols and governing documents with partners. All relevant information captured, in compliance with good practice. Facility to enable drill down to supporting records, including risk assessment and accounting treatment. 	2	Head of Legal and Member Services	Yes	Included in Partnership Toolkit approved by Cabinet in April 2009.	September 2009
13	R4 Review the adequacy of the capacity to establish and take forward robust corporate arrangements and provide subsequent maintenance and support once established.	3	Director of Law, HR and Asset Management	Yes		November 2009
13	R5 Review whether the roles and responsibilities assigned by the previous Executive Board remain fit for purpose and establish clear corporate leadership.	2	Director of Law, HR and Asset Management	Yes		January 2010
13	R6 Ensure the review of the governance arrangements for the LAA is completed in line with the requirements of the LAA Programme Board in June 2008.	2	Deputy Chief Exec and Director of Corporate Services	Yes	Governance review completed and new structure put in place in April 2009.	April 2009
14	R7 Ensure lead officers are clear about their responsibility for the risk assessment of partnerships for which they are accountable, taking advice from colleagues where appropriate.	2	Head of Legal and Member Services	Yes	Need to publicise Partnership Toolkit approved by Cabinet in April 2009.	January 2010
14	R8 Establish a tracking system to monitor the implementation of audit and other review agency recommendations and ensure all action plans are routinely monitored at corporate level and by members.	2	Director of Finance	Yes	Implemented for all Audit commission reports.	January 2010

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WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

29 JUNE 2009

REPORT OF THE CHIEF INTERNAL AUDITOR

AUDIT COMMISSION REPORTS

1. EXECUTIVE SUMMARY

- 1.1 This report summarises reviews undertaken by the Audit Commission since April 2008, and details the action that Wirral Council has subsequently taken to implement the recommendations contained within the associated reports.

2. BACKGROUND

- 2.1 On 29 June 2005, the Finance and Corporate Management Select Committee resolved that it should receive an annual report detailing the results of the reviews undertaken by Internal Audit as to how the Council has responded to Audit Commission reports.
- 2.2 The Financial Regulations (4.3.15) state that it is incumbent on Chief Officers to ensure that the receipt and action taken in response to the recommendations within external audit reports, relating to services for which they are responsible, are reported promptly to the appropriate Committee.

3. FINDINGS

- 3.1 The Audit Commission issued 11 final reports for the period 1 April 2008 to date in respect of Wirral Council and 2 in respect of Merseyside Pension Fund. These are listed in Appendix 1 to this report.
- 3.2 All reports had been reported to the appropriate Committee, with an attached action plan where required.

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 Audit Commission Reports issued during 2008/09. (See Appendix 1).

12. RECOMMENDATION

12.1. That the report is noted.

DAVID A GARRY
CHIEF INTERNAL AUDITOR

FNCE137/09

AUDIT COMMISSION REPORTS ISSUED 2008/2009

Appendix 1

Wirral Council

Ref	Date of Final Issue	Report Title	Recs		Action Plan		Reported to Committee	Comments
			No	High	Attached	Complete		
1.	May 2008	Grant Claims and Returns	6	2	Yes	Yes	30 September 2008 Audit and Risk Management Committee	
2.	June 2008	Audit and Inspection Plan	-	-	N/A	N/A	30 June 2008 Audit and Risk Management Committee	
3.	July 2008	Democratic Arrangements	5	1	Yes	Yes	30 September 2008 Audit and Risk Management Committee	
4.	August 2008	Adult Social Services – Follow Up of PIDA Disclosure	-	-	N/A	N/A	30 September 2008 Audit and Risk Management Committee	Five recommendations made. Ongoing investigation.
5.	August 2008	Waste Management – Mersey Waste Authorities	-	-	N/A	N/A	No	Report relates to Merseyside Waste Disposal Authority, therefore the report and ongoing implementation of required actions have been addressed through this mechanism via the Senior Officers' Working Group.
6.	September 2008	Annual Governance Report	13	-	Yes	No	30 September 2008 Audit and Risk Management Committee	Includes value for money conclusion and opinion on financial statements.
7.	December 2008	Use of Resources Project Brief	-	-	N/A	N/A	15 January 2009 Cabinet	

Ref	Date of Final Issue	Report Title	Recs		Action Plan		Reported to Committee	Comments
			No	High	Attached	Complete		
8.	January 2009	Access to Services	3	-	-	-	05 February 2009 Cabinet	Recommendations are discussed in accompanying report of Director of Finance.
9.	January 2009	Use of Resources	-	-	Yes	Yes	05 February 2009 Cabinet	
10.	January 2009	Data Quality	17	3	Yes	Yes	26 January 2009 Audit and Risk Management Committee	
11.	March 2009	Annual Audit and Inspection Letter	-	-	-	-	23 April 2009 Cabinet	

Merseyside Pension Fund

Ref	Date of Final Issue	Report Title	Recs		Action Plan		Reported to Committee	Comments
			No	High	Attached	Complete		
1	June 2008	Audit Plan	-	-	N/A	N/A	24 June 2008 Pensions Committee	
2	September 2008	Annual Governance Report – MPF	-	-	-	-	29 September 2008 Pensions Committee	

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Annual Audit and Inspection Letter

Wirral MBC

Audit 2007/08

March 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.

Key messages

- 1 Wirral Council has improved its final assessment under CPA and is assessed as three star and improving well. Good overall progress is being made against local priorities. The Council has significantly improved levels of recycling and cleanliness. Good progress is also being made to regenerate the area and the Council has been successful in attracting and supporting new business in the borough.
- 2 Educational attainment continues to improve and youth sport and leisure activities are contributing to reduced levels of anti-social behaviour. Crime is reducing in most areas. The Council has a good understanding of the different needs of its communities, and is effectively managing and improving access to its services. Areas for improvement include getting young people into education, employment or training and homelessness prevention.
- 3 Challenges remain around the number of older people who are supported to live at home and although action has been taken to reduce teenage conceptions, current rates are still significantly above local targets.
- 4 The Council continues to develop its capacity for future delivery and has improved its arrangements for managing its resources. Ambitions and priorities for the area have been clarified and performance management arrangements are being strengthened. The Council has improved the way in which it manages its financial resources and is making good progress in delivering overall cost efficiencies.
- 5 Our work on Use of Resources concluded that the Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008 but further improvements could be made. Improvement areas identified as weaknesses in last years audit letter have progressed including financial management, financial standing, strategic workforce development and asset management. Challenges remain to improve the understanding of cost data and its use in challenging comparative performance on value for money; sickness absence, and, the use of information technology in driving the efficiency agenda.
- 6 Unqualified audit opinions were issued on both the Council's and the Merseyside Pension Fund financial statements in September 2008. The accounts were subject to some amendments but where on the whole well prepared and supported by good working papers.
- 7 During 2007/08 we carried out a number of risk based reviews across the Merseyside area including democratic arrangements, data quality, health inequalities, community cohesion, and waste management. Whilst the Council generally performs well there are a number of strategic challenges that remain for both the Council and its partners.
- 8 The public service inspectorates are currently developing a new performance assessment framework, the Comprehensive Area Assessment (CAA). During 2009 CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there.

Action needed by the Council

- 9 The Council and its partners need to continue to strengthen and review the delivery capacity and performance management arrangements of the local strategic partnership in order to meet the outcomes identified in the Sustainable Community Strategy, Local Area Agreement and to respond to the recommendations identified in our reviews of health inequalities, community cohesion, and waste management.
- 10 Reporting of performance at both the LSP and within the Council needs further improvement in terms of clearer focus on key issues, performance against target and the action that is specifically being taken to address areas of underperformance.
- 11 The Council and its partners need to accelerate proposals to develop services around alcohol harm as the rate of hospital stays related to alcohol in Wirral is now the second worst in the country.
- 12 The Council needs to further strengthen arrangements for safeguarding children and young people. Work is on-going but has not yet had an impact. Ofsted have judged current arrangements as 'adequate'.
- 13 Ensure that the Council strengthens its arrangements for improving value for money by:
 - developing clear information on costs;
 - ensuring that members and managers use cost and performance information in a consistent way to challenge and monitor VFM; and
 - ensuring that the Council has sufficient capacity to effectively deliver the programme of corporate and service reviews for 2009 and beyond.

Purpose, responsibilities and scope

- 14** This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the Council for 2007/08 and from any inspections undertaken since the last Annual Audit and Inspection Letter.
- 15** We have addressed this letter to members as it is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. We have made recommendations to assist the Council in meeting its responsibilities.
- 16** This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at www.audit-commission.gov.uk. (In addition, the Council is planning to publish it on its website.)
- 17** As your appointed auditor I am responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, I review and report on:
- the Council's accounts;
 - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 18** This letter includes the latest assessment on the Council's performance under the CPA framework, including our Direction of Travel report and the results of any inspections carried out by the Audit Commission under section 10 of the Local Government Act 1999. It summarises the key issues arising from the CPA and any such inspections. Inspection reports are issued in accordance with the Audit Commission's duty under section 13 of the 1999 Act.
- 19** We have listed the reports issued to the Council relating to 2007/08 audit and inspection work at the end of this letter.

How is Wirral Council performing?

20 The Audit Commission’s overall judgement is that Wirral Borough Council is improving well and we have classified the Council as three star in its current level of performance under the Comprehensive Performance Assessment. These assessments have been completed in all single tier and county councils with the following results.

Figure 1 Overall performance of councils in CPA



Percentage figures may not add up to 100 per cent due to rounding

Source: Audit Commission

How is Wirral Council performing?

Our overall assessment - the CPA scorecard

Table 1 CPA scorecard

Element	Assessment
Direction of Travel judgement	Improving well
Overall	3 star
Corporate assessment/capacity to improve	2 out of 4
Current performance	
Children and young people*	3 out of 4
Social care (adults)*	3 out of 4
Use of resources*	3 out of 4
Housing	3 out of 4
Environment	3 out of 4
Culture	2 out of 4
Benefits	4 out of 4

(Note: * these aspects have a greater influence on the overall CPA score)
(1 = lowest, 4 = highest)

The improvement since last year - our Direction of Travel report

- 21** In this section we comment on the Council's overall direction of travel, and the progress it is making against its overall priorities. Our overall conclusion is that the Council is improving well.
- 22** Good overall progress is being made against local priorities. The Council has significantly improved levels of recycling and cleanliness. Good progress is also being made to regenerate the area and the Council has been successful in attracting and supporting new business in the borough. Educational attainment continues to improve and youth sport and leisure activities are contributing to reduced levels of anti-social behaviour. Crime is reducing in most areas. The Council has a good understanding of the different needs of its communities, and is effectively managing and improving access to its services. Areas for improvement include getting young people into education, employment or training and homelessness prevention.
- 23** The Council continues to develop its capacity for future delivery and has improved its arrangements for managing its resources. Ambitions and priorities for the area have been clarified and performance management arrangements are being strengthened. The Council has improved the way in which it manages its financial resources and is making good progress in delivering overall cost efficiencies.

What evidence is there of the Council improving outcomes?

To raise the aspirations of young people

- 24** Improvement against this priority area is particularly strong. Levels of educational attainment in the borough are good and improving, and some excellent work is being done by the Council and its partners around youth sport and leisure to promote positive attitudes and behaviour. The Council's services for children and young people have retained their overall rating of 'good', but action to further strengthen arrangements for safeguarding children and young people has not yet had an impact and arrangements remain assessed as 'adequate'.

To create more jobs, achieve a prosperous economy and regenerate Wirral

- 25** Improvement against this priority area is good. The Council and its partners have been successful in attracting and supporting new business in the borough, and strategic frameworks for driving economic regeneration and tackling worklessness are now in place. However, whilst action to reduce the number of young people not in education, employment or training (NEETs) is having some impact, performance in this area is currently below local targets.

To create a clean, pleasant, safe and sustainable environment

- 26** Improvement against this priority area is good. The Council is demonstrating considerable community leadership in championing environmental sustainability, and is continuing to invest to ensure it maintains a high profile. Improvements in recycling rates and standards of cleanliness within the borough are also being maintained. Good progress has generally been made in reducing crime and anti-social behaviour, but the Council and its partners are not yet achieving their targets relating to the incidence of serious violent crime and road safety remains an area of concern. The Council and its partners are effective in balancing the borough's housing market and responding to the needs of homeless people. However, work to prevent homelessness has not yet delivered improvements.

To improve health and well being for all, ensuring people who require support are full participants in mainstream society

- 27** Improvement against this priority area is mixed. The Council's adult and social care services have retained their overall rating of 'good' from the Commission for Social Care Inspection, and work is underway to deliver improvements. This has started to have a positive impact, for example in terms of the delivery of community equipment and the number of adults with mental health problems who are helped to live at home. However, challenges remain around the number of older people who are supported to live at home.
- 28** Although action has been taken to reduce teenage conceptions, current rates are still significantly above local targets. The Council and its partners also need to accelerate proposals to develop services around alcohol harm as the rate of hospital stays related to alcohol in Wirral is now the second worst in the country.

How is Wirral Council performing?

Community Engagement

- 29** The Council has a good understanding of the different needs of its communities, and is effectively managing and improving access to its services. Access to Services is good and diversity and equality issues in both the provision of services and employment practice are continuing to be addressed proactively. Building on its good track record of engaging local people in decision-making processes, the Council has taken steps this year to empower the community through a pilot of participatory budgeting in two of its area forums and the introduction of the 'You Decide' initiative.

Value for Money

- 30** The Council has improved the way in which it manages its financial resources and is making good progress in delivering overall cost efficiencies. Value for money is generally being achieved in that costs are broadly commensurate with the range, level and quality of services being provided. Work is on-going to ensure a robust value for money culture is established in all service areas.

How much progress is being made to implement improvement plans to sustain further improvement?

- 31** In overall terms, the capacity of the Council for sustaining improvements is developing well. A coherent planning framework is being put in place, and work is underway to develop capacity both within the local partnership and the Council. Arrangements for performance management, sickness absence and ensuring the benefits of ICT investment are being strengthened.
- 32** A coherent framework for planning and delivering local improvements is being put in place. Over the past year, the Council and its partners have made good use of intelligence and adopted a robust and systematic approach to identify local priorities. These are embedded in the sustainable community strategy which is to be formally adopted in March 2009. Fully aligned to the sustainable community strategy, the Council's corporate plan for 2008/13 provides a clear and concise statement of its medium term vision and priorities. Action is continuing to be taken to ensure that these are consistently reflected and supported by business plans at service level. Measurable targets still need to be defined for all performance indicators to enable fully effective performance management.
- 33** Action is being taken to further strengthen the capacity of the local partnership for delivery. The overall structure of the partnership, together with governance arrangements and accountabilities, are being reviewed and revised to ensure that the Council and its partners remain focused on local priorities. There are areas to develop such as arrangements to ensure the quality and availability of shared data for ongoing performance management.

- 34 The Council is making progress in strengthening its own performance management arrangements. The corporate improvement and performance management groups are helping to co-ordinate the Council's business and arrangements for reporting to Members is to be improved. Reports have been revised to cover both finance and all aspects of performance but there are areas for improvement in terms of clearer focus on key issues, performance against target and the action that is specifically being taken to address areas of underperformance.
- 35 The Council is strengthening its strategic arrangements for developing its workforce in line with current and future business needs. A corporate leadership programme is underway, and work is being undertaken to ensure workforce planning is more closely aligned to the business planning process for 2009/10. As part of this, an on-line tool is being introduced to help identify skills gaps and a new People Strategy is being developed for 2009. However, the Council is already making good progress in strengthening its capacity in priority areas such as asset management.
- 36 More work needs to be done to ensure optimal use is made of staff. For example, the Council did not meet its target for reducing sickness absence in 2007/08 and rates remain higher than other authorities. The Council has investigated the reasons for this and is now considering measures to ensure that policies and procedures are more consistently implemented. Additionally, whilst some important developments are taking place around information technology (IT) at the Council, this is not yet driving efficiency in all service areas.

Service inspections and assessments

- 37 The CPA score is made up of a number of service assessments made by the Audit Commission and other inspectorates. We also carried out an inspection of Access to Services in the year.

Assessments from the Audit Commission

- 38 The housing, environment, culture and use of resources scores are assessed by the Audit Commission.

Table 2 Assessments from the Audit Commission

Wirral Borough Council receives a number of assessments from the Audit Commission that contribute to the CPA score for 2008

<p>Housing - The Council's performance in 'community housing' and, where applicable, 'housing management' services, are assessed by the Audit Commission.</p> <p>The score is based on two sets of indicators 'housing the community' and 'managing housing' performance indicators, such as time in temporary accommodation and homelessness, and the 2007 inspection report 'Strategic approach to housing'.</p>	<p>Wirral Borough Council scored 3 (out of 4) in the performance information element in the 2008 'housing the community' assessment. This is the same as last year.</p> <p>As the Council is no longer a landlord it has not been assessed for 'managing housing'.</p>
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How is Wirral Council performing?

<p>Environment - The Council's performance in services, such as transport, planning and waste, as assessed by the Audit Commission.</p> <p>The assessment is based on environmental performance indicators.</p>	<p>Wirral Borough Council scored 3 (out of 4) in the performance element in the 2008 service assessment. This represents an increase from the score of 2 last year.</p>
<p>Culture - The Council's performance in services, such as libraries and leisure, are assessed by the Audit Commission.</p> <p>The assessment is based on a small number of cultural services performance indicators.</p>	<p>Wirral Borough Council scored 2 (out of 4) in the performance information element in the 2008 culture service assessment. This represents a reduction from the score of 3 last year.</p>
<p>Benefits - The Council's performance in providing housing and council tax benefit services as assessed by the Audit Commission and is based primarily on achievement against housing benefits/council tax benefits performance standards.</p>	<p>Wirral Council scored 3.79 (rounded to 4) out of 4 in the performance information element in the 2008 benefits service assessment. This is the same as last year.</p>
<p>Use of resources - The Audit Commission review the Council's performance in financial reporting, financial management, financial standing, internal control and value for money.</p>	<p>Wirral Borough Council scored 3 (out of 4) in the 2008 use of resources assessment. This represents an increase from the score of 2 last year. More detail is provided later in this letter.</p>

Access to services inspection

- 39** During the year we carried out an inspection of access to services. We assessed Wirral Metropolitan Borough Council as providing good, two-star access to services that has promising prospects for improvement.
- 40** The Council provides good access to services because it has a number of strengths including:
- a planned and strategic approach to designing and providing access to services that are considered in service planning;
 - a good understanding of the diverse needs of users;
 - accessible and responsive services that address specific community needs;
 - a wide range of methods to engage with local people and other stakeholders;
 - a proactive focus on diversity and equalities in service delivery; and
 - good use of partnerships to provide access to seamless services that are helping to improve the quality of life for local people.

41 Areas for further development include:

- telephone contact with the Council is generally limited to office hours with no evening or weekend service except for emergencies;
- the number of abandoned enquiries to the call centre is high;
- not all public buildings are accessible to, and suitable for, people with a disability;
- inconsistencies in service standards and the extent to which users are involved in defining them; and
- sharing of information is not systematic across all council services to provide comprehensive profiles about users and non-users.

42 Access to services has promising prospects for improvement because:

- the Council has improved access to a range of services for users to meet their diverse needs;
- progress on implementing diversity and equalities policies is positive;
- value for money has improved in terms of accessing a range of services;
- plans are in place and resourced to further improve access to services for users in accordance with their needs and preferences;
- effective arrangements and an appropriate culture are in place to support continuous improvement in accessing services;
- the Council learns from its own experiences and users' feedback; and
- overall the Council has the capacity to deliver service improvements, including working with community, private and voluntary sector partners.

43 Areas for further development include:

- integrating and consolidating action plans and other strategies to further improve access to services within the Customer Access Strategy;
- obtaining feedback from non-users and assessing satisfaction levels across communities to further inform service delivery;
- wider application of a customer relationship management system to support frontline services;
- monitoring and reporting performance against individual service standards; and
- evaluating the costs and benefits of each of the Council's own access channels.

Assessments from other inspectorates

44 An important aspect of the role of the Comprehensive Area Assessment Lead (CAAL) is to work with other inspectorates and regulators who also review and report on the Council's performance. CAALs share information and seek to provide 'joined up' regulation to the Council. During the last year, the Council has received the following assessments from other inspectorates.

Table 3 Assessments from other inspectorates

Wirral Borough Council receives a number of assessments from other inspectorates that contribute to the CPA score for 2008

<p>Children and young people - The Council's performance in providing children's services, such as children's education and social care. The joint assessment is made by the Commission for Social Care Inspection and Ofsted following a review of the Council's overall performance and key indicators.</p>	<p>Wirral Council scored 3 (out of 4) in the 2008 children and young people's assessment which is the same as last year.</p> <p>The joint assessment concluded that the Council delivers services for children and young people that are above minimum requirements overall. The Council's capacity to improve, including its management of services, is good. Overall, the Council has made good progress in responding to the recommendations made in 2007.</p>
<p>Social care (adults) - The Council's performance in adult social care services. The assessment is made by the Commission for Social Care Inspection following a review of the Council's overall performance and key indicators.</p>	<p>Wirral Council scored 3 (out of 4) in the 2008 adult social care assessment which is the same as last year. The performance judgements for Wirral were as follows:</p> <ul style="list-style-type: none"> ● Delivering outcomes: Good ● Capacity for improvement: Promising <p>The adult social care services performance rating by CSCI was 2 stars.</p>

The audit of the accounts and value for money

Audit of the accounts

- 45** As your appointed auditor I have reported separately to the Audit and Risk Management Committee in the Annual Governance Report (AGR) on the issues arising from our 2007/08 audit and have issued:
- my audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate. This was issued on 30 September 2008 and
 - my report on the Best Value Performance Plan confirming that the Plan has been audited was issued in December 2007.
 - I also issued my report on the Council's Whole of Government Accounts on 20 November 2008
- 46** The financial statements submitted for audit were complete although they contained some errors. During the audit, management agreed to 5 adjustments to the figures in the accounts that we recommended and also made amendments to some notes to the accounts. The more significant issues included a material adjustment of £9.465m to the prior year figure for tangible fixed assets and a note to explain the treatment of an increase of £9m in the estimate of pension fund assets that we agreed should not be amended. In total the adjustments had no overall impact on revenue resources.
- 47** The arrangements for production of your financial statements are satisfactory. The draft financial statements were produced by the target date and the working papers to support the financial statements were good. This has also been a year when new and more complex accounting and reporting arrangements have been introduced, for example, the introduction of the new revaluation reserve, accounting for financial instruments and the new Annual Governance Statement. The Council has introduced these new requirements successfully whilst also improving on issues raised last year.
- 48** We made recommendations for some further improvement in the accuracy of the statements, quality assurance processes and internal control across the Council. The agreed action plan from the 2007/08 AGR is being monitored by the Audit and Risk Management Committee and we are monitoring the progress of closedown plans for the 2008/09 statements. .

The audit of the accounts and value for money

Use of Resources

49 The findings of the auditor are an important component of the CPA framework described above. In particular the Use of Resources score is derived from the assessments made by the auditor in the following areas.

- Financial reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
- Financial management (including how financial management is integrated with strategy to support council priorities).
- Financial standing (including the strength of the Council's financial position).
- Internal control (including how effectively the Council maintains proper stewardship and control of its finances).
- Value for money (including an assessment of how well the Council balances the costs and quality of its services).

50 For the purposes of the CPA we have assessed the Council's arrangements for use of resources in these five areas as follows.

Table 4

Element	Assessment
Financial reporting	2 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	3 out of 4
Value for money	2 out of 4
Overall assessment of the Audit Commission	3 out of 4

Note: 1 – lowest, 4 = highest

51 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 notable improvements in arrangements in both areas. The overall assessment has increased from 2 out of 4 to 3 out of 4 representing an assessment of 'performing well'.

Financial reporting (2 out of 4)

- 52** The Council produces annual accounts generally in accordance with relevant standards and scored 2 for this element of financial reporting. The financial statements submitted for audit contained some errors. However, the adjustments had no overall impact on revenue resources and we issued an unqualified opinion. The arrangements for production of the financial statements were good. We made recommendations for some further improvement in quality assurance processes and internal control across the Council. There is also scope for further training for members and more prompt reporting to ensure that the statements are subject to robust scrutiny prior to approval.
- 53** The Council promotes external accountability well and scored 3 for this element of financial reporting. The accounts and local electors' rights to view them and contact the external auditor were published in line with requirements. Key external reports as well as the Council's own reports, minutes and agenda are available to the public. A leaflet summarising the accounts has been produced and distributed and an Annual Report was published in November 2008.

Financial management (3 out of 4)

- 54** The Council's medium-term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities and scored 3 for this element of financial management.
- 55** The Council manages performance against budgets and scored 3 for this element of financial management. Sound arrangements are in place for monitoring and reporting performance against budgets. There were no material overspends in 2007/08 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.
- 56** The Council manages its asset base adequately and scored 2 for this element of financial management. 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 largely complete, members have confirmed their decisions and implementation will take place over the next few years.

The audit of the accounts and value for money

Financial standing (3 out of 4)

- 57** Current spending plans match available resources, although like other councils, Wirral continually 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.
- 58** The Council has recently agreed a net revenue budget of £311m and capital programme of £80m for 2009/10. It is expected that balances will be maintained at a minimum of £6m. The latest projections for the 2008/09 financial year continue to highlight the anticipated overspending in adult social services and indicate that overall the general fund balance would be around £6m.

Internal control (3 out of 4)

- 59** The Council manages its significant business risks well and scored 3 for this element of internal control. 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.
- 60** The Council has good arrangements in place to maintain a sound system of internal control and scored 3 for this element. 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.
- 61** The Council has adequate arrangements in place to promote and ensure probity and propriety in the conduct of its business and scored 2 for this element of internal control. However, during the year the Audit Commission received a Public Interest Disclosure Act referral 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. The Council is currently following up our report and we will report the outcome separately.

Value for money (2 out of 4)

- 62** 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.

- 63 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.

Democratic arrangements

- 64 During the year we reported on our review of the effectiveness and efficiency of the Council's current democratic arrangements.
- 65 The Council has put in place a number of arrangements that have improved the effectiveness and efficiency of its democratic arrangements over the past 18 months. The Council has made steady progress and has addressed many of the issues raised by the corporate assessment in 2005.
- Roles and responsibilities of both the executive and scrutiny functions of the Council are clearer and a structured member development programme to support members in their scrutiny role has been put in place.
 - The Council has taken steps to reduce the number of reports submitted to cabinet by establishing a virtual committee. It has also introduced a limited scheme of delegation to executive members to improve the effectiveness of the cabinet.
 - Decision-making at cabinet is more transparent and members can access information easily.
 - Scrutiny committees have introduced a formal cycle of financial and performance reporting. This has made it easier for members to review the Council's performance.
 - Scrutiny committees have developed clearer work programmes and are becoming more focused.
- 66 However, there are a number of areas for the Council to develop further.
- The Council's current arrangements place a significant demand on senior officer time. The number of scrutiny committees and executive portfolios that senior officers need to service, means that they often spend a considerable amount of time in meetings or briefings.
 - New members and chairs of scrutiny have not yet received training for their new roles. Members felt that they required more support in their roles, such as performance management and that training should be ongoing.
 - The number of items considered by cabinet has not reduced significantly and there remains scope for further improving its efficiency and effectiveness, through increased use of the virtual committee and the expansion of the scheme of delegation to portfolio holders.
 - The remit of scrutiny committees is not always clear, and there is duplication between different committees, with often several different committees reviewing the same performance information.

The audit of the accounts and value for money

67 The Audit and Risk Management Committee received an update to the action plan at the January 2009 meeting which confirmed that actions are progressing. The Cabinet meeting on 19 March 2009 resolved to support the proposal, subject to further consultation, to move to five overview and scrutiny committees, based on the Council's corporate priorities.

Community Cohesion

68 As part of the audit for 2007/08 we completed work across the Local Strategic Partnerships (LSPs) in Merseyside and Cheshire to assess the arrangements in place to address community cohesion. We evaluated how well public authorities understand the differing needs of their communities and how services are being shaped to respond to those needs.

69 The Wirral Local Strategic Partnership has a good understanding of local cohesion issues. The key cohesion issues identified by partners were:

- safer communities;
- inequalities and competition;
- isolation and participation; and
- coping with change.

70 Partners share a commitment to developing cohesive communities but there is no overarching community cohesion strategy to guide partnership work. The definition of community cohesion used by partners varies and is broadly drawn; this may mean that partners have difficulty in determining the priorities they need to address. Leadership for community cohesion is under developed at a partnership and strategic level.

71 Partner capacity to support cohesion is being developed through the Wirral Equalities Forum (WEF) and the newly merged Voluntary Community Action Wirral (VCAW). The LSP is committed to strengthening its community engagement and further explore joint community engagement activities through the development of a Comprehensive Engagement Strategy. Together, this range of activity will enable the LSP and its partners to become better engaged with under represented groups and increase partner's knowledge of the problems they encounter.

72 Partners have identified potential risks which could contribute to a lack of community cohesion but there is no evidence that the partnership manages these risks in a structured way. A number of indicators to measure cohesion are in place but these are not integrated across strategies and so do not provide a coherent framework for addressing key issues and risks.

- 73** Achievements in developing cohesive communities include good progress in engaging with specific hard to hear groups, and increasing economic activity. Challenges for the future include:
- ensuring leadership and partner commitment to developing cohesive communities is visible and sustained and that myths and rumours are challenged;
 - prioritising key issues and actions to improve community cohesion;
 - ensuring best use of partner resources; and
 - measuring success and managing risks effectively.
- 74** The Local Strategic Partnership is taking forward the action plan.

Health inequalities

- 75** As part of our 2007/08 audit, we carried out a high level review across Cheshire and Merseyside to identify the main issues facing the Local Strategic Partnerships (LSPs) in addressing health inequalities.
- 76** Wirral LSP demonstrates a number of key strengths. There are also opportunities for development which are broadly consistent with other LSPs in Cheshire and Merseyside.
- 77** There is a genuine commitment to addressing health inequalities through partnership working, and good use is being made of available data to identify priorities for action. Extending arrangements which allow partners to share local intelligence would build on this approach, helping Wirral LSP to further target its work whilst optimising its resources. This is an area where the Partnership could potentially benefit from the experiences of other LSPs, notably Halton and St Helens.
- 78** However, and in common with most other LSPs, Wirral LSP does not have a strategy specifically to reduce health inequalities. Such a strategy could provide an effective framework for
- considering and addressing the many factors which contribute to health inequalities in the Borough in a systematic and co-ordinated way; and
 - longer term financial planning, including decisions over pooling resources.
- 79** More work also needs to be done to allow the LSP to routinely evaluate the success and impact of its work.
- 80** The LSP is taking forward the action plan.

Data quality

- 81** The Council's overall management arrangements for ensuring data quality are adequate. Some action has been taken since last year to strengthen arrangements for data quality. Most notably, the Council has implemented a formal policy which now provides a sound foundation for promoting greater corporate ownership of data quality. Like all new policies, this now needs time to become properly established within the organisation in order for the Council to fully realise the benefits. Nevertheless, the Council could progress this by, for example, strengthening its approach to following up issues arising from internal reviews through action planning and training. Our review has also indicated that there may be scope for more effective use to be made of information technology in calculating indicators. This, in turn, may help the Council to improve the timeliness of its performance reports to Cabinet and overview and scrutiny committees. More work also needs to be done to establish data quality arrangements to support partnership working.
- 82** We carried out in-depth reviews of a number of performance indicators and concluded that with the exception of one indicator, arrangements to secure data quality are delivering accurate, timely and accessible information in practice. Our review of one indicator, BVPI 8 (percentages of invoices paid on time), found that the Council had not followed the correct definition of the indicator. As a result, some data which should have been included in the calculation was not, and vice versa. We were therefore unable to certify that the PI was fairly stated. Action is being taken to rectify this situation.

Waste

- 83** The 2007/08 audit plan included an assessment of the progress made by the Merseyside Waste Partnership (Merseyside and Halton councils) to meet its obligations for the management of household and municipal waste and procure long-term treatment and disposal facilities for such waste.
- 84** The authorities are now making good progress by increasing recycling and composting of household waste. All authorities have diverted more municipal waste from landfill. They are making steady progress on the procurement of new facilities for waste handling and treatment. However, comparative performances are variable and are still worse than most other authorities - based on the latest published figures - and result in high landfill tax payments. Furthermore, disagreements over the potential location of such facilities are resulting in slower progress than planned, resulting in a significant risk of delay to the procurement process that could potentially incur additional costs of over £400 million.
- 85** The report outlines specific progress for Wirral and highlights areas for improvement.

Grant claims

- 86** The Audit Commission, under section 28 of the Audit Commission Act 1998, is required to make arrangements for certifying claims and returns in respect of grants and subsidies made or paid to the Council. The certification work is carried out by using certification Instructions (CIs) created by the Audit Commission in conjunction with the grant paying body. These CIs specify a series of tests to be carried out on each grant claim/return.
- 87** During the year we presented our report on the certification of 2006/07 grant claims to the Audit and Risk Management Committee. We certified a total of 32 claims with a total value of £178m. During the course of our certification work we amended 7 claims (22 per cent) which resulted in a net reduction of £173k in grant income. We were required to issue 8 qualification letters (25 per cent of claims) which highlighted £380k of qualified expenditure. We made recommendations to ensure eligibility of expenditure, improve quality assurance processes and working papers.
- 88** The 2007/08 grant certification programme is not yet complete. We have completed the certification for 9 claims but a number of European Regional Development Fund (ERDF) claims have just been received or are expected and our work is progressing. The Audit Commission imposed an embargo on the audit certification of ERDFs from 29 November 2007 following a decision by CLG to move to a risk based approach for the requirement of independent audit certification. Following notification from CLG on which claims should be audited, the Council has been preparing the claims for submission to us.

Advice and Assistance work

Data quality workshop

- 89** Following the 2007/08 data quality audit the Council asked us to carry out a workshop to raise awareness of the importance of good data and information quality. The workshop was run on 23 February and over 40 officers attended and completed a range of case studies which required them to audit performance information and then use that information to brief chief officers and members and recommend an investment decision to Cabinet. Officers attending gained a better understanding of the impact of poor data and information in the decision making process and the importance of quality assurance processes. Policy and best value staff are now planning to roll out the workshops to others in the organisation.

Merseyside Pension Fund

- 90** Wirral Borough Council is the administering authority for the Merseyside Pension Fund. We audit the accounts of the Pension Fund and report on whether the financial statements included in the Annual Report are consistent with the statutory financial statements of Wirral Borough Council.
- 91** I issued an unqualified report, including my opinion that Merseyside Pension Fund's financial statements are consistent with the statutory financial statements of Wirral Borough Council for the year ended 31 March 2008. Our Annual Governance Report was presented to the Pensions Committee on 29 September 2008.
- 92** The financial statements submitted for audit were complete but contained some errors. During the audit, management agreed to eight adjustments to the figures in the accounts and three adjustments to notes that we recommended. In total these adjustments increased the value of the fund account and the net assets statement by £1.387m.
- 93** The arrangements for production of the financial statements are satisfactory. The draft financial statements were produced by the target date and the working papers to support the financial statements were generally good.

Looking ahead

- 94** The public service inspectorates have developed a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 95** CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate area assessment and reporting performance on the new national indicator set, together with an organisational assessment which will combine the external auditor's assessment of value for money in the use of resources with a joint inspectorate assessment of service performance.
- 96** The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new National Indicator Set and key aspects of each area's Local Area Agreement.

Closing remarks

- 97 This letter has been discussed and agreed with the Chief Executive. A copy of the letter will be presented at the Cabinet on 23 2009. Copies need to be provided to all Council members.
- 98 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the Council during the year.

Table 5 Reports issued

Report	Date of issue
Audit and inspection plan	May 2007
Annual Governance Report - Wirral Borough Council	September 2008
Annual Governance Report - Merseyside Pension Fund	September 2008
Opinion on financial statements	September 2008
Value for money conclusion	September 2008
Opinion on Merseyside Pension Fund	September 2008
Access to services inspection	January 2009
Use of resources	January 2009
Democratic arrangements	July 2008
Community cohesion	December 2008
Health inequalities	October 2008
Data quality	January 2009
Waste	August 2008
Grant claims (2006/07)	May 2008
Comprehensive performance assessment	February 2009
Annual audit and inspection letter	March 2009

- 99 The Council has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Council's staff for their support and cooperation during the audit.

Availability of this letter

100 This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk, and also on the Council's website.

Michael Thomas

District Auditor

Peter Forrester

CAA Lead

March 2009

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.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, covering the £180 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

29 JUNE 2009

REPORT OF THE DIRECTOR OF FINANCE

ANNUAL AUDIT FEES 2009-10

1. EXECUTIVE SUMMARY

1.1. This report outlines the proposed Audit Commission fees for 2009-10.

2. BACKGROUND

2.1. The Audit Commission fee is based on a risk based approach to audit planning as set out in the Code of Audit Practice. It reflects only the audit element of the work, excluding any inspection and assessment fees.

2.2. Audit Area	Planned Fee 2009/10 £	Planned Fee 2008/09 £
Financial Statements	256,298	271,900
Use of Resources/VFM Conclusion	126,274	132,350
Whole of Government Accounts	7,428	2,400
Total Audit Fee	390,000	406,650
Certification of claims and returns	168,035	136,960
Total	558,035	543,610

2.3. The Audit Commission has published its work programme and scale of fees for 2009/10. The scale fee for Wirral Council is £343,236. The fee proposed for 2009/10 is 13 percent above the scale fee.

2.4. The assumption by the Audit Commission is that all bodies will be at the fee scale but if there are specific audit risks then they could be up to 30% above the fee scale. The Wirral fee has been reduced by 4.1% due to reductions in respect of better quality assurance of information that is presented for audit and a stronger control environment reflected in the higher Use of Resources scores.

2.5. However, there are some factors that place the Council towards high risk in terms of 'audit risk' and that means that the Audit Commission has more work to do because of individual circumstances including:

- a. the political structure of the Council means that the Auditors have more meetings/communication with Members than in other councils and they also attend more committee meetings.

- b. There are ongoing capacity issues in Internal Audit and Internal Audit has also needed to respond to reactive work and so the Audit Commission has not been able to rely on Internal Audit work to inform their opinion/grants/other work.
- c. The Audit Commission receives a relatively high number of questions from members of the public on an ongoing basis.

3. FINANCIAL IMPLICATIONS

- 3.1. The total cost of audit fees is expected to increase by £14,425.

4. STAFFING IMPLICATIONS

- 4.1. There are no staffing implications.

5. EQUAL OPPORTUNITY IMPLICATIONS

- 5.1. There are no equal opportunity implications.

6. PLANNING IMPLICATIONS

- 6.1. There are no planning implications.

7. COMMUNITY SAFETY IMPLICATIONS

- 7.1. There are no community safety implications.

8. HUMAN RIGHTS IMPLICATIONS

- 8.1. There are no human rights implications.

9. AGENDA 21 IMPLICATIONS

- 9.1. There are no Agenda 21 implications.

10. LOCAL MEMBER SUPPORT IMPLICATIONS

- 10.1. There are no local Member support implications.

11. BACKGROUND PAPERS

- 11.1. Letter from the Audit Commission 26 April 2009.

12. RECOMMENDATION

- 12.1. That the audit fees for 2009-10 be agreed.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/117/09

Our reference LTM/FL

26 April 2009

Mr I Coleman
 Director of Finance
 Wirral Council
 Treasury Building
 Cleveland Street
 Birkenhead
 Wirral
 CH41 6BU

Direct line 0844 798 7043
Email m-thomas@audit-commission.gov.uk

Dear Ian

Annual audit fee 2009/10

Further to our discussions on the new form of the audit programme fee, I am writing to confirm the audit work that we propose to undertake for the 2009/10 financial year at Wirral Council. The fee:

- is based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2009/10; and
- reflects only the audit element of our work, excluding any inspection and assessment fees. Your Comprehensive Area Assessment Lead will be writing to you separately on inspection fees.

As I have not yet completed my audit for 2008/09 the audit planning process for 2009/10, including the risk assessment will continue as the year progresses and fees will be reviewed and updated as necessary.

The total indicative fee for the audit for 2009/10 is for £390,000 (exclusive of VAT) which compares to the planned fee of £406,647 for 2008/09 (reduction of 4.1%). A summary of this is shown in the table below.

Audit fee

Audit area	Planned fee 2009/10	Planned fee 2008/09
Financial statements	256,298	271,900
Use of Resources/VFM Conclusion	126,274	132,350
WGA	7,428	2,400

Audit Commission, First Floor, Block 4, The Heath Technical & Business Park, The Heath, Runcorn, Cheshire, WA7 4QF
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Total audit fee	390,000	406,650
Certification of claims and returns	168,035	136,960

The Audit Commission has published its work programme and scales of fees 2009/10. The scale fee for Wirral Council is £343,236. The fee proposed for 2009/10 is 13 per cent above the scale fee.

In setting the fee at this level, I have assumed that the general level of risk in relation to the audit of the financial statements is not significantly different from that identified to 2008/09. A separate plan for the audit of the financial statements will be issued in December 2009. This will detail the risks identified, planned audit procedures and any changes in fee. The quoted fee for grant certification work is an estimate only and will be charged at published daily rates. If I need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with you and then prepare a report outlining the reasons why the fee needs to change for discussion with the Audit and Risk Management committee.

My use of resources assessments will be based upon the evidence from three themes:

- Managing finances;
- Governing the business; and
- Managing resources.

The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. My work on use of resources informs my 2009/10 value for money conclusion. However, I have identified a number of significant risks in relation to my value for money conclusion. For each risk, I consider the arrangements put in place by the Council to mitigate the risk, and plan my work accordingly. My initial risk assessment for value for money audit work is shown in the table below:

Risk	Planned work	Timing of work
Medium term funding and DASS overspends.	We will review the Council's plan for balancing medium term funding and monitor progress of DASS spending throughout the year, as part of our work on Use of Resources.	April 2009 – March 2010
Workforce planning	We will review the council's arrangements as part of our work on Use of Resources.	April 2009 – March 2010

I will issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 1.

The above fee excludes any work requested by you that the Commission may agree to undertake using its advice and assistance powers. Each piece of work will be separately negotiated and a detailed project specification agreed with you.

The key members of the audit team for the 2009/10 are:

Audit Manager – Liz Temple-Murray 0151 666 3483

Team Leader – Rob Metcalf 0151 666 3484

I am committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Terry Carter, the North West Region Head of Operations: t-carter@audit-commission.gov.uk.

Yours sincerely

Mike Thomas
District Auditor

cc Steve Maddox, Chief Executive
Paula Southwood, Chair of the Audit Committee

Appendix 1: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Audit and Risk Management Committee.

Table 1

Planned output	Indicative date
Audit plan	17 December 2009
Annual governance report	7 September 2010
Auditor's report giving the opinion on the financial statements and value for money conclusion	14 September 2010
Use of resources report	14 September 2010
Final accounts memorandum (to the Director of Finance)	10 October 2010
Annual audit letter	November 2010

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

29 JUNE 2009

REPORT OF THE DIRECTOR OF FINANCE

MERSEYSIDE PENSION FUND - AUDIT COMMISSION FEES 2009-2010

1. EXECUTIVE SUMMARY

- 1.1 This report requests Committee to note the fee levels proposed by the Audit Commission for the current financial year which were approved by the Pensions Committee on 18 June 2009.

2. BACKGROUND

- 2.1 The Audit Commission undertakes a separate audit of Merseyside Pension Fund (MPF), and makes a separate charge. The annual fee for the financial year ended 31 March 2009 was £61,750 plus VAT. The audit to which that fee level relates is expected to be completed in September 2009.
- 2.2 The Audit Commission has given notice of the indicative fee levels for 2009-2010. The scale fee would be £70,900, an increase of 15%. However, in previewing the audit of the 2009-2010 accounts, the Audit Commission is aware of both local and national changes, and has proposed a fee level 4% above the scale fee. As such the proposed fee for 2009-2010 is £73,700 plus VAT. This represents an overall 19% increase above the level for 2008-2009.
- 2.3 The justification for such an increase lies in the increasing complexity of pension fund regulations. In addition, the proposed change of accounting system mid year will require additional audit checks.
- 2.4 In setting the fee at this level, the Audit Commission has assumed that the general level of risk in the audit of the financial statement is not significantly different from that identified for 2008-2009. He will issue a separate plan for the audit of the financial statements in November 2009, after completion of the 2008-2009 audit. This will detail the risks identified, planned audit procedures and any further changes in fee. Should any further changes be required to fee levels, a report would be made to Pensions Committee.

3. FINANCIAL IMPLICATIONS

- 3.1 The proposed fee represents an increase of £12,000.

4. STAFFING IMPLICATIONS

4.1 There are no staffing implications in this report.

5. EQUAL OPPORTUNITY IMPLICATIONS

5.1 There are none arising directly from this report.

6. COMMUNITY SAFETY IMPLICATIONS

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

7. LOCAL MEMBER SUPPORT IMPLICATIONS

7.1 There are none arising directly from this report.

8 LOCAL AGENDA 21 IMPLICATIONS

8.1 There are none arising from this report.

9 PLANNING IMPLICATIONS

9.1 There are none arising from this report

10. BACKGROUND PAPERS

10.1 Letter from the Audit Commission - April 2009.

11 RECOMMENDATION

11.1 That the Committee note the proposed increase in Audit Commission fees for 2009-2010.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/125/09

Our reference LTM/FL

26 April 2009

Mr I Coleman
Director of Finance
Merseyside Pension Fund
Treasury Building
Cleveland Street
Birkenhead
Wirral
CH41 6BU

Direct line 0844 798 7043
Email m-thomas@audit-
commission.gov.uk

Dear Ian

Annual audit fee 2009/10

Further to our previous discussions about the form of the audit fee letter, I am writing to confirm the audit work that we propose to undertake for the 2009/10 financial year at Merseyside Pension Fund. The fee is based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Audit Commission for 2009/10.

As I have not yet completed my audit for 2008/09, the audit planning process for 2009/10, including the risk assessment will continue as the year progresses and fees will be reviewed and updated as necessary.

The total indicative fee for the audit for 2009/10 is for £70,900 (excluding VAT), which compares to the planned fee of £61,750 for 2008/09 (15% increase).

The Audit Commission has published its work programme and scales of fees 2009/10. The Audit Commission scale fee for Merseyside Pension Fund is £70,900. The fee proposed for 2009/10 is at the scale fee and will be billed in monthly instalments.

In setting the fee at this level, I have assumed that the general level of risk in relation to the audit of the financial statements is not significantly different from that identified to 2008/09. A separate plan for the audit of the financial statements will be issued in November 2009. This will detail the risks identified, planned audit procedures and any changes in fee. If I need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with you and then prepare a report outlining the reasons why the fee needs to change for discussion with the Pensions Committee.

I will issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 1.

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Runcorn, Cheshire, WA7 4QF
T 0844 798 7300 F 0844 798 3551 www.audit-commission.gov.uk

The above fee excludes any work requested by you that the Commission may agree to undertake using its advice and assistance powers. Each piece of work will be separately negotiated and a detailed project specification agreed with you.

The key members of the audit team for the 2009/10 are:

Audit Manager – Liz Temple-Murray 0151 666 3483

Team Leader – Danny Baxter 0151 666 3486

I am committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact the Terry Carter, the North West Region Head of Operations: t-carter@audit-commission.gov.uk.

Yours sincerely

Mike Thomas
District Auditor

cc Peter Wallach, Head of Pensions
Gerard Moore, Financial Controller
Ann McLachlan, Chair of the Pensions Committee

Appendix 1: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the audit committee.

Table 1

Planned output	Indicative date
Audit plan	November 2009
Interim audit memorandum if required	April 2010
Annual governance report	June 2010

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

29 JUNE 2009

REPORT OF THE DIRECTOR OF FINANCE

STATEMENT OF RESPONSIBILITIES OF AUDITORS

1. EXECUTIVE SUMMARY

- 1.1. Attached is an updated version of the Audit Commission Statement of Responsibilities of Auditors and of Audited Bodies. The Audit Commission has requested that this document be presented to this Committee.

2. BACKGROUND

- 2.1. The Audit Commission Statement of Responsibilities of Auditors and of Audited Bodies has been updated. The new statement is effective from 1 April 2008 and will apply from the 2008/09 audits. It reflects changes in the auditing regime and clarifies the responsibilities of auditors and audited bodies in certain areas, including pension funds, charitable funds, data quality and the electronic publication of the financial statements.

3. FINANCIAL IMPLICATIONS

- 3.1. There are no financial implications.

4. STAFFING IMPLICATIONS

- 4.1. There are no staffing implications

5. EQUAL OPPORTUNITY IMPLICATIONS

- 5.1. There are no equal opportunity implications.

6. HUMAN RIGHTS IMPLICATIONS

- 6.1. There are no human rights implications.

7. LOCAL MEMBER SUPPORT IMPLICATIONS

- 7.1. There are no Member support implications.

8. LOCAL AGENDA 21 IMPLICATIONS

- 8.1. There are no agenda 21 implications.

9. PLANNING IMPLICATIONS

9.1. There are no planning implications.

10. BACKGROUND PAPERS

10.1. Statement of Responsibilities of Auditors and of Audited Bodies – Audit Commission - April 2008.

11. RECOMMENDATION

11.1 That the report be noted.

IAN COLEMAN
DIRECTOR OF FINANCE.

FNCE/116/09

Statement of responsibilities of auditors and of audited bodies

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. Our remit covers around 11,000 bodies in England, which between them spend more than £180 billion of public money each year. Our work covers local government, health, housing, community safety and fire and rescue services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we seek to ensure that public services are good value for money and that public money is properly spent.

For further information about the Audit Commission, visit our website at www.audit-commission.gov.uk



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General introduction

- 1 The Audit Commission (the Commission) is responsible for appointing auditors and determining their terms of appointment, as well as for preparing a Code of Audit Practice, which prescribes the way in which auditors are to carry out their functions. The Commission has prepared a Code for the audits of local government bodies and a Code for the audit of local NHS bodies. From time to time, the Commission issues guidance to auditors under section 3(8) of the Audit Commission Act 1998 (the Act) and paragraph 7 of Schedule 1 to the Act. This statement sets out guidance on general responsibilities relevant to audits in both sectors and so supports each Code.
- 2 The purpose of this statement is to assist auditors and audited bodies by summarising where, in the context of the usual conduct of an audit, the different responsibilities of auditors and of the audited body begin and end, and what is to be expected of the audited body in certain areas. Throughout this statement, the term 'audited body' covers both the members of the body (for example, elected members in local authorities and directors of NHS bodies) and its management (the senior officers of the body).
- 3 The responsibilities of auditors are derived from statute (principally the Audit Commission Act 1998) and from the Code. Nothing in this statement is intended to limit or extend those responsibilities. In particular, audited bodies should note that, because auditors must not prejudice their independence of the audited body, the audit role does not include providing financial or legal advice or consultancy to the audited body.
- 4 Auditors may wish to refer to, and/or incorporate, this statement in audit planning documents, annual audit letters, reports and other audit outputs.

Introduction to responsibilities

- 5 Those who are responsible for the conduct of public business and for spending public money are accountable for ensuring both that public 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.
- 6 In discharging this accountability, public bodies and their management (both members and officers) are responsible for putting in place proper arrangements for the governance of their affairs and the stewardship of the resources at their disposal. They are also required to report on their arrangements in their annual published statements on internal control (NHS bodies) or annual governance statement (local government bodies).
- 7 It is the responsibility of the audited body to ensure that proper arrangements are in place, but certain individuals have specific responsibilities. NHS bodies have a unitary board, consisting of executive members and part-time non-executive members, chaired by a non-executive member. The chairman and non-executive members are responsible for monitoring the executive management of the body and are responsible to the Secretary of State for the discharge of these responsibilities. In addition, there is a requirement for an audit committee, which contributes independently to the board's overall process for ensuring that an effective internal control and risk management system is maintained. The chief executive is responsible to the board for the day-to-day management of the organisation and, as accountable officer, is also responsible to the Department of Health for the proper stewardship of public money and assets.
- 8 Local government bodies have three designated statutory officers, each of whom has a specific role in relation to accountability and control. These are:
 - the head of paid service, usually the chief executive, responsible to the full council for the corporate and overall strategic management of the authority;
 - the monitoring officer, who is responsible for reporting to the authority any actual or potential breaches of the law or any maladministration, and for ensuring that procedures for recording and reporting key decisions are operating effectively; and
 - an officer with responsibility for the proper administration of their financial affairs.

- 9 In carrying out their responsibilities, auditors may wish to obtain representations from management, both orally and in writing, on important matters.
- 10 The following paragraphs summarise the responsibilities of auditors and of audited bodies in relation to the responsibilities of auditors described in the Code.

The audit of the financial statements

- 11 The financial statements, which comprise the published accounts of the audited body, are an essential means by which it accounts for its stewardship of the resources at its disposal and its financial performance in the use of those resources. It is the responsibility of the audited body to:
- put in place systems of internal control to ensure the regularity and lawfulness of transactions;
 - maintain proper accounting records; and
 - prepare financial statements that present fairly (or, for NHS bodies and local probation boards, give a true and fair view of) the financial position of the body and its expenditure and income and that are in accordance with applicable laws, regulations and accounting policies.
- 12 A local authority that is the administering authority for a local authority pension fund must prepare pension fund financial statements for each financial year that present fairly:
- the financial transactions of its pension fund during the year; and
 - the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.
- 13 The audited body is also responsible for preparing and publishing with its financial statements:
- for health bodies and probation boards, a statement on internal control prepared in accordance with specified guidance; and
 - for local government bodies, an annual governance statement, prepared in accordance with proper practice set out in the Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives and Senior Managers publication *Delivering Good Governance in Local Government: A Framework*, and related guidance.



- 14 In preparing their financial statements, audited bodies are responsible for:
- preparing realistic plans that include clear targets and achievable timetables;
 - assigning responsibilities clearly to staff with the appropriate expertise and experience;
 - providing necessary resource to enable delivery of the plan;
 - maintaining adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements;
 - ensuring that senior management monitors, supervises and reviews work to meet agreed standards and deadlines; and
 - ensuring that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor. At local government bodies, the responsible financial officer must sign, date and certify the financial statements before they are approved by the body.
- 15 If draft financial statements and working papers of appropriate quality are not available at the agreed start date of the audit, the auditor is unable to meet the planned audit timetable and the start date of the audit will be delayed. The audit fee is calculated on the basis that the draft financial statements, and detailed working papers, are provided to an agreed timetable and are of an acceptable standard. If information is not provided to this timetable, or is provided to an unacceptable standard, the auditor will charge additional fees for any extra work that is necessary.
- 16 Auditors audit the financial statements and give their opinion, including:
- whether they present fairly, or give a true and fair view of, the financial position of the audited body and its expenditure and income for the year in question;
whether they have been prepared properly in accordance with relevant legislation and applicable accounting standards;
 - for certain bodies, on the regularity of their expenditure and income; and
 - for certain bodies, on whether the part of the remuneration report to be audited has been properly prepared.
- 17 In carrying out their audit of the financial statements, auditors will have regard to the concept of materiality.

- 18 Subject to the concept of materiality, auditors provide reasonable assurance that the financial statements:
- are free from material misstatement, whether caused by fraud or other irregularity or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- 19 Auditors plan and perform their audit on the basis of their assessment of risk. Auditors will examine selected transactions and balances on a test basis and assess the significant estimates and judgements made by the audited body in preparing the statements.
- 20 Subject to the concept of materiality, auditors of specified NHS bodies and local probation boards also provide reasonable assurance on the regularity of expenditure and income. In giving such assurance, auditors do not perform detailed tests of transactions to the extent that would be necessary to disclose all unlawful transactions or events that may have occurred or might occur, and the audit process should not be relied upon to disclose such matters.
- 21 Auditors evaluate significant financial systems, and the associated internal financial controls, for the purpose of giving their opinion on the financial statements. Where auditors identify any weaknesses in such systems and controls, they will draw them to the attention of the audited body, but they cannot be expected to identify all weaknesses that may exist.
- 22 Auditors review whether the statement on internal control (NHS bodies) or annual governance statement (local government bodies) has been presented in accordance with relevant requirements and report if it does not meet these requirements or if it is misleading or inconsistent with other information of which the auditor is aware. In doing so auditors take into account the knowledge of the audited body gained through their work in relation to the audit of the financial statements and through their work in relation to the body's arrangements for securing economy, efficiency and effectiveness in the use of its resources. They will also have regard to the work of other regulators, to the extent that it is relevant to auditors' responsibilities. Auditors are not required to consider whether the statement on internal control (NHS bodies) or annual governance statement (local government bodies) covers all risks and controls, nor are auditors required to express a formal opinion on the effectiveness of the audited body's corporate governance procedures or risk and control procedures.



- 23 In carrying out their work on the financial statements, auditors will:
- plan to complete work and meet agreed deadlines;
maintain close liaison with the audited body; and
 - provide appropriate and adequate resources and assign responsibilities to staff with the relevant expertise and experience.
- 24 Where audited bodies do not meet agreed timetables and/or provide poor documentation such that additional audit work is necessary, or the audit is delayed, auditors will charge additional fees to cover the costs incurred.

Electronic publication of the financial statements

- 25 Where the audited body wishes to publish its financial statements electronically, it is responsible for ensuring that the publication accurately presents the financial statements and the auditor's report on those financial statements. This responsibility also applies to the presentation of any financial information published in respect of prior periods. The auditor's report on the financial statements should not be reproduced or referred to electronically without the auditor's written consent.
- 26 The audited body may also wish to distribute electronic copies of the financial statements, and the auditor's report on those financial statements, to its stakeholders and must ensure that these are presented accurately. The auditor's report on the financial statements distributed electronically should not be reproduced or referred to electronically without the auditor's prior written agreement.
- 27 The examination of the controls over the electronic publication of audited financial statements is beyond the scope of the audit of the financial statements and the auditor cannot be held responsible for changes made to audited information after the initial publication of the financial statements and the auditor's report.

Responsibilities in relation to arrangements for securing economy, efficiency and effectiveness in the use of resources

- 28 It is the responsibility of the audited body to put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, and to ensure proper stewardship and governance, and regularly to review the adequacy and effectiveness of them. Such corporate performance management and financial management arrangements form a key part of the system of internal control and comprise the arrangements for:
- establishing strategic and operational objectives;
 - determining policy and making decisions;
 - ensuring that services meet the needs of users and taxpayers and for engaging with the wider community;
 - ensuring compliance with established policies, procedures, laws and regulations;
 - identifying, evaluating and managing operational and financial risks and opportunities, including those arising from involvement in partnerships and joint working;
 - ensuring compliance with the general duty of best value, where applicable;
 - managing its financial and other resources, including arrangements to safeguard the financial standing of the audited body;
 - monitoring and reviewing performance, including arrangements to ensure data quality; and
 - ensuring that the audited body's affairs are managed in accordance with proper standards of financial conduct, and for preventing and detecting fraud and corruption.
- 29 The audited body is responsible for reporting on these arrangements as part of its annual statement on internal control (NHS bodies) or annual governance statement (local government bodies).

- 30 Auditors have a responsibility to satisfy themselves that the audited body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. In meeting this responsibility auditors should review and, where appropriate, examine evidence that is relevant to the audited body's corporate performance management and financial management arrangements, as summarised above, and report on these arrangements.
- 31 Auditors report annually their conclusion on those arrangements, having regard to the criteria specified by the Audit Commission and will report if significant matters have come to their attention that prevent them from concluding that the audited body has put in place proper arrangements. However, auditors are not required to consider whether all aspects of the audited body's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively in practice.
- 32 In planning this work, auditors consider and assess the relevant significant business risks. These are the significant operational and financial risks to the achievement of the audited body's statutory functions and objectives, which apply to the audited body and are relevant to auditors' responsibilities under the Code, and the arrangements it has put in place to manage these risks. The auditor's assessment of what is significant is a matter of professional judgement and includes consideration of both the quantitative and qualitative aspects of the item or subject matter in question. Auditors discuss their assessment of risk with the audited body.
- 33 When assessing risk auditors consider:
- the relevance and significance of the potential business risks faced by all bodies of a particular type;
 - other risks that apply specifically to individual audited bodies;
 - the audited body's own assessment of the risks it faces; and
 - the arrangements put in place by the body to manage and address its risks.

- 34 In assessing risks auditors have regard to:
- evidence gained from previous audit work, including the response of the audited body to previous audit work;
 - the results of assessments of performance carried out by the Commission; the work of other statutory inspectorates; and relevant improvement needs, identified in discussion with the Commission or other statutory inspectorates.
- 35 Where auditors rely on the reports of statutory inspectorates as evidence relevant to the audited body's corporate performance management and financial management arrangements, the conclusions and judgements in such reports remain the responsibility of the relevant inspectorate or review agency.
- 36 In reviewing the audited body's arrangements for its use of resources, it is not part of auditors' functions to question the merits of the policies of the audited body, but auditors may examine the arrangements by which policy decisions are reached and consider the effects of the implementation of policy. It is the responsibility of the audited body to decide whether and how to implement any recommendations made by auditors and, in making any recommendations, auditors should avoid any perception that they have any role in the decision-making arrangements of the audited body.
- 37 While auditors may review audited bodies' arrangements for securing economy, efficiency and effectiveness in the use of resources, they cannot be relied on to have identified every weakness or every opportunity for improvement. Audited bodies should consider auditors' conclusions and recommendations in their broader operational or other relevant context.
- 38 Auditors are specifically required to review audited bodies' arrangements for 'monitoring and reviewing performance, including arrangements to ensure data quality'¹.

¹ *Code of Audit Practice 2005*, section 3: Auditors' responsibilities in relation to the use of resources.



- 39 The responsibility for applying data quality standards, collecting data that are fit for purpose and where appropriate conform to prescribed definitions, and reporting performance information that is reliable and accurate, rests with audited bodies.
- 40 Before performance information is reported externally or submitted to external auditors for review, it should be subject to scrutiny and approval by senior management and those charged with governance.
- 41 In order to fulfil their responsibilities under the Code, auditors will review an audited body's corporate arrangements to secure the quality of its data. This review will be informed by other relevant work, for example any detailed reviews of the data supporting specific performance information.
- 42 The findings of the review of corporate arrangements for data quality will contribute to the auditor's conclusion under the Code of Audit Practice on the audited body's arrangements to secure value for money, in relation to the specific criterion on data quality. Where weaknesses have been identified in an audited body's arrangements for data quality, the auditor will consider the overall impact on the conclusion under the Code of Audit Practice, and where appropriate make recommendations to support improvement.
- 43 Audit work in relation to the audited body's arrangements to ensure that its affairs are managed in accordance with proper standards of financial conduct, and to prevent and detect fraud and corruption, does not remove the possibility that breaches of proper standards of financial conduct, or fraud and corruption, have occurred and remained undetected. Nor is it auditors' responsibility to prevent or detect breaches of proper standards of financial conduct, or fraud and corruption, although they will be alert to the possibility and will act promptly if grounds for suspicion come to their notice.
- 44 The reviews arising from national studies developed by the Commission, or in support of the Healthcare Commission's national work programme, and the extent to which auditors are expected to apply them at relevant bodies, are prescribed by the Commission and are notified to audited bodies each year by the Commission in its annual work programme and by auditors in their audit planning documents. When carrying out national studies, auditors are required to follow the methodologies and, for certain studies, use comparative data provided by the Commission. Responsibility for the adequacy and appropriateness of these methodologies and the data rests with the Commission.

Specific powers and duties of auditors

- 45 Auditors have specific powers and duties under the Audit Commission Act 1998 in relation to matters of legality and, in local government, electors' rights. Fees arising in connection with auditors' exercise of these powers and duties, including costs relating to the appointment of legal or other advisers to the auditors, are borne by the audited body.

Reporting the results of audit work

- 46 Auditors provide:

- an audit planning document;
- oral and/or written reports or memoranda to officers and, where appropriate, members on the results of, or matters arising from, specific aspects of auditors' work;
- a report to those charged with governance, normally submitted to the audit committee, summarising the work of the auditor;
- an audit report, including the auditor's opinion on the financial statements and a conclusion on whether the audited body has put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources;
- a certificate that the audit of the accounts has been completed in accordance with statutory requirements; and
an annual audit letter

- 47 In addition, the following outputs, the need for which may arise at any point during the audit process, are issued where appropriate:

- a report dealing with any matter that the auditor considers needs to be raised in the public interest under section 8 of the Act;
- any recommendations under section 11(3) of the Act (local government bodies);
- any referral to the Secretary of State under section 19 of the Act (NHS bodies) where the auditor considers that a decision by a body or officer has led to, or would lead to, unlawful expenditure, or that some action by a body or officer has been, or would be, unlawful and likely to cause a loss or deficiency; and
- information to be reported to the Commission in a specified format to enable it to carry out any of its other functions, including assessments of performance at relevant

bodies, or to assist other bodies, such as the Healthcare Commission, the Commission for Social Care Inspection and the National Audit Office, in carrying out their functions.

- 48 When considering the action to be taken on audit reports, audited bodies should bear in mind the scope of the audit and responsibilities of auditors, as set out in the Code and as further explained in this statement. Matters raised by auditors will be drawn from those that come to their attention during the audit. The audit cannot be relied upon to detect all errors, weaknesses or opportunities for improvements in management arrangements that might exist. Audited bodies should assess auditors' conclusions and recommendations for their wider implications before deciding whether to accept or implement them.
- 49 Although annual audit letters and reports may be addressed to officers or members of the audited body, they are prepared for the sole use of the audited body. Auditors do not have responsibilities to officers or members in their individual capacities (other than in the exercise of auditors' specific powers and duties in relation to matters relating to electors' rights in local government) or to third parties that choose to place reliance upon the reports from auditors.

Ad hoc requests for auditors' views

- 50 There may be occasions when audited bodies will seek the views of auditors on the legality, accounting treatment or value for money of a transaction before embarking upon it. In such cases, auditors will be as helpful as possible, but are precluded from giving a definite view in any case because auditors:
- must not prejudice their independence by being involved in the decision-making processes of the audited body;
 - are not financial or legal advisers to the audited body; and
 - may not act in any way that might fetter their ability to exercise the special powers conferred upon them by statute.

51 In response to such requests, auditors can offer only an indication as to whether anything in the information available to them at the time of forming a view could cause them to consider exercising the specific powers conferred upon them by statute. Any response from auditors should not be taken as suggesting that the proposed transaction or course of action will be exempt from challenge in future, whether by auditors or others entitled to raise objection to it. It is the responsibility of the audited body to decide whether to embark on any transaction.

Access to information

- 52 Auditors have wide-ranging rights of access to documents and information in relation to the audit. Such rights apply not only to documents and information held by the audited body and its members and staff, including documents held in electronic form, but also to the audited body's partners and contractors, whether in the public, private or voluntary sectors.
- 53 There are restrictions on the disclosure of information obtained in the course of the audit, subject only to specific exemptions. The Freedom of Information Act 2000 does not apply to the Commission's appointed auditors, as they have not been designated as 'public authorities' for the purposes of that legislation. Audited bodies wishing to disclose information obtained from an auditor are required by law to seek the auditor's consent to that disclosure.

Grant claims and returns – certification

- 54 The Commission agrees to make certification arrangements in accordance with the framework set out in the separate *Statement of Responsibilities of Grant-paying Bodies, Authorities, the Audit Commission and Appointed Auditors in Relation to Claims and Returns*. The responsibility for ensuring the completion, accuracy and completeness of grant claims and returns lies with the audited body. Grant-paying bodies may require independent examination as a condition of their acceptance of claims and returns and may ask the Commission to make arrangements for auditor certification of claims and returns. The Commission will have regard to what it is appropriate, practically and professionally, to expect the certification process and auditors to do before agreeing to make certification arrangements.

Audit of charitable funds

- 55 This section is relevant to those charities to which the Audit Commission appoints auditors under s43A of the Charities Act 1993¹.
- 56 Trustees of charitable funds subject to audit have a duty to prepare financial statements for each financial year which give a true and fair view of:
- the state of the charity's affairs at the end of the financial year; and
 - the incoming resources and the application of those resources by the charity for that period.
- 57 Trustees must ensure that the financial statements are prepared in accordance with the Statement of Recommended Practice – 'Accounting and Reporting by Charities'.
- 58 It is the duty of the auditor to report to the trustees whether the financial statements give a true and fair view and whether they have been prepared in accordance with the Charities Act 1993 and the Charity (Accounts and Reports) Regulations.
- 59 Auditors are also required to report immediately to the Charity Commissioners any matter which they have reasonable cause to believe is, or is likely to be, of material significance to the Commissioners' functions under s8 (general power to institute inquiries) or s18 (power to act for protection of charities) of the 1993 Act. Such matters may relate not only to the activities or affairs of the charity, but also to any institution or body corporate which is connected with the charity.
- 60 The audit fee is calculated on the basis that detailed working papers, and other specified information, are provided to an agreed timetable. Where audited bodies do not meet agreed timetables and/or provide poor documentation such that additional audit work is necessary, or the audit is delayed, auditors will charge additional fees to cover the costs incurred.

¹ S43A of the Charities Act 1993 prescribes that all English NHS charities shall, at the election of the Audit Commission, be subject to an independent examination or audit. The Commission has decided that it will require an audit for all those charities above the threshold of £500,000, as defined in s43. Those below this threshold will be subject to an independent examination, unless the trustees elect for an audit. The auditor or examiner appointed must then follow the procedures required under s43(7)(b) of the Charities Act. Where an independent examination is carried out, the responsibilities of the examiner are more limited.

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WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

29 JUNE 2009

REPORT OF THE DIRECTOR OF FINANCE

MEMBERS TRAINING

1. EXECUTIVE SUMMARY

- 1.1. The CIPFA guidance Audit Committees - Practical Guidance for Local Authorities recommends that the Members of an Audit Committee should receive specific training in their role and responsibilities as Members of that Committee. This report recommends suitable training.

2. TRAINING

- 2.1. Since 2006 the training requirements have been comprehensively achieved at minimum cost by appointing one of the Members of the working party who wrote Audit Committees - Practical Guidance for Local Authorities to undertake the training. The course has been supplied over two sessions at a cost of £2,500.

- 2.2. The Practical Guidance for Local Authorities recommends that induction training should be provided for all Audit Committee Members and cover:

- the role of the Committee
- the terms of reference
- the time input required of Members
- an overview of Council activities
- the financial and risk environment.

Further regular and specific Audit Committee training should also be provided in:

- financial reporting
- governance
- understanding financial statement
- the regularity framework
- the role of internal and external audit
- the importance of risk management

- 2.3. The training provided to date has generally been viewed by the Members of the Committee as very useful. Therefore I recommend that the existing trainer, Anna Klonowki, is retained for Members training in 2009-10.

3. **FINANCIAL AND STAFFING IMPLICATIONS**

3.1. The cost of two training sessions would be approximately £2,500.

4. **EQUAL OPPORTUNITIES**

4.1. There are none arising directly from this report.

5. **HUMAN RIGHTS 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. **COMMUNITY SAFETY IMPLICATIONS**

7.1. There are none arising directly from this report.

8. **PLANNING IMPLICATIONS**

8.1. There are none arising directly from this report.

9. **LOCAL MEMBER SUPPORT IMPLICATIONS**

9.1. There are none arising directly from this report.

10. **BACKGROUND PAPERS**

10.1. Audit Committees - Practical Guidance for Local Authorities - CIPFA
December 2005.

11. **RECOMMENDATION**

11.1. That Members agree suitable dates for the provision of this training course.

IAN COLEMAN
DIRECTOR OF FINANCE

WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

29 JUNE 2009

REPORT OF THE DIRECTOR OF FINANCE

AUDIT COMMITTEE – SELF ASSESSMENT

1. EXECUTIVE SUMMARY

- 1.1. The meeting of this Committee on 31 March 2009 considered a report on the annual Review of the System of Internal Audit. Part of this review involves an evaluation of the role and effectiveness of the Audit and Risk Management Committee. The CIPFA publication 'A Toolkit for Local Authority Audit Committees' recommends the use of a self assessment checklist to achieve this task.
- 1.2. Attached at Appendix 1 is the aforementioned self assessment checklist completed by the Chair of this Committee for consideration.

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. One of the amended regulations impacts on the process for preparing the Statement of Internal Control (SIC) which is now subsumed within the Annual Governance Statement (AGS) and relates specifically to the review of the System of Internal audit. This is:-
 - a. 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.
- 2.3. Advice from CIPFA includes the assertion that the "System of Internal Audit" can be considered to include the role and effectiveness of the Audit Committee which therefore should be assessed and evaluated.
- 2.4. To assist Councils in this evaluation exercise CIPFA has provided a self assessment checklist and recommends that this be completed annually.

3. FINANCIAL AND STAFFING IMPLICATIONS

- 3.1. There are none arising from this report.

4. **LOCAL MEMBER SUPPORT IMPLICATIONS**

4.1. There are no local Member support implications.

5. **LOCAL AGENDA 21 STATEMENT**

5.1. There are no local agenda 21 implications.

6. **PLANNING IMPLICATIONS**

6.1. There are no planning implications.

7. **EQUAL OPPORTUNITIES IMPLICATIONS**

7.1. There are no equal opportunities implications.

8. **COMMUNITY SAFETY IMPLICATIONS**

8.1. There are no community safety implications.

9. **HUMAN RIGHTS IMPLICATIONS**

9.1. There are no human rights implications.

10. **BACKGROUND PAPERS**

10.1. Accounts and Audit Regulations 2006 – DCLG.

10.2. CIPFA Code of Practice for Internal Audit in Local Government 2007.

10.3. CIPFA Toolkit for Local Authority Audit Committees 2006.

11. **RECOMMENDATION**

11.1. That the completed Self Assessment Checklist be considered.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/135/09

Wirral Council

Audit and Risk Management Committee

Self-Assessment Checklist

ESTABLISHMENT OPERATION AND DUTIES					
Role and Remit					
Priority	Issue	Yes	No	N/a	Comments/action
1	Does the audit committee have written terms of reference?	X			
1	Do the terms of reference cover the core functions of the audit committee as identified in the CIPFA guidance?	X			
1	Are the terms of reference approved by the council and reviewed periodically?	X			
1	Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	X			
1	Can the audit committee access other committees and full council as necessary?	X			Theoretically we can, but I think some guidelines would be useful
1	Does the authority's statement on internal control include a description of the audit committee's establishment and activities?	X			
2	Does the audit committee periodically assess its own effectiveness?	X			This is the first time we have done it

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?		X		Think this would be a good idea - a summary report to go on the library and be sent to cabinet maybe ?
Membership, induction and training					
1	Has the membership of the audit committee been formally agreed and a quorum set?	X			
1	Is the chair independent of the executive function?	X			
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?	X			
1	Are new audit committee members provided with an appropriate induction?	X			Confirm that this will be in place for next year
1	Have all members' skills and experiences been assessed and training given for identified gaps?		X		
1	Has each member declared his or her business interests?	X			
2	Are members sufficiently independent of the other key committees of the council?	X			
Meetings					
1	Does the audit committee meet regularly?	X			
1	Do the terms of reference set out the frequency of meetings?	X			
1	Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	X			There have been issues with papers being late, but this is subject to ongoing monitoring and has been improving

Priority	Issue	Yes	No	N/a	Comments/action
Meetings (continued)					
1	Does the audit committee calendar meet the authority's business needs, governance needs and the financial calendar?	X			There are a lot of conflicts, but seeking to improve this
1	Are members attending meetings on a regular basis and if not, is appropriate action taken?	X			
1	Are meetings free and open without political influences being displayed?	X			The committee have worked well together as a team with minimal political conflict
1	Does the authority's S151 officer or deputy attend all meetings?	X			
1	Does the audit committee have the benefit of attendance of appropriate officers at its meetings?	X			
INTERNAL CONTROL					
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?	X			
1	Does the audit committee have responsibility for review and approval of the SIC and does it consider it separately from the accounts?	X			SIC ? Statement of internal control ?
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?	X			

Priority	Issue	Yes	No	N/a	Comments/action
Internal Control (Continued)					
1	Has the audit committee considered how it integrates with other committees that may have responsibility for risk man ?				Continuing to try and remind other members of importance of risk management - but think more work needed here
1	Has the audit committee (with delegated responsibility) or the full council adopted "Managing the Risk of Fraud – Actions to Counter Fraud and Corruption?"				? - this brings up the issue of how difficult it is to see all the reports that we've received without having to go into every meeting agenda/minutes
1	Is the audit committee made aware of the role of risk management in the preparation of the internal audit plan?	X			
2	Does the audit committee review the authority's strategic risk register at least annually?	X			
2	Does the audit committee monitor how the authority assesses its risk?	X			
2	Do the audit committee's terms of reference include oversight of the risk management process?	X			
FINANCIAL REPORTING AND REGULATORY MATTERS					
1	Is the audit committee's role in the consideration and/or approval of the annual accounts clearly defined?	X			
1	Does the audit committee consider specifically: <ul style="list-style-type: none"> • the suitability of accounting policies and treatments • major judgements made • large write-offs • changes in accounting treatment • the reasonableness of accounting estimates the narrative aspects of reporting?	X			

Priority	Issue	Yes	No	N/a	Comments/action
Financial Reporting and Regulatory Matters (continued)					
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?	X			
1	Does the audit committee review management's letter of representation?	X			
2	Does the audit committee annually review the accounting policies of the authority?				? - again issue of searching Agenda and minutes
2	Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?	X			
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?			?	I don't think we have a formal mechanism for this - it's a bit ad hoc at present - are we ok with that ?
INTERNAL AUDIT					
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?	X			
1	Does internal audit have an appropriate reporting line to the audit committee?	X			

Priority	Issue	Yes	No	N/a	Comments/action
Internal Audit (continued)					
1	Does the audit committee receive periodic reports from the internal audit service including an annual report from the Head of Internal Audit?	X			
1	Are follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?	X			
1	Does the audit committee hold periodic private discussions with the Head of Internal Audit?	X			Briefing before every meeting
1	Is there appropriate cooperation between the internal and external auditors?			?	Seems ok to me, but I don't think we can answer this
1	Does the audit committee review the adequacy of internal audit staffing and other resources?	X			Concern raised regularly over the limited staff availability and difficulties filling vacancies
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?	X			
2	Are internal audit performance measures monitored by the audit committee?	X			
2	Has the audit committee considered the information it wishes to receive from internal audit?	X			Report much revised and more easily comprehensible

Priority	Issue	Yes	No	N/a	Comments/action
EXTERNAL AUDIT					
1	Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognising the statutory duties of external audit)?	X			
1	Does the audit committee hold periodic private discussions with the external auditor?		X		Is this something we should do ?
1	Does the audit committee review the external auditor's annual report to those charged with governance?	X			
1	Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?	X			
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?	X			
1	Does the audit committee assess the performance of external audit?		X		
1	Does the audit committee consider and approve the external audit fee?	X			
ADMINISTRATION					
Agenda Management					
1	Does the audit committee have a designated secretary from Committee/Member Services?	X			
1	Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?		X		Ongoing monitoring and situation improving

Priority	Issue	Yes	No	N/a	Comments/action
Agenda Management (continued)					
2	Are outline agendas planned one year ahead to cover issues on cyclical basis?				Don't know
2	Are inputs for Any Other Business formally requested in advance from committee members, relevant officers, internal and external audit?	X			
Papers					
1	Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?	X			In general yes, and where there have been issues we've challenged and addressed the specific issues
2	Does the audit committee issue guidelines and/or a pro-forma concerning the format and content of the papers to be presented?		X		Not considered necessary to date
Actions arising					
1	Are minutes prepared and circulated promptly to the appropriate people?	X			
1	Is a report on matters arising made and minuted at the audit committee's next meeting?	X			Included in main minutes
1	Do action points indicate who is to perform what any by when?	X			Included in main minutes

WIRRAL COUNCIL

REPORT OF THE CHIEF EXECUTIVE

2008/09 Performance and Financial Review

1. Executive Summary

- 1.1 This report sets out performance of the Council's corporate plan towards delivering the vision of building a more equal and prosperous Wirral. This is one of a series of reports submitted throughout the year and is the full year performance and financial report for 2008/09. This report is intended to provide members with an overview of performance, financial, risk and sickness monitoring during 2008/09, the report then outlines progress towards achieving each of the council's five strategic objectives.
- 1.2 In March 2009, the Audit Commission announced that Wirral had received 3 stars under the 2008 Comprehensive Performance Assessment arrangements and was rated as improving well. Wirral's overall ranking out of 36 metropolitan councils significantly improved from 30th in 2006/07 to 13th in 2007/08. This demonstrates that significant improvements have been secured and Wirral Council is keen to further the improvements to the services delivered to Wirral residents.
- 1.3 This report sets out that overall performance of the 2008/09 corporate plan is good.
- Performance of the 72 projects within the corporate plan is very good with 57 (80%) either completed or on target for completion.
 - 13 (18%) projects are amber (some non-critical milestones missed / danger of non-critical slippage), and 1 project (1%) is red (critical milestones missed / serious slippage). Corrective action to bring these projects on track is provided.
- 1.4 Performance of the indicators identified within the corporate plan is also good. At the time of writing 58 of the 127 indicators within the corporate plan can be reported against targets. This is due to a large number of indicators being introduced in 2008/09, which therefore have no targets set. A further 48 are provided via external sources, e.g. partner organisations or central government, and data is not yet available.
- Of the 58 indicators mentioned above, 35 (60%) are rated as green or exceeding their targets, 13 (22%) are amber and 10 (17%) are red.
 - Some of the data within this report is currently provisional awaiting validation or estimated figures. This is noted accordingly within the report.
 - Appendix 1 report provides the status of all the 2008/09 corporate plan indicators.
- 1.5 Of the 127 indicators in the corporate plan only 38 can be compared to the previous year's performance due to the introduction of the national indicator set.
- Of these 38, 27 (71%) have improved, 5 (13%) have stayed the same and 6 (16%) have deteriorated.
- 1.6 The financial accounts for the year are presently being completed and Cabinet will receive detailed reports on revenue and capital in June. In terms of revenue the main overspend has been Adult Social Services which has been partially offset by savings / additional income from Treasury Management activities. Within capital the Children & Young People – Schools programme the schemes, and the progress

made, are controlled by the schools themselves. This has resulted in an element of the programme, plus associated resources, being moved to 2009/10. Risks to the delivery of the Corporate Plan are contained within the Strategic Objectives section of this report with an overview also included in section 14 of this report.

- 1.7 This will be the last report for the 2008/11 corporate plan following the implementation of the updated 2009/12 corporate plan from April 1st 2009.
- 1.8 The 2008/09 full year performance outturn for the full National Indicator Set will be reported, along with available comparator information, to Cabinet in July 2009.

2. Background

- 2.1 At its meeting on 19th March 2009, Cabinet recognised the need to present performance and finance information in a concise and timely fashion, in a manner easily accessible to members, and therefore requested a short and to the point report to be placed in the electronic library and a presentation made by the Director of Corporate Services to the next available Cabinet following the quarter end. A presentation will be made to the 28th May 2009 Cabinet meeting.

3. Performance summary:

The following table sets out a summary of performance against the indicators¹ and projects² identified within the corporate plan.

Strategic Objective	Performance Indicators (58)					Projects (71)			
	Over Performing	Green	Amber	Red	TOTAL	Green	Amber	Red	TOTAL
To create more jobs, achieve a prosperous economy and regenerate Wirral	50% (3)	33% (2)	0% (0)	17% (1)	6	82% (9)	18% (2)	0% (0)	11
To create a clean, pleasant, safe and sustainable environment	44% (8)	17% (3)	28% (5)	11% (2)	18	70% (14)	25% (5)	5% (1)	20
To improve health and well being for all, ensuring people who require support are full participants in mainstream society	25% (3)	33% (4)	25% (3)	17% (2)	12	87% (13)	13% (2)	0% (0)	15
To raise the aspirations of young people	0% (0)	75% (9)	8% (1)	17% (2)	12	89% (8)	11% (1)	0 (0)	9

Strategic Objective	Performance Indicators (58)					Projects (71)			
	Over Performing	Green	Amber	Red	TOTAL	Green	Amber	Red	TOTAL
Create an excellent Council	10% (1)	20% (2)	40% (4)	30% (3)	10	81% (13)	19% (3)	0 (0)	16
Total	(15)	(20)	(13)	(10)	58	(57)	(13)	(1)	71
%	26%	34%	22%	17%		80%	18%	1%	

¹ There are 127 indicators within the Corporate Plan. At the time of writing this report, 58 of these are able to be reported against targets set for 2008/09.

² There are 72 projects within the corporate plan. At the time of writing this report we are still awaiting data for 1 project.

4. Performance headlines for 2008/09

- Wirral has made significant progress to reduce the number of homeless households living in temporary accommodation and has become the second authority in Merseyside to achieve the 2010 government target.
- Recycling rates continued to improve during 2008/09 and the provisional full year figure is 33.59%. Wirral was the most improved metropolitan council for recycling rates in 2007/08.
- Wirral has made significant progress in reducing the numbers of children who are killed or seriously injured on our roads and has surpassed the 2010 target.
- Other headlines include:
 - Improvements in educational attainment
 - Business start ups
 - Improvements in street cleanliness
 - Numbers of anti-social behaviour incidents have reduced and during 2008/09 there have been 23% less reports than the target set

5. Performance issues to be addressed in 2009/10

- The impact of the recession continues to impact upon the performance of Wirral's services. The numbers of additional homes provided has not met the target due to a severely depressed housing market nationally. Despite the prevailing economic conditions, Wirral continues to make steady progress in reducing the number of residents claiming Incapacity Benefit. Wirral has seen a reduction in its Incapacity benefit rate that is double the national average. Lone Parent Benefit rates have remained stable in-line with the national trend. However, these reductions are negated by up to date figures for Job Seekers Allowance. The proportion of Wirral's working age population claiming JSA now stands at 5.2%

(9,520) compared to a regional rate of 4.5% (191,145) and an England rate of 4.0% (1,272,858). Wirral has seen a 1.7% point (3,070) increase from March 2008, which is less than the both the regional and national increase which stand at 1.9% points and 1.8% points respectively.

Additionally, Wirral businesses have felt the full impact of the global financial situation. A number of large redundancies have been announced, with complete plant closures and a lot of small businesses struggling with financial planning issues such as cash flow. Planned developments have been put on hold whilst access to finance has been a problem for most developers across Wirral. Overall, this will have a negative effect on GVA and whilst 2007 figures for GVA will be published in the 3rd quarter 2009/10, it will be time lagged. Therefore, given the impact outlined above GVA in Wirral will definitely be affected in real time terms despite the ongoing work of the Investment Strategy.

The Council has responded to the situation and designed a grant system to support businesses through difficult times with financial planning advice and access to grants. The existing grant scheme for larger projects has also been amended to reflect current market difficulties. The council continues to offer a wide range of support to business.

- Number of 16 to 18 year olds who are not in education, employment or training (NEET) failed to meet the local area agreement stretch target and therefore will not attract any performance reward grant. Performance has improved since last year; however significant challenges remain against the backdrop of the economic downturn.
- Self directed support continues to not meet the set target. An action plan is in place to increase the take up of direct payments.

6. **Sickness monitoring information for 2008/09**

6.1 The target for 2008/09 is 8.5 days. The actual for 2008/09 is 10.10 days. The number of days lost due to sickness in 2007/08 was 9.79 days.

7. **Strategic Objective: To create more jobs, achieve a prosperous economy and regenerate Wirral**

7.1 Priorities for improvement: **increase enterprise, reduce Worklessness**

Performance headlines for this strategic objective include:

- Number of jobs created and jobs safeguarded have exceeded targets as a result of the continued work by Invest Wirral to raise awareness of the support packages available.
- Determination of planning applications has seen improvements during 2008/09 with the percentage of planning applications determined within 8 weeks for 'minor' and 'other' applications having achieved targets.

7.2 The following projects have been **completed** or assessed as **green** (all milestones that should have been met at this point have been met):

- Integration of Wirral priorities through the new City Region Investment Agency
- Integration of Wirral priorities through the Merseyside Action Plan and Mersey Waterfront Regional Park
- Implementation of the Enterprise Strategy
- Co-ordinate the implementation of local, sub regional and regional enterprise development and business support strategies
- Implementation of the Full Employment and Skills plan
- Implementation of the City Region Employment Strategy
- Strategically plan and align activity and resources of all partners to respond to the challenges and opportunities of the Labour Market
- Coastal brand and associated day visitor campaign
- Strategic Leisure Review

7.3 Performance issues

The following indicators have not met the 2008/09 targets by more than 10% and are therefore assessed as **red**:

Portfolio	PI no	Title	2008/09 Target	2008/09 Actual	Direction of travel
Regeneration and Planning Strategy	157a	Percentage of planning applications determined within 13 weeks for major applications	70%	61.1%	Improved
<p>Corrective action: A number of Majors with S106 Agreements were signed off during the last quarter (despite being reported to Committee in time), 2 Major applications were deferred for site visits and missed the target date. The Scheme of Delegation for planning applications has been amended which will result in fewer applications going to Planning Committee and therefore increasing the chances of being determined in time and improving performance. Performance across the year exceeded the national target of 60% but failed to meet the 70% local target.</p>					

7.4 The following projects have been assessed as **amber** (some non-critical milestones have been missed or there is a danger of non-critical slippage) or **red** (critical milestones have been missed or there is serious slippage):

Portfolio	Key project	Status	Corrective Action
Regeneration and Planning Strategy	Delivery of the Investment Strategy to increase GVA	Amber	The effects of the recession is impacting on Wirral's economy, and one of the main impacts of the global financial situation is that it will inevitably have a negative impact on GVA
Regeneration and Planning Strategy	Progressing the production of the Local Development Framework	Amber	Ongoing work to ensure that LDF milestones are achieved, including appointment of suitably qualified staff to support the LDF process.

7.5 Risks

The current downturn in the economy presents the greatest threat to this objective impacting upon levels of employment, the creation of new businesses, the viability of existing businesses and the delivery of new commercial developments in the borough.

8. Strategic Objective: Create a clean, pleasant, safe and sustainable environment

8.1 Priorities for improvement: **sustain improved levels of recycling, reduce the Council's carbon footprint, reduce number of people killed or seriously injured in road accidents**

Performance headlines for this strategic objective include:

- Target has been exceeded for the number of homeless households living in temporary accommodation.
- Targets to reduce crime have been met, including violent crime, assaults and domestic homicides.
- Anti-social behaviour incidents have improved from the previous year and have achieved set target as a result of the initiatives brought about by Wirral Anti-Social Behaviour Team.
- Projected figures for drug related re-offending have exceeded target.
- Wirral has this year surpassed its 2010 target for the reduction of children killed or seriously injured on our roads
- Number of homes acquired, demolished, refurbished or built as a result of HMRI investment has exceeded target.
- Provisional figures for household waste have exceeded targets due to greater diversion of waste from landfill.
- Percentage of household waste reused, recycled and composted continues to improve – provisional figure is 33.59%.
- Indicators measuring improved street and environmental cleanliness for levels of litter, detritus, graffiti and fly posting have all achieved or exceeded targets.

8.2 The following projects have been **completed** or assessed as **green** (all milestones that should have been met at this point have been met):

- Increase participation in alternate weekly collection scheme
- Promote waste minimisation initiatives to householders
- Encourage recycling and minimisation of municipal waste
- Develop and implement Wirral CRed initiative
- Development of Sustainability Unit within Wirral Council
- Develop neighbourhood management approach in deprived communities including education & enforcement
- Implement engineering measures to improve roads
- Work with Merseyside Police via the Accident Reduction Partnership to improve road safety
- Improve environmental quality across the Borough through improved operational performance of the strategic contract
- Develop initiatives to deliver road safety education, training and publicity
- Crime and Disorder Reduction Strategy
- Develop and agree a Sustainable Community Strategy

8.3 Performance issues

The following indicators have not met the 2008/09 targets by more than 10% and are therefore assessed as **red**:

Portfolio	PI no	Title	2008/09 Target	2008/09 Actual	Direction of travel
Housing and Community Safety	154	Net additional homes provided	500	218	Deteriorated

Context: The reason for the lower level of performance in 2008/09 is the severely depressed housing market nationally. The number of units coming to construction from the private sector has fallen considerably. The target of 500 was set by the Secretary of State through the Regional Spatial Strategy (RSS) based on previous economic conditions. RSS can only be adjusted through a formal review, expected to be completed by 2011. The completions recorded are net of losses such as demolitions, which have continued as part of publicly funded regeneration initiatives, which reduce the impact of any remaining new building on the target figure.

Corrective action: The scope for corrective action is severely limited. The granting of planning permission does not guarantee that the dwellings permitted will be constructed. HMRI and other sources of public funding is continuing to support the housing market locally in targeted areas of east Wirral but is not sufficient to match the previous levels of completions by the private sector. The Council is preparing a Strategic Housing Land Availability Assessment to identify a longer term supply of available, suitable and deliverable housing land and has written to housing developers with planning permission to identify their future intentions and to identify any constraints to development.

Portfolio	PI no	Title	2008/09 Target	2008/09 Actual	Direction of travel
Environment	188	Planning to adapt to climate change	1	Progress delayed	N/A

Corrective action: As identified in the Corporate Risk Register progression to Level 0 not expected before May 2010 and is dependent upon the setting up of the Sustainability Unit, as agreed by Cabinet, and the appointment of the Climate Change Officer within the department of Law, HR & Asset Management.

8.4 The following projects have been assessed as **amber** (some non-critical milestones have been missed or there is a danger of non-critical slippage) or **red** (critical milestones have been missed or there is serious slippage):

Portfolio	Key project	Status	Corrective Action
Environment	Continue the Energy Efficiency Investment Programme	Amber	The cavity wall and boiler house insulation project and the electrical energy efficiency project are temporarily on hold due to technical reasons. Work is continuing on the remaining projects within the programme.
Environment	Affordable Housing Strategy	Red	Set as Amber due to NI155 which is the measure against this key project cannot be reported until Sept 09 (as per the national definitions guidance manual) and there is an outstanding query which needs to be addressed with GONW concerning the negotiation process and the data agreed for the targets set.
Housing and Community Safety	Anti Social Behaviour Strategy	Amber	Draft Strategy circulated for consultation July 2009. Completed strategy reported to Committee 30th September 2009

Portfolio	Key project	Status	Corrective Action
Culture	Develop and implement heritage strategy	Amber	Development of draft strategy timetable to be reprogrammed to allow for further consultation with English Heritage (in the light of SAR findings). Expect to now start tender process Dec 09.

8.5 Risks

The economic position poses the greatest current threat to this objective. Some of the potential impacts include a reduction in the number of Home buy schemes, a potential fall in recycling performance due to decreasing demand for recyclable waste materials and a decline in householders and businesses taking up subsidies for energy efficiency improvements.

9. **Strategic Objective: To improve health and wellbeing for all, ensuring people who require support are full participants in mainstream society**

9.1 Priorities for improvement: **promote greater choice and independence.**

Performance headlines for this strategic objective include:

- Carers receiving needs assessment or review and a specific carers' service or advice and information continues to over-perform against its target.
- People supported to live independently through social services continues to perform well, and is now over-performing against its target.

9.2 The following projects have been **completed** or assessed as **green** (all milestones that should have been met at this point have been met):

- High risk CVD screening programme
- Diabetes screening
- Community interventions for adults with lifestyle risks factors
- Enablement and reablement
- Carers strategy
- Promoting independence
- Develop self directed support services
- Joint Strategic Needs Assessment
- Preventing and reducing the risk of falls of older people
- Reducing the risk of suicide among people who self harm
- Develop initiatives across the council which promote health and enable people to live health lifestyles
- Work of the family safety unit
- Alcohol Harm Reduction Strategy

9.3 Performance issues

The following indicators have not met the 2008/09 targets by more than 10% and are therefore assessed as **red**:

Portfolio	PI no	Title	2008/09 Target	2008/09 Actual	Direction of travel
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Social Care and Inclusion	130	Social care clients receiving self directed support (direct payments and individual budgets	322.3	154.0	N/A
Context: For 2008/09 this indicator counted the number of people across all ages receiving direct payments and not individual budgets. There is an action plan in place to increase the take up of direct payments, although this target has not been achieved.					
Corrective action: Personal budget pilot will impact on this indicator in Quarter 2 of 2009/10. This indicator is in the Department's Balanced Scorecard for all of the Access and Assessment Branch, and take up of Direct Payments and Personal Budgets will be monitored through performance surgeries and action plans.					

Portfolio	PI no	Title	2008/09 Target	2008/09 Actual	Direction of travel
Social Care and Inclusion	146	Adults with learning disabilities in employment	8.3%	3.2%	N/A
Context: The target has not been met due mainly to the external economic climate: fewer vacancies and more demand for those vacancies, which has caused problems for Employment Support Staff.					
Corrective action: Efforts will continue next year to find paid employment for adults with learning difficulties using programmes such as Wirral JOBS. Additionally DASS will support people in voluntary roles if they are available.					

9.4 The following projects have been assessed as **amber** (some non-critical milestones have been missed or there is a danger of non-critical slippage) or **red** (critical milestones have been missed or there is serious slippage):

Portfolio	Key project	Status	Corrective Action
Social Care and Inclusion	Implement the Strategic Framework for Health and Wellbeing	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.
Social Care and Inclusion	Access and assessment arrangements	Amber	Branch restructuring in final phase of implementation. Target date of May 2009 for final appointments to remaining posts. Staff deployment to new localities from 4th May 2009.

9.5 Risks

The Transformational Change Programme being lead by Adult Social Services and focussed on delivering the personalisation agenda remains critical to the achievement of the aims of this objective. The increasing number of children with complex needs who are moving to adulthood challenges our ability to support people to live independently.

10. Strategic Objective: To raise the aspirations of young people

10.1 Priorities for improvement: **safely reduce looked after children, raise overall educational attainment, particularly lower achieving young people.**

Performance headlines for this strategic objective include:

- Improvement in educational attainment indicators including, Key Stage 2, A* - C GCSE
- Stability of placements of looked after children indicators are all on target and have improved from last year

10.2 The following projects have been **completed** or assessed as **green** (all milestones that should have been met at this point have been met):

- Project plan to close the attainment gap where poverty affects achievement
- Strategies Intervention project
- Develop a range of intervention strategies to support underachieving and under attaining pupils
- Develop literacy and numeracy via family learning programmes
- Project plan to safely reduce the number of looked after children
- Implement the childhood obesity plan
- Raise the aspirations and develop abilities of young people via the Wirral Aim Higher programme

10.3 Performance issues

The following indicators have not met the 2008/09 targets by more than 10% and are therefore assessed as **red**:

Portfolio	PI no	Title	2008/09 Target	2008/09 Actual	Direction of travel
Children's Services and Lifelong Learning	101	Looked after children achieving 5 A*- C GCSEs (or equivalent) at Key Stage 4 (including English and maths)	13.5%	10.5%	Improved

Context: The cohort of children in care is small and ever changing. Children in this group are amongst the most vulnerable and often have special educational needs. Historically children in care in Wirral out perform those nationally.

Corrective action: Provisional local data, pending DCSF validated data release at end of April. - The attainment of looked-after children is examined on an individual basis and various factors that might affect performance are taken into account, such as level of attendance. Designated teachers for Looked After Children are in place. Schools have been given an additional £500 per pupil through their budgets to assist in work to support Looked After Children.

Portfolio	PI no	Title	2008/09 Target	2008/09 Actual	Direction of travel
Children's Services and Lifelong Learning	117	16 to 18 year olds who are not in education, employment or training (NEET)	7.4%	9.1%	Improved

Corrective action: The end of year performance was achieved against a back drop of significant economic downturn. There was a significant reduction in the number of vacancies for young people in the borough. Focused Activity with the NEET cohort during December led to a return for that month of 8.49%, a 5 year low for NEET in the Borough. Partnership activities are required to sustain this effort as outlined in the Borough EET strategy. The Authority EET Action plan is in place which outlines partner responsibilities and contributions to achieving the NEET target. The Wirral Wise Programme, supported by ESF, has commenced, with its 3 strands of interventions targeted at young people who are NEET, aimed at progression via placements and work trials. The September Guarantee thresholds have been met in Wirral this year, with: 94.95% of Year 11 and 80.51% of 17 year olds having a recorded offer of a place in EET. Targeted action with vulnerable young people and within NEET hotspot areas continues. An Apprenticeship Programme is planned to be in place for September 2009, targeted at stimulating demand among employers for 100 new apprenticeships. Wirral's 14-19 offer is in place, providing a rich menu for students including: Diplomas, foundation Learning Tier, General Qualifications and Apprenticeships. The student offer will be enhanced by access to impartial Information Advice Guidance and Support. All year 11 leavers and those leaving one year post 16 programmes of study have the offer of a guarantee of a place in Learning. This offer is supported by the electronic prospectus 'Ichoosewirral.org.uk' detailing post 16 opportunities and the common application process.

10.4 The following projects have been assessed as **amber** (some non-critical milestones have been missed or there is a danger of non-critical slippage) or **red** (critical milestones have been missed or there is serious slippage):

Portfolio	Key project	Status	Corrective Action
Children's Services and Lifelong Learning	Ensure there are no schools in Ofsted categories	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.

10.5 Risks

Changes in the economic climate reduce the availability of opportunities for young people Not in Education Employment or Training (NEET). The Council has recently sought to assist by the approval of the Wirral Apprenticeship Programme. The Baby P case has raised the profile of safeguarding nationally and could lead to greater caution and more referrals to children's social care. The Council has responded to this by increasing this area of the budget in 2009/10.

11. **Strategic Objective: To create an excellent council**

11.1 Priorities for improvement: **maintain a sustainable and stable budget, providing value for money, improve the council's budgeting process to fully reflect its priorities**

Performance headlines for this strategic objective include:

- Percentage of calls handled through the call centre has improved
- Agreed a budget which is sustainable
- Contained expenditure within agreed budgets

11.2 The following projects / activities have been completed or assessed as on target for completion:

- Undertake a Strategic Asset Review
- Deliver and implement the people strategy
- Agree a budget which is sustainable, and which identifies resources for further developing Council Services.
- Contain expenditure within agreed budgets and provide services to agreed standards.
- Review comparative data to ensure we provide our services most cost effectively taking into the 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.
- Delivering the pay review
- Reflect the implications of the priorities in the Corporate Plan in our Medium Term Financial Plan and corporate planning processes.
- Further integrate the risk management, planning and financial processes to enable better-informed decision making and enhanced service delivery.
- Delivery of integrated marketing programme for all council Services
- Customer Access Strategy
- Negotiate and agree Local Area Agreement
- Review partnership and governance arrangements for LSP

11.3 Performance issues

The following indicators have not met the 2008/09 targets by more than 10% and are therefore assessed as **red**:

Portfolio	PI no	Title	2008/09 Target	2008/09 Actual	Direction of travel
Community and Customer Engagement	Local 2004	Number of complaints registered on Council's procedure	933	1281	Deteriorated
<p>Context: Customer feedback is now recorded on the Customer Relationship Management (CRM) system and includes both complaints and compliments. The complaints primarily related to the Strategic Asset Review and the figures do not include responses sent to the Department of Law, HR and Asset Management. Children and Adult Social Services statutory complaints are now included in this report (handled under legislation outside the Council's corporate complaints' policy).</p> <p>The number of compliments continues to increase particularly in respect of Adult Social Services.</p>					

Portfolio	PI no	Title	2008/09 Target	2008/09 Actual	Direction of travel
Corporate Services	Local 6273a	The level of the Equality Standard for Local Government to which the authority conforms.	3	2	Stayed the same
<p>Context: The IDeA were planning no new assessments during March and April 2009 due to the launch of the new equality framework for local government. We had planned to be assessed during March.</p>					

Corrective action: The two day on site assessment is now booked for the 20th & 21st May 2009. It is therefore anticipated that we will achieve level 3 in May 2009.

Portfolio	PI no	Title	2008/09 Target	2008/09 Actual	Direction of travel
Corporate Services	Local 6275	The number of working days / shifts lost due to sickness absence	8.5	10.10	Deteriorated

Corrective action: Targets were set for this indicator prior to recent organisational changes, and will be altered next year, accordingly.

11.4 The following projects have been assessed as **amber** (some non-critical milestones have been missed or there is a danger of non-critical slippage) or **red** (critical milestones have been missed or there is serious slippage):

Portfolio	Key project	Status	Corrective Action
Finance and Best Value	Implement agreed change programme.	Amber	Cabinet agreed, on 23rd April, to the addition of a further two programmes to the overall Change Programme and to enhanced management and reporting arrangements. A Strategic Change Programme (SCP) Board has been created to oversee the Change Programme and to ensure that it remains on course to deliver the desired outcomes. Each of the six programmes will now report to the SCP Board with quarterly reports to Cabinet.
Finance and Best Value	Exceed government standards for Housing and Council Tax benefits and Council Tax collection.	Amber	A higher number of Housing Benefits changes are currently being identified. Newly trained staff will be in a position to address this in 09/10. Council tax and Housing Benefit processing still on target.
Corporate Services	Review of democratic admin processes	Awaiting status	
Community and Customer Engagement	Develop comprehensive engagement strategy and compact agreement with the voluntary and community sector	Amber	Strategy will be going to the 28 th May Cabinet for sign off

11.5 Risks

The delivery of the Strategic Change Programme, in particular the Strategic Asset Review, is critical to the Council's ambitions in this area. Failure to successfully implement these currently represents the greatest potential threat to this objective. The economic position also impacts upon the Council's financial position in terms of increasing demand for services, potential reduction in income including from investment income and Government Grant. The position continues to be regularly monitored.

12. FINANCIAL MONITORING

- 12.1 The net Council spend for 2008/09 was £299 million. When setting the 2008/09 budget the projected balances at 31 March 2009 were initially £5 million. This was recently revised to £8.5 million when setting the 2009/10 budget. Subsequent revisions to Adult Social Services (increased overspend of £0.9 million) and Treasury Management (underspend now £0.3 million greater) have revised the projection to £7.9 million.
- 12.2 **Adult Social Services** **£4.4 million overspend**
The pressures of increasing demand for care services that resulted in an overspend in 2007/08 remained throughout 2008/09. With issues around the delivery of savings the latest projections indicate a £4.4 million overspend. The Director has presented detailed reports to Cabinet since 4 September when a projected £3.5 million overspend was highlighted.
- 12.3 **Regeneration** **£0.8 million overspend**
Income generation and energy costs are both largely outside the control of the Department and both are projected to be at variance with the budget. With the impact of the Service Re-engineering savings targets an overspend is likely. This has partially been offset by the release of reserves and provisions.
- 12.4 **Technical Services** **£0.7 million overspend**
The budget is reliant upon income from car parking and planning and, as in previous years, the Director is highlighting shortfalls in these areas. Whilst a series of budget virements were agreed by Cabinet pressures still remain and with winter maintenance costs there is a projected overspend.
- 12.5 **Finance** **£0.8 million underspend**
The spend, and associated Government grant, in respect of Council Tax Benefit and Housing Benefit payments are the largest individual budgets in the Council. Continuing improvements have been made through a combination of the opportunities offered by the Integrated Tax and Benefits System, improvements and efficiencies to the management and handling of claimants through the Customer Access channels and the maximisation of grant support from the Government. Additional to the savings agreed for 2008/09 a further £0.8 million saving was realised during the year.
- 12.6 **Treasury Management** **£3.1 million underspend**
Cash flow management and the need to borrow to fund investment has been re-engineered. This reduced the requirement for temporary borrowing, and the savings achieved in 2007/08 continued, delivering £0.7 million in 2008/09. Further benefits were a reduced need to borrow to fund the capital programme (£0.6 million) and the opportunity to access increased rates offered by the banking sector taken earlier this year (£1.8 million). Looking forward market conditions are less favourable and the decline in income has been reflected in the future budget.
- 12.7 Further supporting information is available in the Financial Monitoring Summary appendix 2.

13. CAPITAL MONITORING

13.1. The capital programme 2008/11 was approved by Council on 17 December 2007 and the 2009/12 programme by Council on 15 December 2008. Monitoring compares the original programme with the latest forecast and incorporates changes, including slippage, agreed by Cabinet.

13.2. Adult Social Services

The review of intermediate care will impact upon the decisions regarding adult accommodation provision. This resulted in Cabinet agreeing to the scheme for Poulton House being removed and other schemes are therefore subject to further consideration pending the outcome of the review.

13.3. Children and Young People

The Building Schools for the Future (BSF) - One Pathfinder Woodchurch High School project progresses with the timescales agreed with the Department for Children, Schools and Families. A start on site was made in March 2009. Under the national scheme to develop Children's Centres Phase 1 and Phase 2 all 19 centres have now been opened.

The variations are primarily in respect of schools schemes. These are largely determined by the schools, themselves, with an element of the programme, plus associated resources, moved to 2009/10.

13.4. Regeneration

The Oval Sports Centre successfully re-opened after a substantial programme of works and the new Floral Pavilion which was officially opened in December.

The increase from the approved programme related to the Special Initiatives element which includes schemes and related funding in respect of Objective One and the Single Regeneration Budget. The schemes contribute towards the conclusion of the Merseyside-wide programme which is not due to complete until 2010.

The Housing Market Renewal Initiative (NewHeartlands) progresses 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.

13.5. Technical Services

The Marine Lake scheme is underway having been the subject of substantial external grant funding and the highways programme and financing reflect the decision of Cabinet agreeing to the reduction in the amount of works that could be capitalised in 2008/09.

13.6 Further supporting information is available in the Capital Monitoring Summary appendix 3.

14. RISK MONITORING

14.1. The Corporate Risk Register was agreed by Cabinet on 13 March 2008 and the update agreed on 10 December 2008. This included actions to mitigate the impact of the risks upon which progress has been reported quarterly.

14.2 In considering risks to strategic objectives information has been drawn not only from returns from Council departments but also from the quarterly performance monitoring report to the Local Strategic Partnership Executive Board.

14.3. The two major issues identified as posing the greatest risk to the achievement of the Council's objectives are;-

The impact of the economic situation as it has particularly affected delivery of the Investment Strategy; the financial position of the Council (although Treasury Management actions have been beneficial in 2008/09 but for 2009/10 the reduction in income has been built into the projections), and capital where developers are facing increasing difficulties in securing the necessary finances.

The successful delivery of the Strategic Change Programme. This includes the Adult Social Services Transformational Change Programme and the Strategic Asset Review. These have identified a number of outcomes including financials that were reflected within future year budgets. Managing progress on delivering the agreed actions now forms part of the Strategic Change Programme.

14.4 Further supporting information is available in the Risk Monitoring Summary appendix 4.

15. Financial implications

Any financial implications are contained in section 12 and 13 of this report.

16. Staffing implications

There are no specific staffing implications arising from this report.

17. Equal Opportunities implications

The implementation of the Council's corporate plan will have positive equal opportunities impact.

18. Community Safety implications

Any community safety implications are contained in section 8 of this report.

19. Local Agenda 21

The implementation of the Council's corporate plan will have a positive impact on the local agenda 21.

20. Planning implications

There are no specific planning implications arising from this report.

21. Anti-poverty implications

The implementation of the Council's corporate plan will have positive anti-poverty impact.

22. Social inclusion implications

The implementation of the Council's corporate plan will have a positive impact on social inclusion.

23. Local Member Support implications

There are no local member support implications arising from this report.

24. Background Papers

- Wirral Corporate Plan 2008/11
- Quarter Three Performance and Financial Review – 19th March 2009 Cabinet

S. Maddox

Chief Executive

This report was prepared by Lucy Beed and Tom Sault, who can be contacted on 8006 and 3407.

Appendices:

Appendix 1 – Corporate Plan Performance Indicator Summary

Appendix 2 – Financial Monitoring Summary

Appendix 3 – Capital Monitoring Summary

Appendix 4 – Risk Monitoring Summary

Corporate Plan Performance Indicator Summary

Rating Tolerances:

Green (within +/-5% of the target)
Amber (missed or exceeded target by more than 5% but less than 10%)
Red (missed target by more than 10%)
Over-performing (more than 10% of the target)

Corporate Objective: Create more jobs, achieve a prosperous economy and regenerate Wirral

Title	2008/2009 Actual	2008/2009 Target	On Target	Direction of Travel
NI 148 Care leavers in education, employment or training	Baselined 08/09.			
NI 152 Working age people on out of work benefits	Data provided by DWP – expected 27.05.09.			
NI 153 Working age people claiming out of work benefits in the worst performing neighbourhoods (WNF)	Data provided by DWP – expected 27.05.09.			
NI 157a % of planning applications determined within 13 weeks for Major applications.	61.1%	70%	Red	↑
NI 157b % of planning applications determined within 8 weeks for Minor applications	78.9%	80%	Green	↔
NI 157c % of planning applications determined within 8 weeks for Other applications	87.8%	85%	Green	↑
NI 165 Proportion of population aged 19-64 for males and 19-59 for females qualified to at least Level 4 or higher	Latest data available is Q3. The 2008/09 figure is expected December 09.			
NI 171 New business registration rate	Baselined 2008/09.			
LOCAL 4128 Number of new business start-ups supported through Wirral Biz or Business Link in Wirral as measured by data from both organisations	314	262	Over Performing	↑
LOCAL 6227 The number of visits recorded on the Wirral Tourism Website - www.visitwirral.com	Cannot be reported due to changes in website.			
LOCAL 6245 Number of jobs safeguarded.	535	400	Over Performing	↓
LOCAL 6246 Total Investment value £ via Invest Wirral	£17135307	£10000000	n/a	n/a
LOCAL 6247 Number of jobs created via Invest Wirral	434	276	Over Performing	↑
LOCAL 6280 The amount of floor space (ha) developed for employment use	Baselined 2008/09.			
LOCAL 6281 Increase in NVQ Level 2 Skills for Employment in the worst performing neighbourhoods	Latest data available is Q3. The 2008/09 figure is expected December 09.			
LOCAL 6282 GVA per capita	Latest data available is Q3. The 2008/09 figure is expected December 09.			

Corporate Objective: Create a clean, pleasant, safe & sustainable environment

Title	2008/2009 Actual	2008/2009 Target	On Target	Direction of Travel
NI 15 Number of most serious violent crimes (PSA 23: Priority Action 1) per 1000 population	0.38 (Lower is Better)	0.37	Green	n/a
NI 20 Number of "Assaults with less serious injury" (including racially and religiously aggravated) offences per 1,000 population as a proxy for alcohol related violent offences	5.05 (Lower is Better)	5.48	Amber	n/a
NI 34 Number of domestic homicides per 1,000 population	2	2	Green	n/a
NI 41 Percentage of people who perceive people being drunk or rowdy in public places to be a problem in their local area	Baselined 08/09 – Place Survey			
NI 47 People killed or seriously injured in road traffic accidents	10.3%	11.3%	Amber	n/a
NI 48 Children killed or seriously injured in road traffic accidents	25%	16.3%	Over Performing	n/a
NI 154 Net additional homes provided	218	500	Red	↓
NI 155 Number of affordable homes delivered (gross)	Awaiting Data - September 2009			
NI 156 Number of homeless households living in Temporary Accommodation	4 (Lower is Better)	18	Over Performing	n/a
NI 185 CO2 reduction from local authority operations	Baselined 08/09.			
NI 186 Per capita reduction in CO2 emissions in the LA area	Data provided by Dept of Energy & Climate Change – Due 23.09.09			
NI 187a Tackling fuel poverty – % of people receiving income based benefits living in homes with a low energy efficiency rating	Baselined 08/09.			
NI 187b Tacking fuel poverty - % of people receiving income based benefits living in homes with a high energy efficient rating	Baselined 08/09.			
NI 188 Planning to Adapt to Climate Change	Progress delayed	1	Red	n/a
NI 189 Flood and coastal erosion risk management	Baselined 2008/09.			
NI 191 Residual household waste per household	579.02 (Lower is Better)	636	Amber	↑
NI 192 Percentage of household waste sent for reuse, recycling and composting	33.59%	34%	Green	↑
NI 193 Percentage of municipal waste land filled	63.06% (Lower is Better)	59.65%	Amber	↑
NI 194a Air quality – reduction in NOx emissions through local authority's estate and operations	Baselined 08/09.			
NI 194b Air quality – % reduction in NOx emissions through local authority's estate and operations	Baselined 08/09.			
NI 194c Air quality – reduction in primary PM10 emissions	Baselined 08/09.			

through local authority's estate and operations				
NI 194d Air quality – % reduction in primary PM10 emissions through local authority's estate and operations	Baselined 08/09.			
NI 195a Improved street and environmental cleanliness (levels of litter)	7% (Lower is Better)	8%	Over Performing	n/a
NI 195b Improved street and environmental cleanliness (levels of detritus)	9% (Lower is Better)	10%	Amber	n/a
NI 195c Improved street and environmental cleanliness (levels of graffiti)	4% (Lower is Better)	7%	Over Performing	n/a
NI 195d Improved street and environmental cleanliness (levels of fly posting)	0% (Lower is Better)	1%	Over Performing	n/a
NI 197 Improved Local Biodiversity - proportion of Local Sites where positive conservation management has been or is being implemented	Awaiting Data - 12th May			
LOCAL 4049 Total number of homes acquired, demolished, refurbished or built as a result of HMRI investment	1122	950	Over Performing	↓
LOCAL 4206 Number of reported incidents of anti-social behaviour	15524 (Lower is Better)	17917	Over Performing	↑
LOCAL 8431 Rate of Drug Related Offending	37% (Lower is Better)	45.0%	Over Performing	↑

Corporate Objective: Improve health and well being for all, ensuring people who require support are full participants in mainstream society

Title	2008/2009 Actual	2008/2009 Target	On Target	Direction of Travel
NI 8 At least 3 days per week by 30 minutes participation in moderate exercise. (All Adults)	24.8%	21.5%	Over Performing	↑
NI 39 Alcohol-harm related hospital admission rates	2407.3 (Lower is Better)	2581	Amber (estimate)	n/a
NI 40 Number of drug users recorded as being in effective treatment	2275	2275	Green (estimate)	n/a
NI 55 Obesity in primary school age children in Reception	9.57% (Lower is Better)	9.23%	Green	↓
NI 56 Obesity in primary school age children in Year 6	19.11% (Lower is Better)	19.9%	Green	n/a
NI 119 Self-reported measure of people's overall health and wellbeing	Baselined 08/09 - Place Survey			
NI 120a All-age all cause mortality rate (Male)	773 (Lower is Better)	735.00	Amber (estimate)	n/a

NI 120b All-age all cause mortality rate (Female)	555.9 (Lower is Better)	513.00	Amber (estimate)	n/a
NI 130 Social care clients receiving Self Directed Support (Direct Payments and Individual Budgets)	154.0	322.3	Red	n/a
NI 134 The number of emergency bed days per head of weighted pop	Baselined 08/09.			
NI 135 Carers receiving needs assessment or review and a specific carer's service, or advice and information	25.46%	18.0%	Over Performing	n/a
NI 136 People supported to live independently through social services (all adults)	2842.49	2185.80	Over Performing	n/a
NI 146 Adults with learning disabilities in employment	3.2%	8.3%	Red	n/a
LOCAL 8432 Establish cohort of clients aged 16-35 with two or more episodes of self harm in the last 12 months who subsequently become engaged in meaningful social activities.	2	2	Green (estimate)	n/a

Corporate Objective: Raise the aspirations of young people

Title	2008/2009 Actual	2008/2009 Target	On Target	Direction of Travel
NI 61 Timeliness of placements of looked after children for adoption following an agency decision that the child should be placed for adoption	64.7%	68.0%	Green	↑
NI 62 Stability of placements of looked after children: number of placements	11.4% (Lower is Better)	11%	Green	↑
NI 63 Stability of placements of looked after children: length of placement	65.5%	63.0%	Green	↑
NI 68 Percentage of referrals to children's social care going on to initial assessment	67.6%	71%	Green	
NI 72 Achievement of at least 78 points across the Early Years Foundation Stage with at least 6 in each of the scales in Personal Social and Emotional Development and Communication, Language and Literacy	49%	54%	Amber	↑
NI 73 Achievement at level 4 or above in both English and Maths at Key Stage 2	75%		Baselined 08/09.	↑
NI 75 Achievement of 5 or more A*- C grades at GCSE or equivalent including English and Maths	50.2%	52%	Green	↑
NI 87 Secondary school persistent absence rate	4.9% (Lower is Better)		Baselined 08/09.	↑
NI 90 Take up of 14-19 Learning Diplomas	Data provided by DCSF – Expected 28.10.09.			
NI 91 Participation of 17 year-olds in education or training	Data provided by DCSF – Expected 29.07.09.			
NI 92 Narrowing the gap between the lowest achieving 20% in	31.9%	31.5%	Green	↑

the Early Years Foundation Stage Profile and the rest	(Lower is Better)			
NI 93 Progression by 2 levels in English between Key Stage 1 and Key Stage 2	85%		Provisional data.	↑
NI 94 Progression by 2 levels in Maths between Key Stage 1 and Key Stage 2	77.4%		Provisional data.	↑
NI 99 Looked after children reaching level 4 in English at Key Stage 2	61.5%	60%	Green (provisional)	↑
NI 100 Looked after children reaching level 4 in maths at Key Stage 2	61.5%	62.5%	Green (provisional)	↑
NI 101 Looked after children achieving 5 A*-C GCSEs (or equivalent) at Key Stage 4 (including English and maths)	10.5%	13.5%	Red (provisional)	↑
NI 102a Achievement gap between pupils eligible for free school meals and their peers achieving the expected level at Key Stages 2	21.8% (Lower is Better)	22.8%	Green (provisional)	↑
NI 102b Achievement gap between pupils eligible for free school meals and their peers achieving the expected level at Key Stages 4	37.4 (Lower is Better)		Provisional data	↔
NI 104 The Special Educational Needs SEN/non-SEN gap – achieving Key Stage 2 English and Maths threshold	51.2% (Lower is Better)		Provisional data.	↑
NI 105 The Special Educational Needs (SEN)/non-SEN gap – achieving 5 A*- C GCSE inc. English and Maths	46.4% (Lower is Better)		Provisional data.	↓
NI 106 Young people from low income backgrounds progressing to higher education	Data provided by DCSF – Expected 25.11.09.			
NI 107a – p Key Stage 2 attainment for Black and minority ethnic groups	Baselined 08/09.			
NI 108a – p Key Stage 4 attainment for Black and minority ethnic groups	Baselined 08/09.			
NI 115 Substance misuse by young people	Baselined 08/09.			
NI 117 16 to 18 year olds who are not in education, employment or training (NEET)	9.1% (Lower is Better)	7.4%	Red	↑

Corporate Objective: Create an excellent Council

Title	2008/2009 Actual	2008/2009 Target	On Target	Direction of Travel
NI 14 Reducing avoidable contact, minimising the proportion of customer contact that is of low or no value to the customer.	Awaiting Data – 30.04.09			
NI 179 Value for money – total net value of on-going cash-releasing value for money gains that have impacted since the start of the 2008-9 financial year.	Awaiting Data - July 2009			
NI 180 The number of changes of circumstances which affect customers' HB/CTB entitlement within the year.	1088.65	620	Over Performing	n/a

NI 181 Time taken to process Housing Benefit/Council Tax Benefit new claims and change.	15.07 (Lower is Better)	16.4	Amber	n/a
LOCAL 2004 Number of complaints registered on Council's procedure	1281 (Lower is Better)	933	Red	↓
LOCAL 2063 Percentage of calls handled through the Call Centre.	86.1%	95%	Amber	↑
LOCAL 2067 Efficiencies gained through procurement.	£2123450	£2200000	Amber	n/a
LOCAL 2068 Section 25 report from Section 151 Officer	1	1	Green	n/a
LOCAL 2069 Number of visits to the Council's website	65389	61725	Amber	↔
LOCAL 2073 Percentage of Council Tax collected	96.7%	96.8%	Green	↔
LOCAL 6273a The level of the Equality Standard for Local Government to which the authority conforms.	2	3	Red	↔
LOCAL 6275 The number of working days/shifts lost due to sickness absence	10.10	8.5	Red	↓

FINANCIAL MONITORING SUMMARY**REPORT OF THE DIRECTOR OF FINANCE****1. EXECUTIVE SUMMARY**

1.1 This is one of a series of reports submitted throughout the year presenting an overview of the financial performance of the Council. It details any variations and provides a summary of the overall implications for the General Fund.

2. FINANCIAL MONITORING

2.1 Cabinet on 3 April 2008 agreed that I would provide this summary report to Cabinet and to Finance & Best Value Overview Committee following the end of each quarter and that it would compare spend against the approved budget. To support this each departmental Chief Officer provides an update on their departmental budget that includes references to growth items, savings and any other variations from the approved budget.

2.2 Members of Cabinet, Finance & Best Value Overview & Scrutiny Committee and Committee chairs also receive a monthly Financial Monitoring Statement.

3. FINANCIAL YEAR 2008/09

3.1 Subsequent to the agreement of the budget at Council on 3 March 2008 there were variations to reflect the final levies and the re-allocation of central and departmental recharges to reflect the agreed savings in departmental budgets. On 2 March 2009 Council agreed the budget for 2009/10 which incorporated an updated Current Budget for 2008/09. The table shows the Budget originally reported to Council with the Current Budget.

Expenditure	Council Budget	Current Budget
	£	£
Adult Social Services	86,671	91,206
Children & Young People	70,560	75,746
Corporate Services	6,422	5,920
Finance	20,526	16,077
Law, HR and Asset Management	0	3,156
Regeneration	41,229	43,883
Technical Services	35,609	39,202
Treasury Management	11,755	3,848
Potential overspendings	0	1,400
Merseytravel	25,311	25,311
Local Pay Review	4,546	4,545
Contribution (from) balances	(4,102)	(9,751)
Local Auth Business Growth grant	0	(1,300)
Net Expenditure	298,527	299,243

4. FINANCIAL MONITORING 2008/09

4.1 Progress on implementing Policy Options

4.1.1 The growth and policy options agreed as part of the budget have been implemented. In respect of Corporate Services the expansion of participatory budgeting through the Area Forums and the You Decide initiative was reported to Cabinet on 19 March 2009.

4.2 Progress on delivering savings

4.2.1 The savings target for Adult Social Services is £4.5 million and the successful delivery was reliant upon the progression of employee related issues which meant that not all were achieved in 2008/09. The Director presented a report to Cabinet on 4 September and investigated alternative and one-off savings.

4.2.2 Within the Children and Young People Department target of £4 million were a number that involve a re-structuring of service areas that impact upon employees. The timing of the implementation and the scale of these savings placed additional pressures upon the existing vacancy control targets and the Director identified actions to offset any increased costs in 2008/09.

4.3 Impact of any Cabinet decisions that have budgetary implications

4.3.1 Cabinet on 26 June agreed a report of the financial out-turn for 2007/08 following the completion of the year-end accounts. Overall this resulted in an increase in the projected balances at 31 March 2008 by £2.5 million. The main spending pressures being within Adult Social Services but were more than offset by the increase in Housing Benefit grant and the benefits that accrued from Treasury Management activities.

4.3.2 Cabinet on 9 July agreed releasing £3 million from the Insurance Fund reserve to the general balance. This is a result of the continuing improved performance in respect of insurance and risk management as reflected in the annual Actuarial assessment and the potential liability for claims.

4.3.3 On 23 July a report was presented to Cabinet on 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 new energy contracts due to be tendered. The same meeting also agreed that the receipt of the final payment of the Local Authority Business Growth Incentive (LABGI) grant of £1.3 million be added to balances.

4.3.4 It was reported to Cabinet on 16 October that 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.

4.3.5 Cabinet on 6 November agreed to fund a number of improvement teams within the Adult Social Services and Finance Departments from the Efficiency Investment Budget in 2008/09 totalling £2.2 million which released equivalent resources to the General Fund balance.

- 4.3.6 On 10 December Cabinet agreed to transfer reserves and provisions totalling £360,000 into the General Fund balance and that the £230,000 which related to Regeneration be used to offset the projected departmental overspend.
- 4.3.7 Further to Section 4.3.3 Cabinet on 5 February received an update on the Electricity and Gas Contract renewals. The increased costs of £1.5 million for 2008/09 being less than the £2.6 million projected in July as a consequence of more favourable fluctuations in what was a volatile energy market.
- 4.3.8 Throughout the year decisions were taken by Cabinet over the allocation of the £5.3 million Efficiency Investment Budget. These are detailed in the Estimates 2009/10 report submitted to Cabinet on 23 February.
- 4.3.9 Cabinet on 23 February agreed, as confirmed by Council on 2 March, the Council Budget for 2009/10. This also included the updated budget for 2008/09 which incorporated the items identified in the preceding sections of this report and for projected overspends of £1.4 million.

4.4 Variations from the approved budget

- 4.4.1 The following sections highlight the issues in those areas of the budget that are identified as key risks in delivering the objectives of the department within the available resources. All are subject to closer monitoring because of the volatile nature of either demand or cost or because in recent years they have experienced pressures in keeping to the agreed budget.

4.4.2. Adult Social Services

The pressures of increasing demand for care services that resulted in an overspend in 2007/08 remained within community care services throughout 2008/09. With the issues highlighted previously around the savings the latest projections now indicate a £4.4 million overspend. The Director has presented detailed reports to Cabinet since 4 September when a projected £3.5 million overspend was being highlighted.

4.4.3. Children and Young People

The areas that are the most volatile remain as Special Education Needs (SEN) and care services in respect of Looked After Children. Budget pressures from the care of young people have again resulted in an overspend. The impact of the savings is affecting employee budgets and, as highlighted previously, is placing pressures on the achievement of vacancy control targets. The Director has, through a combination of spend reduction measures and use of grant, taken actions to contain spend within the budget available and address the projected overspend of £3 million identified in June.

4.4.4 Corporate Services

A report to Cabinet on 25 September set out the budget virements required as a consequence of the creation of the Department of Law, Human Resources and Asset Management. On the budget remaining there are no variations.

4.4.5. Finance

The spend, and associated Government grant, in respect of Council Tax Benefit and Housing Benefit payments includes the largest individual budgets in the Council. The service is subject to numerous performance and control measures to ensure that individuals receive the benefits to which they are properly entitled and the Council maximises the grant opportunities. In previous years continuing improvements have been made through a combination of the opportunities offered by the Integrated Tax and Benefits System, improvements and efficiencies to the management and handling of claimants through the Customer Access channels and the maximisation of grant support from the Government. Whilst within the savings agreed for 2008/09 a further £0.8 million saving was realised during the year.

4.4.6 Law, Human Resources and Asset Management

A report to Cabinet on 25 September set out the budget virements for the Department. The budget included the additional allocation to meet the financial pressures identified in the Coroner Service which continues to be closely monitored. There are no variations to report.

4.4.7. Regeneration

Income generation is a key element of the budget with factors outside the control of the Council and culture is the largest energy user within the non-schools budget, a cost that remains largely outside the control of the Department. Income and energy costs are projected to be at variance with the budget and efforts are being made to contain spend within budget. In respect of the Service Re-engineering savings targets brought forward from 2007/08 the options for consideration have yet to be approved meaning an overspend of £0.8 million is likely. This has partially been offset by the release of reserves and provisions as identified in 4.3.6.

4.4.7. Technical Services

The 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 still remain and with winter maintenance costs there is a projected £0.7 million overspend.

4.4.8. Treasury Management

Cash flow management and the need to borrow to fund investment has been re-engineered. This reduced the requirement for temporary borrowing, and the savings achieved in 2007/08 continue, delivering £0.7 million in 2008/09. Further benefits were a reduced need to borrow to fund the capital programme (£0.6 million) and the opportunity to access increased rates offered by the banking sector taken earlier this year (£1.8 million). The total realised was £3.1 million. Looking forward market conditions are less favourable and the decline in income has been reflected in the future budget.

4.5. **Other issues**

4.5.1 Local Pay Review

The progress on implementing the Local Pay Review, including Job Evaluation and Harmonisation, has regularly been reported to Cabinet and is expected to be within

the financial projections. Phase 1 has been agreed and reflected within departmental budgets with the remaining Phases ongoing.

4.6 Issues affecting future financial years

4.6.1 The pressures on care services, energy and treasury management have been highlighted and the Directors involved will continue to update Cabinet on progress in these areas.

4.6.2 The revised Medium Term Financial Strategy was reported to Cabinet in July and the projected Budget continues to be updated and reported to Cabinet.

5. FINANCIAL IMPLICATIONS

5.1 When setting the 2008/09 budget the projected balances at 31 March 2009 were £5 million and the 2009/10 budget projected £8.5 million. The latest position reflects changes in the variances for Adult Social Services (increased overspend of £0.9 million) and Treasury Management (underspend now £0.3 million greater) and is as follows:-

Details	£million	£million
Projected General Fund balances at 31 March 2009 when setting the budget for 2008/09		5.0
Cabinet decisions		
26 June - Financial out-turn for 2007/08 showed an underspending and contribution to balances		+2.5
9 July - Release of Insurance Fund reserve to general balance		+3.0
23 July - Receipt of Local Authority Business Growth Incentive (LABGI) grant to general balance		+1.3
23 July - Funding for street lighting energy and Children & Young People transport costs		-0.9
16 October - Net impact of reduced capitalisation of highways maintenance spend		-2.0
6 November - Use of Efficiency Investment Fund to fund change / reform teams		+2.2
10 December - Release of reserves and provisions to the general balance		+0.3
5 February – Impact of Electricity and Gas Contract renewals		-1.5
Projected variances / potential overspends		
Overspend		
Adult Social Services	+4.4	
Regeneration	+0.8	
Technical Services	+0.7	
Underspend		
Finance	-0.8	
Treasury Management	-3.1	-2.0
General Fund balances at 31 March 2009 based upon the latest projections		7.9

IAN COLEMAN
DIRECTOR OF FINANCE

CAPITAL MONITORING SUMMARY**REPORT OF THE DIRECTOR OF FINANCE****1. EXECUTIVE SUMMARY**

- 1.1. This is one of a series of reports submitted throughout the year providing an update on the progress being made in delivering the capital programme.

2. BACKGROUND

- 2.1. Cabinet on 3 April 2008 agreed that I would provide this summary report to Cabinet and to Finance & Best Value Overview & Scrutiny Committee following the end of each quarter and that it would compare progress against the approved programme. To support this each Chief Officer provides an update on their elements of the programme including references to the approval, any variations, progress (including implications for future years) and funding.

3. CAPITAL PROGRAMME

- 3.1. The Capital Programme 2008/11 was approved by Council on 17 December 2007 and confirmed as part of the budget for 2008/09 by Council on 3 March 2008. Other than the impact of decisions by Council / Cabinet the revisions relate to slippage resulting in both the spend and the resources being similarly slipped. The Capital Programme 2009/12 was approved by Council on 15 December 2008 and has been built into the future years budget projections.

4. COUNCIL / CABINET DECISIONS

- 4.1. The Capital Programme 2008/11 and Capital Financing Requirements 2008/09 were agreed by Cabinet on 12 December 2007 and updated as part of the Estimates 2008/09 that were reported to Cabinet on 21 February 2008.
- 4.2. On March 13 in the Projected Budget 2009/10-2010/11 report the previous decision to capitalise £3.6 million of highways maintenance was revised so that it reverts to being a revenue liability from 2009/10.
- 4.3. On May 22 a report detailing the Schools Capital Funding 2008/09 was provided by the Director of Children & Young people. The same meeting also agreed to provide financial support for the works to the Bidston Viaduct. This major initiative, subject to a final decision by the Department for Transport, will require a Council contribution of £2.9 million between 2009/12.
- 4.4. On June 26 the Capital Out-turn and Determinations report was submitted as part of the year-end accounts for the 2007/08 financial year and detailed the slippage into the 2008/09 financial year.
- 4.5. On September 25 the budgets for the Department of Law, Human Resources and Asset Management were established including the transfer of those elements within the capital programme.

- 4.6. On October 16 as part of the Transformation of Adult Social Care it was agreed that the project, and funding, for Poulton House be cancelled. To the same meeting it was reported that following the Audit of the Statement of Accounts for 2007/08 the amount included for the capitalisation of highways maintenance in 2008/09 was reduced by £2 million.
- 4.7. On December 10 the Capital Programme 2009/12, including the new submissions, was approved and agreed by Council on 15 December. As part of the Estimates 2009/10 to Cabinet on 23 February the programme was updated to incorporate the agreed grant allocations and new approvals.

5. CAPITAL PROGRAMME SUMMARY

- 5.1. The table compares the original programme approved as part of the Budget with the latest forecast spend position that incorporates permanent changes to the programme due to slippage and Cabinet approvals.

Spend	Original Approval	Forecast December	Forecast March
	£000	£000	£000
Adult Social Services	2,952	3,128	3,128
Children & Young People	32,221	25,455	21,336
Corporate Services	410	1,160	1,160
Law, HR and Asset Mgt	1,860	2,111	2,111
Regeneration	29,079	37,276	37,276
Technical Services	11,318	10,433	10,433
Total programme	77,840	79,563	75,444

- 5.2. The resources table similarly compares the developing programme and reflects the agreed changes, including slippage of spend from 2007/08. 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.

Resources	Original Approval	Forecast December	Forecast March
	£000	£000	£000
Borrowing	31,092	27,816	24,796
Grant – HMRI	9,800	8,900	8,900
Grant – Education	20,899	16,359	15,060
Grant – Other	11,636	22,025	22,225
Revenue	413	463	463
Capital Receipts	4,000	4,000	4,000
Total resources	77,840	79,563	75,444

- 5.3. The changes between the forecasts for December and March relate to the Children's programme where slippage to 2009/10 has been identified in respect of the Formula Capital and Modernisation programmes managed by the schools. The programme and the associated funding slip into 2009/10.

6. PROGRESS ON THE PROGRAMME

6.1 Adult Social Services

- 6.1.1 The Director has reported regularly to Cabinet on Transforming Social Care including a review of intermediate care. This review resulted in the scheme for Poulton House being deleted from the programme. Consultation is underway that will set the agenda for places like Girtrell Court and impact upon decisions regarding adult accommodation provision so the future programme remains subject to review pending the outcome of the consultation.
- 8.1.2 There has been an award of IT Infrastructure Grant for the three years 2008/09 to 2010/11 to support effective information sharing between health and social services. Additionally there are Mental Health and Single Care allocations for the same period of £174,000 and £164,000 respectively.

6.2 Children & Young People

- 6.2.1 A report on the Schools Capital Funding for 2008/09 was presented to Cabinet on 22 May which provided details of all aspects of the programme and the plans for the current financial year.
- 6.2.2 The Building Schools for the Future (BSF) – One Pathfinder project for Woodchurch High School progresses in accordance with the timescales agreed with the Department for Children, Schools and Families. A start on site was made during March 2009.
- 6.2.3. Under the national scheme to develop Children's Centres Phase 1 and Phase 2 all 19 centres have been opened as the remaining two were completed during the year.
- 6.2.4. A major element of the programme is the Formula Capital allocated to schools. The implementation of individual projects is managed jointly by the school and the Council comprising a large number of essentially smaller value schemes. The timing of the schemes is largely down to the schools so the level of spend can vary from the initial projections and schemes and resources have been re-profiled into 2009/10.
- 6.2.5 The Targeted Capital programme to build teaching accommodation at West Kirby Grammar and Wirral Boys Grammar experienced delays in the works which are being completed this financial year.

6.3 Corporate Services

- 6.3.1 The Think Big Investment Fund is the re-launched Business Rates support allocation. Given the changing economic environment Cabinet in April 2009 agreed to amend the operation of the Fund.

6.4 Law, Human Resources and Asset Management

- 6.4.1 The most significant area is Property Maintenance and the 2008/09 programme was agreed by Cabinet on 12 June. This builds upon the Condition and Health & Safety surveys in order to prioritise the programme of works in the current year. As part of the completion of the annual accounts confirmation of the benefits from each scheme will be required to enable this spend to be classified as capital.

6.4.2 The Strategic Asset Review was considered by Cabinet on November 27 before a period of public consultation. The responses and the way forward were considered by Cabinet on January 16 and within the Capital Programme 2009/12 resources have been identified to progress the agreed outcomes of the Review.

6.5 Regeneration

6.5.1 The Oval Sports Centre successfully re-opened after a substantial programme of works. The contractor has submitted a claim for increased costs and the potential overspend will be the subject of a report to a future Cabinet. The redevelopment of New Brighton is progressing well and includes the creation of the new Floral Pavilion which was officially opened in December.

6.5.2 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). Schemes such as New Brighton Promenade are included within the Merseyside-wide programme of schemes. Whilst shown under 2008/09 the programme will be further refined as it is not due to complete until 2010.

6.5.3 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 the programme and funding to be flexible with the re-phasing of expenditure and resources kept under review to maintain continuity of progress.

6.6 Technical Services

6.6.1 The Highways Structural Maintenance Programme 2008/09 was approved by Cabinet in March 2008 and updated in June when the plans for Road Safety schemes were also agreed.

6.6.2 The increased scope, including unforeseen works plus additional surfacing, replacement parapet pillar and drainage system cleansing contributed to an overspend on the Bromborough Pool Bridge scheme. This was approved at Cabinet on November 27 with spend contained within the allocation available.

6.6.3 In terms of future years the proposals for the Bidston Moss Viaduct are nearing conclusion with the Department for Transport having ear-marked the scheme for funding, subject to the constituent authorities agreeing to a share of the funding. This was reported to, and agreed by, Cabinet on May 22.

6.6.4 Cabinet, as reported previously, has agreed to a reduction in the amount of highways maintenance that will be capitalised. For 2008/09 this reduction is £2 million.

6.6.5 On February 5 Cabinet agreed to the award of the contract for the Marine Lake scheme which was the subject of bids for grant due to the increased coast protection works. Works have commenced on site.

7. FINANCIAL IMPLICATIONS

7.1 The Capital Programme for 2008/09 reflects the programme reported.

IAN COLEMAN
DIRECTOR OF FINANCE

CORPORATE RISK MONITORING SUMMARY**REPORT OF THE DIRECTOR OF FINANCE****1. EXECUTIVE SUMMARY**

- 1.2. This is one of a series of reports submitted throughout the year providing an update on actions to manage risks identified in the Corporate Risk Register.

2. BACKGROUND

- 2.2. Cabinet on 3 April 2008 agreed that I would provide this summary report to Cabinet and to Audit & Risk Management Committee following the end of each quarter. To support this each Chief Officer provides an update on their actions to address the identified risks and any 'new' risks which merit consideration for inclusion in the Corporate Risk Register.

3. CORPORATE RISK REGISTER

- 3.1 The revised Corporate Risk Register (CRR) was agreed by Cabinet on 13 March 2008. This was the baseline document and is reviewed quarterly by the Corporate Improvement Group (CIG) in line with the performance management cycle and highlights and exceptions are reported to Members.
- 3.2 A refresh of issues on the register was undertaken by Chief Officers following the updated Corporate Plan and the Register was approved by Cabinet on 10 December 2008. With the Departmental Service Plans being produced for 2009/12 an updated Register is to be produced by June 2009.
- 3.3 The following were the additional risks included:-
- (i) Failure to address community cohesion, development and engagement.
 - (ii) Failure to address health inequalities.
 - (iii) Failure to effectively plan for and manage the impact of climate (environmental) change.
 - (iv) Failure to manage the Council's assets effectively.
 - (v) Serious failure in information governance.
 - (vi) Failure to smoothly transfer 16 – 18 responsibilities from the Learning and Skills Council to Wirral Council from September 2010.

4. PROGRESS ON THE ACTIONS BEING TAKEN

- 4.1 As well as recording the existing key controls and contingencies the CRR also indicates those additional actions which need to be implemented in order to manage the most significant risks down to acceptable levels
- 4.2 The majority of those actions planned to be taken during 2008/09 to control the existing risks had been implemented by 31 March 2009. Significant actions completed in the past quarter included:-
- 4.2.1 Corporate and Departmental Plans produced using a revised consistent approach were approved by Cabinet and Council (Risks 4 and 6).

- 4.2.2 Further preparatory work for the Comprehensive Area Assessment (CAA) regime has been undertaken in response to the Audit Commission's emerging picture (Risks 6 and 9).
- 4.2.3 The Sustainability Appraisal of the Local Area Agreement (LAA) was completed and reported to the Local Strategic Partnership Executive Board (Risks 6 and 25).
- 4.2.4 The Strategic Change Programme Board has been established and enhanced programme management is being introduced (Risk 31).
- 4.2.5 The 2009/10 recycling plan was drafted and submitted to the LAA Board. LAA targets have been refreshed to reflect recent improvements made and a communications plan has been drafted (Risk 20).
- 4.2.6 A draft Partnership Toolkit has been endorsed by Cabinet (Risk 9).
- 4.3 There were a number of areas where planned additional controls had not been implemented by 31 March:-
 - 4.3.1 The target date for achieving Level 3 of the Equalities Standard is May 2009 (Risk 4).
 - 4.3.2 Presentation of the Draft Comprehensive Engagement Strategy to Members is the end of May 2009. (Risk 6).
 - 4.3.3 The new Child Care Risk Management Procedure will be introduced in June 2009. (Risk 17).
 - 4.3.4 The main roll-out of the initiative to encourage recycling and minimisation of municipal waste is rescheduled to June/July 2009 because of the priority being given to multi-occupancy premises. (Risk 20).

5. VARIATIONS TO THE RISK REGISTER

- 5.1 A new risk was reported to the Corporate Improvement Group as having potential corporate significance:- Failure to implement the rationalisation of assets.
- 5.2 All risks previously on the register were still considered to present a sufficiently large corporate threat and none have been removed.
- 5.3 An exercise will be undertaken in May to review and rationalise all issues on the existing register. The output from this work will be shared with the Corporate Improvement Group before a draft is put before Cabinet.

IAN COLEMAN
DIRECTOR OF FINANCE

WIRRAL COUNCIL
AUDIT AND RISK MANAGEMENT COMMITTEE

29 JUNE 2009

REPORT OF THE DEPUTY CHIEF EXECUTIVE/DIRECTOR OF CORPORATE
SERVICES

DATA QUALITY ACTION PLAN AND PROGRESS REPORT

1. Executive summary

- 1.1 The purpose of this report is to provide Audit and Risk Management Committee with Wirral's Data Quality Action Plan and progress against actions within the plan at the first quarter.

2. Background

- 2.1 In 2008 the Audit Commission carried out an assessment of the Authority's data quality arrangements for 2007/2008. These findings were reported to Audit and Risk management committee on January 26th 2009. It was agreed by Cabinet on April 9th 2009 that a comprehensive Data Quality Action plan would be developed and reported to Corporate Improvement Group and Audit and Risk Management committee on a quarterly basis.

3. Data Quality Action Plan

- 3.1 The Data Quality Action Plan has been developed to address the Audit Commission's recommendations. This action plan also includes recommendations made by the council's own internal audit function during 2007/08 and any outstanding recommendations made by the Audit Commission in 2006/07 where appropriate.

- 3.2 There are several key issues / risks which have been identified in the Data Quality Action Plan and which will need to be controlled throughout the implementation of the action plan. These are:

- Failure to complete performance indicator reviews will lead to the inability to identify common data quality issues and address them accordingly;
- Communication of key messages needs to be cascaded through departments effectively for the data quality action plan to be successful;
- Failure to implement recommendations from either Internal Audit or Audit Commission will result in more issues being identified in the PI reviews;
- Failure to fully embed the data quality policy will result in a disparate application of this guidance across the council.

4. Action plan progress at the First Quarter

4.1 The following table shows relevant actions from the Data Quality Action plan and progress made against them as at 15th June 2009:

Action	Date	Status
Refresh Terms of Reference for Performance Management Group and Corporate Improvement Group	March 2009	Completed
Refresh Data Quality Policy	Awaiting sign off.	In Progress
Complete performance indicator (PI) reviews for national indicator set and local indicators	Deadline for NI set: 26 th June 09	In Progress
Analyse PI reviews; escalate issues to Internal Audit; develop 'Common Themes' action plan including the development of a PI for monitoring PI reviews	Awaiting completion of PI reviews in June 09.	July 09
Quarterly reporting on Data Quality Action plan and cascading messages through Departmental Management Teams	1 st Report June 09	In progress
Create Partnership Data Quality Agreement and make available on LSP website	Due for sign off by LSP Executive on 8th July 09.	In Progress
Evaluation of all Council systems used to calculate PIs and the implementation of any Internal Audit recommendations	This will be done through the PI reviews conducted in June 09.	In Progress
Chief Officers are requested to ensure that data quality features in KIE reviews for all responsible and calculating officers.	April 2009	Completed
Support the roll out of the Data Quality Workshop, and identification of communication channels and best practise to share from each department.	Workshops held Mid-June 2009.	Completed
Analyse scrutiny & cabinet dates and consider the possibility of making reports available earlier via the virtual server.	March 2009	Completed
Review previous Internal Audit Reports to ensure any previous recommendations have / will be carried out	March 2009	Completed

5. Data Quality Assessment 2008/09

- 5.1 The Use of Resources element of the Council's organisational assessment of CAA will be partly informed by an assessment of our data quality arrangements for 2008/09. The assessment will consider how well the council is managing its resources to deliver value for money, and how well the Council is managing its resources to deliver better and sustainable outcomes for local people. Data quality will feed into the Key Line of Enquiry (KLOE) 2.2 "Data Quality and Use of Information" under the "Governing the Business" theme.
- 5.2 The KLOE will focus upon whether the Council produces relevant and reliable data and information to support decision making and manage performance. It will specifically look at whether the council:
- Produces relevant and reliable data and works with partners to ensure the quality of partnership data;
 - Understands the needs of its decision makers and provides them with information that is fit for purpose and is used to support decision making;
 - Ensures data security and compliance with relevant statutory requirements; and
 - Monitors performance against its priorities and targets, and addresses underperformance.

6. Financial implications

- 6.1 There are no immediate financial implications for Wirral resulting from this report.

7. Staffing implications

- 7.1 There are no staffing implications for Wirral resulting from this report.

8. Equal Opportunities implications

- 8.1 There are no equal opportunities implications for Wirral resulting from this report.

9. Community Safety implications

- 9.1 There are no community safety implications for Wirral resulting from this report.

10. Local Agenda 21

- 10.1 There are no environmental implications for Wirral resulting from this report.

11. Planning implications

- 11.1 There are no planning, land use etc. implications for Wirral resulting from this report.

12. Anti-poverty implications

- 12.1 There are no implications for people from deprived communities in Wirral resulting from this report.

13. Social inclusion implications

- 13.1 There are no implications that will potentially exclude individuals or groups from accessing services resulting from this report.

14. Local Member Support implications

- 14.1 There are no local member support implications arising from this report.

15. Background Papers

- 15.1 The following background papers were used in the preparation of this report:-
- Data Quality Report – Audit 2007/2008 - Audit Commission (Jan 2009)
 - Data Quality Report – Audit and Risk Management Committee 26th January 09
 - Data Quality Report – Cabinet 9th April 2009.

16. Recommendations

- 16.1 Audit and Risk Management Committee note the progress against the Data Quality Action Plan at the first quarter.

J. WILKIE

Deputy Chief Executive/Director of Corporate Services

This report was prepared by Sarah Risnes, who can be contacted on 0151 691 8149.